Financial Statements

Independent Auditors' Report to the Members of Irish Continental Group plc

Report on the audit of the Financial Statements

Opinion on the Financial Statements of Irish Continental Group plc (the "Company") and its subsidiaries (the 'Group')
In our opinion, the Group and Company Financial Statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2020 and of the loss of the Group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting frameworks and, in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Financial Statements we have audited comprise the:

- the Group Financial Statements:
  - the Consolidated Income Statement;
  - the Consolidated Statement of Comprehensive Income;
  - the Consolidated Statement of Financial Position;
  - the Consolidated Statement of Changes in Equity;
  - the Consolidated Statement of Cash Flows; and
  - the related notes 1 to 37, including a summary of significant accounting policies as set out in note 2 to the Financial Statements.
- the Company Financial Statements:
  - the Company Statement of Financial Position;
  - the Company Statement of Changes in Equity; and
  - the related notes 38 to 53, including a summary of significant accounting policies as set out in note 38 to the Financial Statements.

The relevant financial reporting framework that has been applied in the preparation of the Group Financial Statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The relevant financial reporting framework that has been applied in the preparation of the Company Financial Statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

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

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern; • Assessment of potential indicators of impairment to the carrying value of vessels; • Appropriateness of key assumptions used to determine retirement benefit liabilities; and • Cut-off of revenue recognised in the current year.
Materiality	The materiality that we used in the current year for the Group was €2.1m which was determined on the basis of revenue for the 12 months ended 31 December 2020, representing approximately 0.8% of the benchmark. The materiality that we used in the current year for the Company was €1.57m which was determined on the basis of net assets as at 31 December 2020, representing 0.9% of the benchmark.
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our audit scope primarily on the audit work in fifteen components. Four of these were subject to a full scope audit, a further seven components were subject to audits of specified account balances and the remaining four entities were subject to analytical procedures.
Significant changes in our approach	Significant changes in our audit approach in the current year were as follows: *Key Audit Matters:* In the prior year, the key audit matter related to the carrying value of vessels was focused on the appropriateness of the useful lives and residual values of vessels used in the determination of the depreciation charge. This was due to a material addition to vessels which took place in the 2019 financial year; whereas in the current year the key audit matter is focused on the assessment of impairment indicators due to the impact of Covid-19 on the financial performance of the Group. Going concern is a new key audit matter in the current year. Going concern was identified as a key audit matter after considering the current economic and trading environment of the Group and Company as a consequence of continued restriction on non-essential travel resulting from the Covid-19 pandemic. *Materiality:* Given the current operating environment, where we have seen volatility in the previous benchmark used in the prior year, being profit before taxation and non-trading items, we have considered revenue an appropriate base for determining the materiality for the Group as there is a greater emphasis on revenue in the current year as an indicator of demand going forward.

Independent Auditors' Report to the Members of Irish Continental Group plc

Continued

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting is discussed in the Key Audit Matters section of our report.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year, the key audit matter related to the carrying value of vessels was focused on the appropriateness of the useful lives and residual values of vessels used in the determination of the depreciation charge. This was due to a material addition to vessels which took place in the 2019 financial year; whereas in the current year the key audit matter is focused on the assessment of impairment indicators due to the impact of Covid-19 on the financial performance of the Group.

Going concern is a new key audit matter in the current year. Going concern was identified as a key audit matter after considering the current economic and trading environment of the Group and Company as a consequence of continued restriction on non-essential travel resulting from the Covid-19 pandemic.

Going concern

Key audit matter description	As stated in note 3 to the Financial Statements, the performance of the Group has been significantly affected by the imposition of restrictions on non-essential travel across the jurisdictions in which the Group offers services since March 2020 as a result of the Covid-19 pandemic. We identified Going Concern as a key audit matter due to the judgements involved in capturing uncertainties around the timing of the lifting of restrictions on non-essential travel and the return of previous travel patterns. *Please also refer to page 84 (Audit Committee Report) and note 3 – Critical accounting judgements and key sources of estimation uncertainty.*
How the scope of our audit responded to the key audit matter	We obtained an understanding of the Group and Company's controls for the development and approval of the projections and assumptions used in the cash flow forecast model to support the going concern assessment and assessed the design and determined the implementation of the relevant controls. We evaluated the Group and Company's financing arrangements, including the agreements in respect of the undrawn committed bank facilities in place within the Group. We checked the clerical accuracy of the cash flow forecast model, completed an assessment of the consistency of the model used to prepare the forecasts in line with other areas of our audit and performed a look back analysis of the historical accuracy of cash flow forecast models prepared by the Directors. We evaluated and assessed the appropriateness of the sensitivity analysis prepared by the directors and challenged the assumptions and basis for their evaluation and inclusion of sensitivities incorporated into the cash flow forecast model. We also evaluated and challenged the Directors' assessment of the impact of Covid-19. We assessed the results of the Group for the period after the reporting date compared to budget in order to assess if there are any early indicators that management have been too optimistic in their forecasting for the current year or whether there are any other indicators that the business may not be able to continue as a going concern. We considered throughout the audit any contradictory information to the Directors' confirmation that the Group and Company are a going concern, including evaluating whether the assumptions in the cash flow forecast model is realistic, achievable and consistent with the external and internal environment. We evaluated the completeness and accuracy of the disclosures made in the Basis of preparation note on page 128 and Critical accounting judgements and key sources of estimation uncertainty note on page 141 by reference to the understanding we had obtained of the Group and Company's financial performance during 2020 and our assessment of the directors' projections, including the impact of Covid-19 and the adequacy of disclosures in relation to the specific risks posed by the pandemic.
Key observations	We have concluded that the adoption of the going concern basis of accounting and the related disclosures are appropriate. Please refer to our conclusions in the going concern section of our report.

Independent Auditors' Report to the Members of Irish Continental Group plc

Continued

Assessment of potential indicators of impairment to the carrying value of vessels

Key audit matter description

As stated in note 13 to the Financial Statements, the carrying value of vessels held by the Group is €277.7m as at 31 December 2020.

The Group's evaluation of vessels for indicators of impairment is performed annually or when events or changes in circumstances indicate that the carrying values may not be recoverable. Factors considered in identifying whether there are any indications of impairment include the economic performance of assets, technological developments, new rules and regulations, shipbuilding costs and carrying value versus the market capitalisation of the Group.

During the period, the Group experienced a decline in activity levels mainly concentrated on passenger carryings due to the imposition of restrictions on non-essential travel in the jurisdictions in which the Group offers services since March 2020 as a result of the Covid-19 pandemic.

We have identified the assessment of potential indicators of impairment to the carrying value of vessels as a key audit matter due to the decline in Group activity levels noted in the current year.

Please also refer to page 84 (Audit Committee Report), page 135 (Accounting Policy – Property, Plant and Equipment), and note 3 – Critical accounting judgements and key sources of estimation uncertainty and note 13 Property, Plant and Equipment.

How the scope of our audit responded to the key audit matter

We obtained an understanding of management's controls for the assessment of potential indicators of impairment, which included reviews by senior members of management and the Board, and assessed the design and determined the implementation of the relevant controls.

We evaluated and challenged management's judgements around the projected recovery from Covid-19, the easing of the related restrictions on non-essential travel, and the potential impact of these on the projected financial performance of the Group.

We evaluated and challenged the appropriateness of management's assessment of potential indicators of impairment. This included reviewing and challenging management's projections of the future financial performance of the vessels with the assistance of our valuation specialists, by:

- assessing the reasonableness of the projections used by the Group compared to generally accepted valuation practices and accounting standards;
- considering management's assessment of market factors, which included input from their external advisors;
- testing the source information underlying the determination of key assumptions, including growth and discount rates, through use of observable inputs from independent external sources; and
- developing a range of independent estimates and comparing those to the discount and growth rates selected by management.

We evaluated and assessed the adequacy of the disclosures made in the Financial Statements, including the disclosure of the critical accounting judgements in management's assessment of potential indicators of impairment to the carrying value of the vessels.

Assessment of potential indicators of impairment to the carrying value of vessels

Key observations	Based on the work performed, we determined that management's assessment that there were no indicators of impairment, and consequently no impairment to the carrying value of the vessels was appropriate.

Appropriateness of key assumptions used to determine retirement benefit liabilities

Key audit matter description	The Group operates a number of defined benefit schemes. The net pension liability as at 31 December 2020 amounted to €1.2m consisting of pension assets of €1.0m and deficits of €2.2m. There is a high degree of estimation uncertainty and judgement in the calculation of the pension liabilities, particularly in the determination of appropriate actuarial assumptions in respect of the discount, mortality and inflation rates. We identified the discount rate as the being the most volatile key assumption where a small movement can have a significant impact on the calculation of the pension liabilities. We have identified appropriateness of key assumptions used to determine retirement benefit liabilities as a key audit matter due to the volatility of these assumptions and the significant impact they have on the calculation of the pension liabilities. *Please also refer to page 84 (Audit Committee Report), page 133 (Accounting Policy – Retirement Benefit Schemes), and note 3 – Critical accounting judgements and estimates.*
How the scope of our audit responded to the key audit matter	We obtained an understanding of management's processes, assessed the design and determined the implementation of the relevant controls, which included reviews by senior members of management and the Board to ensure the current assumptions used are appropriate. We utilised Deloitte Actuarial Specialists as part of our team to assist us in understanding, evaluating and challenging the appropriateness of the discount rate and other key assumptions. We made inquiries with both management and the Group's external pension advisors to understand their processes in determining the discount rate and other key assumptions used in calculating retirement benefit liabilities. We benchmarked the discount rate and other key assumptions used against comparable market and peer data, where available to ensure that they were within appropriate ranges and reasonable given our knowledge of the schemes. We assessed whether the disclosures made in the Financial Statements in respect of retirement benefit schemes were in accordance with the relevant accounting standards.
Key observations	Based on the evidence obtained, we found that the discount rate and other assumptions used by management in the actuarial valuations for pension liabilities are within a range we consider reasonable.

Independent Auditors' Report to the Members of Irish Continental Group plc

Continued

Cut-off of revenue recognised in the current year

Key audit matter description	When making our assessment of the potential risk of fraud in relation to revenue recognition, we considered the nature of the transactions across the Group. The Group recognises revenue in respect of its various streams over the performance period of the underlying contract obligations. There is a risk that revenues are manipulated through recording of future revenues prematurely; or recording cash received from customers for future performance obligations as revenue to achieve performance targets. We have therefore identified a key audit matter in relation to proper cut-off of revenue recorded at year end. *Please also refer to page 130 (Accounting Policy – Revenue Recognition), note 4 segmental information.*
How the scope of our audit responded to the key audit matter	We obtained an understanding of the significant revenue arrangements in place across the Group, and of the internal controls over those revenue streams. We evaluated the design and determined the implementation of relevant internal controls over the Group's significant revenue processes, including operational controls in place around passenger numbers and freight volumes, to assess whether revenue was recognised where the date of travel or transportation had occurred. We also evaluated the design and determined the implementation of relevant controls over the revenue recognition journals that are recorded at year end. We tested, on a sample basis, revenue recognised around year end for the various revenue streams across the Group to assess if the performance obligations were met in line with the underlying contractual arrangements with customers for the associated revenue recognised to ensure that it was recognised appropriately. We tested on a sample basis, cash received from the customers to assess if the performance obligations were met in line with the underlying contractual arrangements with customers and to ensure that cash received for future performance obligations were recorded as deferred revenue.
Key observations	We have no observations that impact on our audit in respect of the amounts related to the cut-off of revenue recognised in the current year.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the Financial Statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €2.1m, which is approximately 0.8% of revenue. In the previous year, materiality for the Group was determined on the basis of profit before tax and non- trading items. In the current year this was not considered an appropriate benchmark because it was uncertain and could not be reliably estimated during the year due to the impact of Covid-19. In addition, there is a greater emphasis on revenue in the current year as an indicator of demand going forward and is the key focus of the users of the Financial Statements.

We determined materiality for the Company to be €1.57m, which is approximately 0.9% of net assets, as the most significant driver of the Company is the capital and reserve balance. Net assets were also the benchmark used to determine materiality for the Company in the prior year.

We have considered quantitative and qualitative factors, such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

We agreed with the Audit Committee that we would report to them any audit differences in excess of €105,000, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

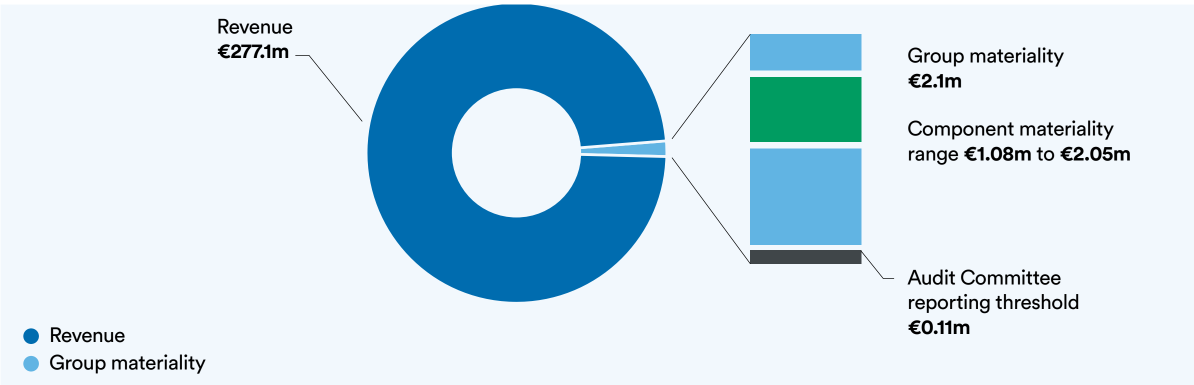
An overview of the scope of our audit

We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in fifteen components. Four of these were subject to a full scope audit and seven components were subject to audits of specified account balances, where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in those components. The remaining four entities were subject to analytical procedures at the Group level.

These components were selected based on coverage achieved, the qualitative and risk considerations of these components and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified. Our audit work at the fifteen components was executed at levels of materiality applicable to each individual unit which were lower than Group materiality and ranged from €1.08m to €2.05m.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team virtually attended planning meetings for all components. In addition to our planning meetings, we sent detailed instructions to our component audit teams, included them in our virtual team briefings, discussed their risk assessment, attended virtual client planning and closing meetings, and reviewed their audit working papers remotely.



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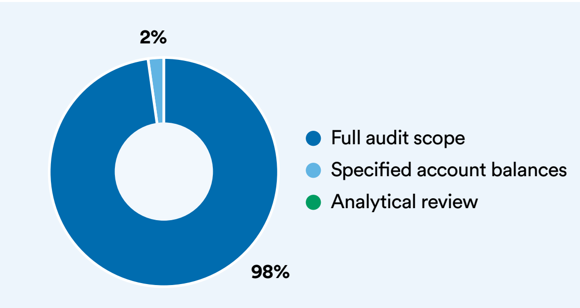
Continued

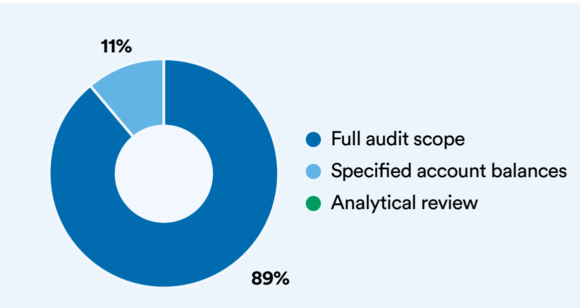
We have considered the impact of Covid-19 on the Group’s business as part of our audit risk assessment and planning. This assessment resulted in increased focus on the Group’s key judgement and estimates in relation to future strategic plans and profitability forecasts which are key inputs into the Group’s assessment of the potential indicators of impairment to the carrying value of vessels and going concern assessment.

The levels of coverage of key financial aspects of the Group by type of audit procedures are as set out below:

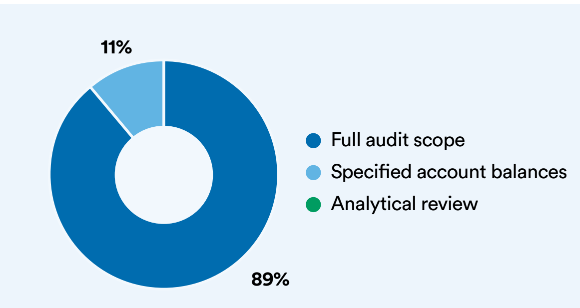
Revenue



Net assets



Loss before tax



Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor’s report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Directors

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

In preparing the Financial Statements, the Directors are responsible for assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 our 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.
- 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (Consolidated) Financial Statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We 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 the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report to the Members of Irish Continental Group plc

Continued

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

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

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion the accounting records of the Company were sufficient to permit the Financial Statements to be readily and properly audited;
- The Company statement of financial position is in agreement with the accounting records;
- In our opinion the information given in the Directors' report is consistent with the Financial Statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement required by the Companies Act 2014

We report, in relation to information given in the Corporate Governance Statement on pages 71 to 83 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory Financial Statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statement in relation to going concern, longer-term viability and the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code and Irish Corporate Governance Annex specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 103 to 104;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 104;
- the Directors' statement on fair, balanced and understandable set out on page 106;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and an explanation of how they are being managed or mitigated set out on pages 57 to 61;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 55 to 56; and
- the section describing the work of the Audit Committee set out on pages 84 to 87.

Matters on which we are required to report by exception
Based on the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) for the financial year ended 31 December 2020. We have nothing to report in this regard.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Section 1110N in relation to its remuneration report. We have nothing to report in this regard.

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

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' Remuneration Committee. We have nothing to report in this regard.

Other matters which we are required to address
We were first appointed by Irish Continental Group plc to audit the Financial Statements for the financial year ended 31 October 1988 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 32 years, covering the years ending 31 October 1988 and 31 December 2020.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

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

Ciarán O'Brien
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

11 March 2021

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Financial Statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 December 2020

	Notes	2020 €m	2019 €m
Revenue	4	277.1	357.4
Depreciation, impairment and amortisation	9	(41.3)	(36.8)
Employee benefits expense	5	(18.0)	(23.8)
Other operating expenses	9	(217.0)	(246.8)
		0.8	**50.0**
Non-trading items	10	(11.2)	14.9
Operating (loss) / profit		**(10.4)**	**64.9**
Finance income	6	0.2	0.1
Finance costs	7	(7.8)	(3.5)
(Loss) / profit before tax		**(18.0)**	**61.5**
Income tax expense	8	(1.0)	(1.3)
(Loss) / profit for the financial year: all attributable to equity holders of the parent	9	**(19.0)**	**60.2**
Earnings per share – expressed in euro cent per share			
Basic	12	(10.2c)	31.7c
Diluted	12	(10.2c)	31.5c

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 €m	2019 €m
(Loss) / profit for the financial year		(19.0)	60.2
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		(1.2)	1.2
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) / gain on defined benefit obligations	32 viii	(0.8)	9.0
Deferred tax on defined benefit obligations	25	0.3	-
Other comprehensive income for the financial year		(1.7)	10.2
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**(20.7)**	**70.4**

Consolidated Statement of Financial Position

as at 31 December 2020

	Notes	2020 €m	2019 €m
Assets			
Non-current assets			
Property, plant and equipment	13	313.5	317.1
Intangible assets	14	1.2	0.4
Right-of-use assets	15	38.3	36.0
Retirement benefit surplus	32 iv	1.0	12.5
Finance lease receivable	16	16.6	19.4
Deferred tax asset	25	0.3	-
		370.9	**385.4**
Current assets			
Inventories	17	1.9	3.1
Trade and other receivables	18	55.7	92.4
Cash and cash equivalents	19	150.4	110.9
		208.0	**206.4**
Total assets		**578.9**	**591.8**
Equity and liabilities			
Equity			
Share capital	20	12.2	12.2
Share premium	21	19.7	19.5
Other reserves	21	(9.3)	(7.3)
Retained earnings		243.3	263.5
Equity attributable to equity holders of the parent		**265.9**	**287.9**
Non-current liabilities			
Borrowings	22	113.1	200.3
Lease liabilities	23	27.8	27.6
Deferred tax liabilities	25	0.5	0.7
Provisions	27	0.2	0.7
Retirement benefit obligation	32 iv	2.2	3.7
		143.8	**233.0**
Current liabilities			
Borrowings	22	87.3	3.6
Lease liabilities	23	10.7	8.4
Trade and other payables	26	69.2	57.4
Current income tax liabilities		-	0.2
Provisions	27	2.0	1.3
		169.2	**70.9**
Total liabilities		**313.0**	**303.9**
Total equity and liabilities		**578.9**	**591.8**

The Financial Statements were approved by the Board of Directors on 10 March 2021 and signed on its behalf by:

Eamonn Rothwell Director

David Ledwidge Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2020	**12.2**	**19.5**	**7.5**	**5.9**	**(20.7)**	**263.5**	**287.9**
Loss for the financial year	-	-	-	-	-	(19.0)	(19.0)
Other comprehensive income	-	-	-	-	(1.2)	(0.5)	(1.7)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**(1.2)**	**(19.5)**	**(20.7)**
Employee share-based payments expense	-	-	-	1.9	-	-	1.9
Share issue	-	0.2	-	-	-	-	0.2
Share buyback	-	-	-	-	-	(1.7)	(1.7)
Settlement of employee equity plans through market purchase	-	-	-	-	-	(1.7)	(1.7)
Transferred to retained earnings on exercise of share options	-	-	-	(2.7)	-	2.7	-
Movements in the year	**-**	**0.2**	**-**	**(0.8)**	**(1.2)**	**(20.2)**	**(22.0)**
Balance at 31 December 2020	**12.2**	**19.7**	**7.5**	**5.1**	**(21.9)**	**243.3**	**265.9**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**7.3**	**3.8**	**(21.9)**	**231.9**	**252.9**
Profit for the financial year	-	-	-	-	-	60.2	60.2
Other comprehensive income	-	-	-	-	1.2	9.0	10.2
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**1.2**	**69.2**	**70.4**
Employee share-based payments expense	-	-	-	2.1	-	-	2.1
Share issue	-	0.1	-	-	-	-	0.1
Share buyback	(0.2)	-	0.2	-	-	(12.9)	(12.9)
Dividends paid	-	-	-	-	-	(24.7)	(24.7)
Movements in the year	**(0.2)**	**0.1**	**0.2**	**2.1**	**1.2**	**31.6**	**35.0**
Balance at 31 December 2019	**12.2**	**19.5**	**7.5**	**5.9**	**(20.7)**	**263.5**	**287.9**

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2020

	Notes	2020 €m	2019 €m
Net cash inflow from operating activities	34	**46.1**	**84.8**
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		4.9	1.8
Return of vessel contract deposit		33.0	-
Purchases of property, plant and equipment		(29.1)	(53.9)
Purchases of intangible assets		(1.0)	(0.2)
Net cash inflow / (outflow) from investing activities		**7.8**	**(52.3)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		-	(24.7)
Share buyback		(1.7)	(12.9)
Repayments of leases liabilities		(9.2)	(9.0)
Repayments of bank loans		(3.7)	-
Proceeds on issue of ordinary share capital		0.2	0.1
Net cash (outflow) from financing activities		**(14.4)**	**(46.5)**
Net increase / (decrease) in cash and cash equivalents		39.5	(14.0)
Cash and cash equivalents at beginning of year		110.9	124.7
Effect of foreign exchange rate changes		-	0.2
Cash and cash equivalents at end of year	19	**150.4**	**110.9**

Notes Forming Part of the Consolidated Financial Statements

for the financial year ended 31 December 2020

1. General information

Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland (Company registration number: 41043). The addresses of its registered office and principal places of business are disclosed on the inside back cover of the Annual Report.

The Group carries passengers and cars, RoRo freight and container LoLo freight, on routes between Ireland, the United Kingdom and Continental Europe. The Group also operates container terminals in the ports of Dublin and Belfast.

The Company charters vessels and is the holding company of a number of subsidiary companies.

2. Summary of accounting policies

Statement of Compliance
The Group and Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and as applied in accordance with the Companies Act 2014 and as regards the Consolidated Financial Statements Article 4 of the IAS Regulations.

Basis of preparation
The Financial Statements have been prepared on the going concern basis and the historical cost convention.

All figures presented in the Financial Statements are in euro and are rounded to the nearest one hundred thousand except where otherwise indicated.

Basis of consolidation
The Consolidated Financial Statements include the information in the Remuneration Report that is described as being an integral part of the Consolidated Financial Statements.

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Summary of accounting policies - continued

New standards and interpretations
New and revised accounting standards and interpretations have been issued which are set out below. These will be adopted by the Group from the effective dates.

Standards effective for the Group from 1 January 2020

Standard	Description	Effective date for periods commencing
IFRS 3 (amendments)	Definition of Business	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (amendments)	Interest Rate Benchmark Reform	1 January 2020
IAS 1 and IAS 8 (amendments)	Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020

The above amended standards have been applied in the preparation of the Financial Statements for the year ended 31 December 2020 but did not have any material impact on the results or financial position of the Group.

Standards effective for the Group from 1 January 2021 or later

Standard	Description	Effective date for periods commencing
IFRS 16 (amendment)	Covid-19 related rent concessions	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments)	Interest Rate Benchmark Reform	1 January 2021
IAS 1 (amendments)	Classification of liabilities as current or non-current	1 January 2023
IAS 1 (amendments)	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 4 (amendments)	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
IAS 16 (amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2023
Annual Improvements to IFRS Standards 2018–2020		1 January 2023
IFRS 3 (amendments)	Reference to the Conceptual Framework	1 January 2023
IAS 37 (amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2023
IAS 8 (amendments)	Definition of Accounting Estimates	1 January 2023

The above standards and amendments to standards have not been applied in the preparation of the Financial Statements for the year ended 31 December 2020. They are not expected to have a material impact on the results or financial position of the Group when applied in future periods.

Notes Forming Part of the Consolidated Financial Statements

Continued

2. Summary of accounting policies - continued

Accounting policies applied in the preparation of the Financial Statements for the financial year ended 31 December 2020:

Revenue recognition
Revenue is measured based on the consideration specified in a contract concluded with a customer and excludes any amounts collected on behalf of third parties including taxes.

The principal activities from which the Group generates its revenue are set out below.

Ferries Division

Product or Service	Nature and satisfaction of performance obligation
Passenger Transport	Passenger revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue which the single performance obligation from the departure point to destination point are subsequently released to revenue over the elapsed time taken to complete the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking. Where a customer is eligible to participate in loyalty programmes, the price is allocated based on the relative stand-alone selling price or expected selling price based on company data. Deferred revenue is reduced for any refund paid to a customer where the Company is unable to complete the performance obligation. Ticket breakage, i.e. deferred untravelled revenue for no shows, is recognised in full once the original booked travel date has expired based on a no refund policy.
RoRo freight	RoRo freight revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue which are subsequently released to revenue over the elapsed time taken to complete the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking or is otherwise variable if the customer has an active rebate arrangement. The contract price less the estimates of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue until paid.
Onboard Sales	Revenue from sales in bars and restaurants is recognised at the time of sale. The Group recognises a single contract for all goods and services in a transaction basket at the time of transaction with payment received at the same time. There is a single identifiable obligation to transfer title with the price fixed at the time of transaction.
Retail Concessions	Revenues earned from retail concessions is recognised over time based on declarations received up to the reporting date. For each concession the Group recognises a single contract involving the grant of a licence or creation of a right to provide services onboard vessels creating a single identifiable obligation. The price is treated as variable based on a percentage of sales.

2. Summary of accounting policies – continued

Container and Terminal Division

Product or Service	Nature and satisfaction of performance obligation
Container Shipping	LoLo container shipping revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue which are subsequently released to revenue over the time based on effort expended on each activity (collection, shipping and delivery) undertaken in fulfilment of the single performance obligation being the provision of transport between the departure point and destination point. The price is fixed at the time of booking.
Stevedoring	Stevedoring revenue is recognised over time in line with the number of containers loaded or discharged onto vessels in fulfilment of obligations. Contracts are concluded with customers covering services to be provided over time with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised once the performance obligations are satisfied i.e. the loading or discharge of a vessel. The price is fixed at the time of contract or is otherwise variable if the customer has an active rebate arrangement. The contract price less the best estimate of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue. As rebates are paid to customers, amounts included in deferred revenue are released with experience adjustments included as revenue.

Leasing

Identifying a lease
Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, it is treated as a lease.

(a) As Lessee
Where the Group acts as a lessee the Group recognises a right-of-use asset and lease liability at the lease commencement date, which is the date the underlying asset is available for our use.

Right-of-use assets are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and impairment losses (if any) and adjusted for certain remeasurement of lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term. Right-of-use assets are subject to impairment under IAS 36 Impairment of assets. Right-of-use assets are presented as a separate line item in the Statement of Financial Position.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. In the Consolidated Statement of Cash Flows the payments made are separated into the principal portion (presented within financing activities), and interest (presented in operating activities). Lease liabilities are remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonable certain not to be exercised.

Notes Forming Part of the Consolidated Financial Statements

Continued

2. Summary of accounting policies - continued

(b) As Lessor

The Group treats bareboat hire purchase sale agreements in relation to the disposal of vessels as finance leases where it transfers substantially all the risks and rewards incidental to ownership of the underlying vessel to the charterer. The sales proceeds recognised at the commencement of the lease term by the Group are that implied by the fair value of the asset, which together with any initial direct costs equal to the net investment in the lease and are presented as a finance lease receivable in the Statement of Financial Position. Loss allowances on the finance lease receivables are estimated at an amount equal to lifetime expected credit losses. Following initial measurement finance lease income is recognised in revenue and is allocated to accounting periods so as to reflect a constant periodic rate of return on the outstanding net investment.

Lease payments receivable arising from the grant of a right-of-use vessel which does not meet the requirement of a finance lease are recognised as revenue on a straight line basis over the term of the relevant charter. The provision of operation and maintenance services is recognised on a daily basis at the applicable daily rate under the terms of the charter.

Concession and Licence agreements

Payments made under concession arrangements, where the Group benefits from the use of an asset or right and the obligation to make the payments has not been recognised in the Statement of Financial Position as a lease obligation, are charged to the Consolidated Income Statement as the rights conferred under the terms of the arrangement are consumed.

Benefits received and receivable as an incentive to enter into a concession agreement are also spread on a straight-line basis over the agreement term as a reduction of the expense.

The Group does not classify that element of a contract as a lease where the right to control the use of an identified asset for a period of time is based on variable consideration based on activity levels. In these circumstances any variable consideration is expensed to the Income Statement as the right is consumed.

Non-trading items

The Group treats material items either individually or, if of a similar type, in aggregate, that derive from events or transactions that fall outside the ordinary activities of the Group as non-trading items. Non-trading items are presented separately on the face on the Consolidated Income Statement, separately disclosing any tax effects.

Foreign currencies

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in euro, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the Consolidated Income Statement for the financial year.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in euro using exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used.

2. Summary of accounting policies - continued

Exchange differences arising on the translation of foreign currency subsidiaries, if any, are recognised in the Consolidated Statement of Comprehensive Income and accumulated in equity in the translation reserve. On disposal of a foreign subsidiary the cumulative translation difference for that foreign subsidiary is transferred to the Consolidated Income Statement as part of the gain or loss on disposal.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in the Statement of Other Comprehensive Income and accumulated in equity.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Consolidated Income Statement in the financial year in which they are incurred.

The interest expense component of lease payments relating to lease obligations as a lessee are recognised in the Consolidated Income Statement using the effective interest rate method.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. The net interest income on defined benefit obligations is recognised in the Consolidated Income Statement under finance income in accordance with IAS 19 Employee Benefits.

Retirement benefit schemes

Defined benefit obligations

For defined benefit obligations, the cost of providing benefits and the liabilities of the schemes are determined using the projected unit credit method with assets valued at bid price and actuarial valuations being carried out by independent and professionally qualified actuaries at each statement of financial position date. Current service costs, past service cost, or credit, and net interest expense or income are recognised in the Consolidated Income Statement. Adjustments in respect of a settlement, a curtailment and past service cost, or credit, are recognised in the Consolidated Income Statement in the period of a plan amendment. Remeasurement comprising actuarial gains and losses is reflected in the Statement of Financial Position with a charge or credit recognised in the Consolidated Statement of Comprehensive Income in the period in which they occur.

The net interest cost on defined benefit obligations has been recorded in the Consolidated Income Statement under finance income. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In addition to the pension schemes operated by the Group, certain employees are included in the Merchant Navy Officers Pension Fund (MNOPF). As the Group has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit obligation and its liability recognised accordingly. The Group's share of the MNOPF deficit as advised by the trustees is included with the other Group schemes.

Notes Forming Part of the Consolidated Financial Statements

Continued

2. Summary of accounting policies - continued

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit obligations. Any surplus resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution pension schemes
Payments to defined contribution pension schemes are recognised as an expense as they fall due. Any contributions outstanding at the period end are included as an accrual in the Consolidated Statement of Financial Position.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

A proportion of the Group's profits fall within the charge to tonnage tax, under which regime taxable profits are relieved to an amount based on the tonnage of vessels employed during the year. In accordance with the IFRIC guidance on IAS 12 Income Taxes, the tonnage tax charge is included within other operating expenses in the Consolidated Income Statement.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to the Consolidated Statement of Comprehensive Income or is dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. Summary of accounting policies - continued

Property, plant and equipment

Vessels
Vessels are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on vessels is charged so as to write off the cost less residual value over the estimated economic useful life on a straight-line basis. The amount initially recognised in respect of Ropax vessels less estimated residual value, is allocated between hull and machinery and hotel and catering elements for depreciation purposes. In respect of LoLo vessels, all value is attributed to hull and machinery.

In considering residual values of vessels, the Directors have taken into account the valuation of the scrap value of the vessels per light displacement tonne. Residual values are reviewed annually and updated if required. Estimations of economic life of vessels are a key accounting judgement and estimate in the Financial Statements. Any change in estimates are accounted for prospectively.

The estimated economic useful lives of vessels are as follows:

Hull and Machinery	
• Conventional Ropax vessels	30 – 35 years
• Fast ferries	15 – 25 years
• LoLo	25 years
Hotel and Catering	10 years

For conventional ferries, hull and machinery components are depreciated over an initial estimated useful life of 30 years but this is reviewed on a periodic basis for vessels remaining in service 25 years after original construction.

Drydocking
Costs incurred in renewing the vessel certificate are capitalised as a separate component under vessels in tangible fixed assets and depreciated over the period to the next expected drydocking required for certificate renewal. Costs and accumulated depreciation relating to expired certificates are treated as disposals. The estimated useful lives for drydock assets are as follows:

Passenger vessels	1 year
Container vessels	1 – 5 years

Estimations of economic life and residual values are reassessed at each reporting date. Any change in estimates are accounted for prospectively.

Other assets
Property, plant and equipment, other than and freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost and is not depreciated. Cost comprises purchase price and directly attributable costs.

The amount initially recognised in respect of an item of other assets is allocated to its significant parts and each such part is depreciated separately. In respect of stevedoring equipment related costs are allocated between superstructure and plant.

Notes Forming Part of the Consolidated Financial Statements

Continued

2. Summary of accounting policies - continued

With the exception of freehold land and assets under construction, depreciation on property, plant and equipment is charged so as to write off the cost over the estimated economic useful lives, using the straight-line method, on the following bases:

Buildings	10 – 150 years
Plant, equipment and vehicles	4 – 25 years
Plant superstructure	12 – 20 years

Assets under construction, the construction of which takes a substantial period of time are recorded at the cost incurred to date less any impairment loss and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use. Cost includes borrowing costs capitalised in accordance with the Group's accounting policies. Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of the assets up to the date of substantial completion.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale. Income is accounted for when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

Intangible assets
Costs incurred on the acquisition and commissioning of computer software are capitalised, as are costs directly associated with developing computer software programmes, if it is probable that the expected future economic benefits that are attributable to these assets will flow to the Group and the cost of these assets can be measured reliably. Computer software costs recognised as assets are written off on a straight-line basis over their estimated useful lives, which is normally five years.

Impairment of property, plant and equipment and intangible assets
At each statement of financial position date, the Group performs a review to ascertain whether there are any indications of impairment which may affect carrying amounts of its property, plant and equipment and intangible assets. If any such indications exist, the recoverable amount of the asset is estimated in order to determine whether the affected assets have actually suffered an impairment loss. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets (cash generating units) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost represents suppliers' invoiced cost net of any related discounts etc. determined on a first in, first out basis. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

2. Summary of accounting policies - continued

Treasury shares
Consideration paid to purchase the Company's equity share capital is deducted from the total shareholders' equity and classified as treasury shares until such shares are cancelled. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

Where shares are cancelled an amount equivalent to the nominal value of the cancelled shares is transferred from retained earnings to the capital redemption reserve.

Financial instruments
Financial assets and financial liabilities are recognised on the Group and Company's Statement of Financial Position when the Group and Company becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade and other receivables are initially recognised at transaction price and subsequently carried at amortised cost, net of allowance for expected credit losses. Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

The Group applies the simplified approach to providing for expected credit losses (ECL) required by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECL of trade receivables based on its credit loss rates. Expected loss rates are based on historical payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables. The Group has determined the ECL default rate using market default risk probabilities with regards to its key customers. Balances are written off when the probability of recovery is assessed as being remote.

Trade receivables are derecognised when the Group no longer controls the contractual rights that comprise the receivables, which is normally the case when the asset is sold or the rights to receive cash flows from the asset have expired, and the Group has not retained substantially all the credit risks and control of the receivable has transferred.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and on demand deposits.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at fair value, net of transaction costs incurred. Overdrafts are set off against cash balances in accordance with the contractual terms of any set off agreement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are expensed in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Bank borrowings are classified as financial liabilities and are measured subsequently at amortised cost using the effective interest rate method.

Trade payables
Trade payables are classified as other financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Notes Forming Part of the Consolidated Financial Statements

Continued

2. Summary of accounting policies – continued

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting
The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group may use foreign exchange forward contracts to hedge these exposures.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held in the Consolidated Statement of Financial Position at their fair value. Changes in the fair value of derivative financial instruments that are designated, and are effective, as hedges of changes in future cash flows are recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the cash flow hedge of a firm commitment or forecasted transaction subsequently results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that was previously recognised in other comprehensive income and accumulated in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts accumulated in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects profit or loss.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Income Statement as they arise.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument accumulated in equity is retained in equity until the forecasted transactions occur. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in equity is transferred to the Consolidated Income Statement in the period.

Contingent liability
A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

Financial guarantee contracts
Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time it becomes probable that the Group will be required to make a payment under the guarantee.

2. Summary of accounting policies - continued

Share-based payments
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares expected to vest as a result of the effect of non-market based vesting conditions.

For awards where vesting will be determined by market based vesting conditions, those granted prior to 1 January 2019 were fair value measured using a binomial pricing model. Monte-Carlo modelling was used for awards granted after 1 January 2019.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Employee benefits expense
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. A liability for a termination benefit is recognised at the earlier of when an entity can no longer withdraw the offer of the termination benefit and the entity recognises any related restructuring costs.

Distributions
Distributions are accounted for when they are paid, through retained earnings. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividends received from fellow subsidiaries are eliminated on consolidation.

Operating profit
Operating profit is stated after non-trading items arising from continuing operations.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these amounts. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Estimates

Post-employment benefits
The Group's and Company's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Group and Company. Further details are set out in note 32. Many of the actuarial assumptions are dependent on market developments and are outside the control of the Company and Group and movements may give rise to material adjustments in future estimates of post-employment obligations.

Notes Forming Part of the Consolidated Financial Statements

Continued

3. Critical accounting judgements and key sources of estimation uncertainty - continued

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is in deficit. Under the rules of the fund all employers are jointly and severally liable for the deficit. The deficit included in the Financial Statements for the Group and Company represents an apportionment of the overall scheme deficit based on notification received from the trustees which is currently 1.53% for the Group and 0.51% for the Company, less any deficit payments made. Should other participating employers' default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Useful lives for property, plant and equipment
Long lived assets comprising primarily of property, plant and equipment represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated useful lives of each type of asset. Management regularly reviews these useful lives and changes them if necessary, to reflect current conditions. In determining these useful lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the asset. Changes in the useful lives may have a significant impact on the annual depreciation and amortisation charge. Details of the useful lives are included in the accounting policy headed property, plant and equipment. Further details are set out in note 13.

In relation to one vessel, which was surplus to requirements and layed-up during 2020, the Directors noted that this vessel had been maintained in line with all regulatory and class requirements during the lay-up period and the Directors have assessed that no revision in remaining useful life was warranted.

Critical accounting judgements

Impairment
The Group assessed its property, plant and equipment and intangible assets to determine if there were any indications of impairment. Factors considered in identifying whether there were any indications of impairment included the economic performance of assets, technological developments, new rules and regulations, shipbuilding costs and carrying value versus market capitalisation of the Group.

During the period, the Group experienced a decline in activity levels mainly concentrated on passenger carryings due to the imposition of restrictions placed on travel in the jurisdictions that we offer services. The Group assessed that notwithstanding the material effect on profitability in 2020 and likely effects into 2021 as restrictions remained in place, that this performance did not amount to an indication of impairment. This assessment was based on previous experiences where the Group suffered serious shocks to its activity levels and the time taken to recover to pre-shock activity levels relative to the remaining life of its operating assets. The principal operating assets comprise vessels with an average remaining life of up to 20 years and leasehold property with remaining terms of between 86 and 101 years.

One vessel which is dedicated to passenger only carryings was layed-up during 2020. Within the assessment carried out above this temporary surplus to operational requirements was not deemed to be an indication of impairment as it is intended to return this vessel to service when restrictions lift.

The Group also sought to support the carrying value of its vessels through an independent valuation exercise. The Group recognises the limitations of such exercises as the majority of the Group's fleet by value is bespoke to its requirements and true value can only be assessed if offered for sale to one or more willing purchasers. Within these valuation limitations the valuations did not indicate a movement in market values such that would lead management to a conclusion that they represented an indication of impairment.

All Group vessels comply with current rules and regulations and future capital expenditure for known regulations expected to be mandated is not expected to be of such amounts such as to increase any risk of obsolescence.

Based on the above reviews no internal or external indications of impairment were identified for any material asset and consequently no impairment review was performed.

3. Critical accounting judgements and key sources of estimation uncertainty - continued

Leases – non-cancellable lease term

The Group has applied judgement in determining the non-cancellable term of vessel leases, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Going Concern

The Directors have satisfied themselves that the Group and Company are going concerns having adequate financial resources to continue in operational existence for the foreseeable future. In forming their view, the Directors have taken into consideration the future financial requirements of the Group and Company and available financial resources comprising cash and available undrawn loan facilities.

At the time of making this assessment the Directors note that the Group has been significantly affected by the imposition of travel restrictions in the jurisdictions that it offers services at various times and levels since March 2020. These restrictions remain at the date of approval of these Financial Statements. While the restrictions initially affected all of the Group's revenue streams, freight carryings recovered to previously expected activity levels over the course of the year. Passenger carryings remain restricted to essential travel only.

On 1 January 2021, customs checks were introduced on the movement of goods between the UK and Ireland with the ending of the transition arrangements introduced following the UK's exit from the EU. This has led to a significant reduction in Irish Sea carryings, partially offset increases in our higher yielding direct services to France, resulting in an overall reduction in the Group's RoRo revenues of 8.1% in the period 1 January 2021 to 6 March 2021. The trend since the early reduction in volumes in January has been a gradual return of RoRo volumes to our Irish Sea services.

Notwithstanding the reduced activity levels in 2020, the Group generated cash from operating activities of €46.1 million (2019: €84.8 million). At 31 December 2020, the Group had cash balances net of short term borrowings of €63.1 million (2019: €107.3 million) and undrawn committed lending facilities of €90.4 million (2019: €90.4 million). The Group has also agreed a temporary increase in its leverage covenant with all its lenders to four times pre-IFRS 16 EBITDA levels.

The Group has modelled a number of scenarios for its businesses over the 12 month period from the date of approval of the Financial Statements, including retention of travel restrictions for 2021. Notwithstanding the effects that this would have on projected profitability and cash flows, the Group expects to generate sufficient cash from operations to enable it retain sufficient liquidity to operate and meet its financial obligations as they fall due for at least the period up to March 2022.

Notes Forming Part of the Consolidated Financial Statements

Continued

4. Segmental information

Business segments

The Executive Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organised into two operating segments; Ferries and Container and Terminal. These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group.

The Ferries segment derives its revenue from the operation of combined RoRo passenger ferries and the chartering of vessels. The Container and Terminal segment derives its revenue from the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services.

Segment information about the Group's operations is presented below.

	Ferries	Container & Terminal	Inter- segment	Total
	€m	€m	€m	€m
Revenue				
2020				
External revenue	131.8	145.3	-	277.1
Inter-segment revenue	9.6	1.2	(10.8)	-
Total	**141.4**	**146.5**	**(10.8)**	**277.1**
2019				
External revenue	204.2	153.2	-	357.4
Inter-segment revenue	8.2	1.2	(9.4)	-
Total	**212.4**	**154.4**	**(9.4)**	**357.4**

Inter-segment revenue is at prevailing market prices. The inter-segment revenue in the Ferries Division in 2020 of €9.6 million (2019: €8.2 million) primarily relates to container vessels which are on time charter to the Group's container shipping subsidiary Eucon.

Revenue has been disaggregated into categories which reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. As revenues are recognised over short time periods of no more than days, a key determinant to categorising revenues is whether they principally arise from a business to customer (passenger contracts) or a business to business relationship (freight and charter contracts) as this impacts directly on the uncertainty of cash flows.

	Ferries		Container & Terminal		Total	
	2020	2019	2020	2019	2020	2019
	€m	€m	€m	€m	€m	€m
Revenue						
Passenger	33.7	112.7	-	-	33.7	112.7
Freight	92.2	86.2	145.3	153.2	237.5	239.4
Chartering and other	5.9	5.3	-	-	5.9	5.3
Total	**131.8**	**204.2**	**145.3**	**153.2**	**277.1**	**357.4**

4. Segmental information – continued

For the year ended 31 December 2020, €272.3 million was recognised over time (2019: €338.8 million) and €4.8 million was recognised at a point in time (2019: €18.6 million). No single external customer in the current or prior financial year amounted to 10 per cent or more of the Group's revenues.

	Ferries		Container & Terminal		Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Result						
Operating (loss) / profit	(12.3)	36.4	13.1	13.6	0.8	50.0
Finance income	0.2	0.1	-	-	0.2	0.1
Finance costs	(6.4)	(2.0)	(1.4)	(1.5)	(7.8)	(3.5)
Non-trading items	(11.2)	14.9	-	-	(11.2)	14.9
(Loss) / profit before tax	(29.7)	49.4	11.7	12.1	(18.0)	61.5
Income tax expense	(0.3)	(0.4)	(0.7)	(0.9)	(1.0)	(1.3)
(Loss) / profit for the financial year	**(30.0)**	**49.0**	**11.0**	**11.2**	**(19.0)**	**60.2**
Statement of Financial Position						
Assets						
Segment assets	341.4	391.1	87.1	89.8	428.5	480.9
Cash and cash equivalents	117.2	79.8	33.2	31.1	150.4	110.9
Consolidated total assets	**458.6**	**470.9**	**120.3**	**120.9**	**578.9**	**591.8**
Liabilities						
Segment liabilities	48.2	34.6	25.9	29.4	74.1	64.0
Borrowings	190.7	183.3	48.2	56.6	238.9	239.9
Consolidated total liabilities	**238.9**	**217.9**	**74.1**	**86.0**	**313.0**	**303.9**
Other segment information						
Capital additions	29.9	43.8	4.7	2.0	34.6	45.8
Right-of-use asset additions	7.2	-	5.3	12.5	12.5	12.5
Depreciation, impairment and amortisation	34.6	30.8	6.7	6.0	41.3	36.8

Notes Forming Part of the Consolidated Financial Statements

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4. Segmental information – continued

	Ferries		Container & Terminal		Total	
	2020	2019	2020	2019	2020	2019
	€m	€m	€m	€m	€m	€m
Other operating expenses						
Fuel	23.8	34.7	9.0	14.6	32.8	49.3
Labour	22.9	25.1	8.4	8.1	31.3	33.2
Port charges	38.9	41.9	29.5	30.9	68.4	72.8
Haulage	-	-	43.9	45.2	43.9	45.2
Other	20.4	25.6	31.0	30.1	51.4	55.7
Inter-segment	(1.2)	(1.2)	(9.6)	(8.2)	(10.8)	(9.4)
Total other operating costs	**104.8**	**126.1**	**112.2**	**120.7**	**217.0**	**246.8**

Geographic analysis of revenue by origin of booking

	2020	2019
	€m	€m
Revenue		
Ireland	116.2	177.9
United Kingdom	55.1	66.7
Netherlands	58.6	63.8
Belgium	31.7	32.8
France	1.3	5.8
Other	14.2	10.4
Total	**277.1**	**357.4**

Geographic analysis of location of property, plant and equipment

	2020	2019
	€m	€m
Property, plant and equipment		
Vessels at sea / assets in transit / under construction		
Vessels	278.7	283.9
Containers	3.7	4.4
	282.4	288.3
On Shore		
Ireland	30.2	28.1
Other	0.9	0.7
	31.1	28.8
Carrying amount at 31 December	**313.5**	**317.1**

Due to the mobile nature of some of the assets in property, plant and equipment, their location is not always fixed.

5. Employee benefits expense

The average number of employees during the financial year was as follows:

	2020	2019
Ferries	203	218
Container and Terminal	88	91
	291	309
Number of employees at financial year-end	**288**	**307**

	2020 €m	2019 €m
Aggregate costs of employee benefits were as follows:		
Wages and salaries	14.4	18.7
Covid-19 government subsidies	(1.7)	-
Social insurance costs	1.3	1.8
Defined benefit obligations – current service cost (note 32 vii)	1.7	1.5
Defined benefit obligations – settlement loss / (curtailment gain) (note 32 vii)	9.3	(0.1)
Defined benefit obligations – augmentation cost	1.1	-
Defined contribution pension scheme – pension cost (note 32)	0.4	0.4
Share-based payment expense (note 31)	1.9	2.1
Total employee benefit costs incurred	28.4	24.4
Wages and salaries costs capitalised	-	(0.1)
Amounts recognised as non-trading item (note 10)	(10.4)	(0.5)
Total employee benefit before non-trading items	**18.0**	**23.8**

There were no staff costs capitalised during the financial year (2019: €0.1 million) in relation to management and supervision of the contracts for the construction of new vessels. Of the total employee expense of €28.4 million, €10.4 million relating to defined benefit scheme settlement losses and augmentation costs were included as part of the reported non-trading item (note 10). In the prior reporting period €0.5 million of employee benefit costs were included as part of non-trading items.

6. Finance income

	2020 €m	2019 €m
Interest on bank deposits	-	0.1
Net interest income on defined benefit obligations (note 32 vii)	0.2	-
Total finance income	**0.2**	**0.1**

Notes Forming Part of the Consolidated Financial Statements

Continued

7. Finance costs

	2020 €m	2019 €m
Interest on bank overdrafts and loans	6.7	2.5
Interest on lease obligations	1.1	1.0
Total finance costs	**7.8**	**3.5**

8. Income tax expense

	2020 €m	2019 €m
Current tax	1.2	1.2
Deferred tax (note 25)	(0.2)	0.1
Total income tax expense for the financial year	**1.0**	**1.3**

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax scheme. Under the tonnage tax scheme, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the vessels utilised. In accordance with the IFRIC clarification of tonnage taxes issued May 2009, the tonnage tax charge is not considered an income tax expense under IAS 12 Income Taxes, and has been included in other operating expenses in the Consolidated Income Statement.

Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax scheme. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax expense for the year includes a current tax charge of €1.2 million and a deferred tax credit of €0.2 million.

The total tax expense for the financial year is reconciled to the accounting profit as follows:

	2020 €m	2019 €m
(Loss) / profit before tax	(18.0)	61.5
Tax at the domestic income tax rate of 12.5% (2019: 12.5%)	-	7.7
Losses not eligible for surrender under loss provisions	1.9	-
Effect of tonnage relief	(1.6)	(6.8)
Difference in effective tax rates	(0.3)	0.3
Items for which no tax deduction is available	0.8	-
Other items	0.2	0.1
Income tax expense recognised in the Consolidated Income Statement	**1.0**	**1.3**

9. (Loss) / profit for the year

	2020 €m	2019 €m
(Loss) / profit for the year arrived at after charging:		
Depreciation of property, plant and equipment (note 13)	29.3	27.5
Amortisation of intangible assets (note 14)	0.2	0.2
Impairment of property, plant and equipment (note 13)	2.3	-
Depreciation of right-of-use assets (note 15)	9.5	9.1
Net depreciation, amortisation and impairment costs	**41.3**	**36.8**
Fuel	32.8	49.3
Labour	31.3	33.2
Port charges	68.4	72.8
Haulage	43.9	45.2
Other	40.6	46.3
Other operating costs	**217.0**	**246.8**
Gain on disposal of property, plant and equipment		
Disclosed as non-trading item	-	(14.9)
Disclosed as operating cost	-	(0.1)
	-	(15.0)
Foreign exchange losses / (gains)	**0.4**	**(0.2)**
Expenses relating to lease payments not included in the measurement of the lease liability		
Short-term leases	4.0	6.1
Variable lease payments	1.3	0.6
Group Auditor's remuneration:	€'000	€'000
The audit of the group financial statements	222.0	222.0
Other assurance services	28.0	26.5
Tax advisory services	35.0	35.0
Other non-audit services	4.0	1.5
	289.0	**285.0**

Notes Forming Part of the Consolidated Financial Statements

Continued

10. Non-trading items

	2020 €m	2019 €m
Non-trading (expense) / gain	**(11.2)**	**14.9**

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third party insurer on payment of an initial premium of €160.6 million. The final premium is subject to verification of member data. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid.

The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes.

The Group's subsidiary Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the scheme's administration expenses and incurred expenses totalling €0.8 million relating to the above transaction.

In the prior year the Group entered into a hire purchase agreement for the sale of the vessel Oscar Wilde, which had become surplus to operational requirements. The gross consideration of €28.9 million less commissions, receivable in instalments over six years from April 2019, was discounted to estimated present value which has been treated as a finance lease receivable (note 16). The Group recorded a net gain on disposal of €14.9 million after taking account of the net book value at the delivery date and related disposal costs.

11. Dividends

	2020 €m	2019 €m
Final dividend of 0c per ICG Unit RE: financial year ended 31 December 2019 (2018: 8.56c)	-	16.3
Interim dividend of 0c per ICG Unit RE: the financial year ended 31 December 2020 (2019: 4.42c)	-	8.4
	-	24.7

The Board is not proposing a final dividend in respect of the results for the financial year ended 31 December 2020.

12. Earnings per share

	2020 '000	2019 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	186,981	189,797
Effect of dilutive potential ordinary shares: Share options	-	1,143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	186,981	190,940

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued and acquired from the market during the year (note 20).

12. Earnings per share – continued

The earnings used in both the adjusted basic and adjusted diluted earnings per share are adjusted to take into account the net interest on defined benefit obligations (note 32) and the effect of non-trading items after tax.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2020 €m	2019 €m
Earnings		
Earnings for the purposes of basic and diluted earnings per share -		
(Loss) / profit for the financial year attributable to equity holders of the parent	(19.0)	60.2
Non-trading item after tax (note 10)	11.2	(14.9)
Net interest cost on defined benefit obligations (note 32 vii)	(0.2)	-
Earnings for the purposes of adjusted basic and diluted earnings per share	**(8.0)**	**45.3**

	2020 Cent	2019 Cent
Basic earnings per share	(10.2)	31.7
Diluted earnings per share	(10.2)	31.5
Adjusted basic earnings per share	(4.3)	23.8
Adjusted diluted earnings per share	(4.3)	23.7

Diluted earnings per ordinary share
Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive effect of share options. All 5,756,140 options outstanding at the end of the reporting period (2019: 3,375,285) were excluded from the diluted earnings per share calculation because of their anti-dilutive effect. Options excluded comprised 2,296,500 (2019: nil) vested options and 3,459,640 (2019: 3,375,285) unvested options which have not yet satisfied the required performance conditions for vesting. In the prior period the dilutive effect of vested share options was calculated as the difference in the average market value during the period and the option price giving a dilutive effect of 1,143,000 shares.

Notes Forming Part of the Consolidated Financial Statements

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13. Property, plant and equipment

	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 31 December 2018	161.0	278.1	63.4	25.9	528.4
Adjustment on application of IFRS 16	-	-	(4.7)	-	(4.7)
At 1 January 2019	161.0	278.1	58.7	25.9	523.7
Additions	2.8	40.6	2.3	0.1	45.8
Reclassification	(156.9)	156.9	-	-	-
Disposals	-	(47.5)	(0.8)	-	(48.3)
Currency adjustment	-	1.0	0.2	-	1.2
At 31 December 2019	6.9	429.1	60.4	26.0	522.4
Additions	1.6	27.4	5.6	-	34.6
Reclassification	(0.1)	0.1	-	-	-
Disposals	(5.4)	(11.0)	(1.1)	-	(17.5)
Impairment	(2.3)	-	-	-	(2.3)
Currency adjustment	-	(1.4)	(0.1)	-	(1.5)
At 31 December 2020	**0.7**	**444.2**	**64.8**	**26.0**	**535.7**
Accumulated depreciation					
At 31 December 2018	-	166.7	45.1	8.9	220.7
Adjustment on application of IFRS 16	-	-	(3.5)	-	(3.5)
At 1 January 2019	-	166.7	41.6	8.9	217.2
Depreciation charge for the financial year	-	24.1	3.0	0.4	27.5
Eliminated on disposals	-	(38.9)	(0.8)	-	(39.7)
Currency adjustment	-	0.2	0.1	-	0.3
At 31 December 2019	-	152.1	43.9	9.3	205.3
Depreciation charge for the financial year	-	25.7	3.2	0.4	29.3
Eliminated on disposals	-	(11.0)	(1.1)	-	(12.1)
Currency adjustment	-	(0.3)	-	-	(0.3)
At 31 December 2020	**-**	**166.5**	**46.0**	**9.7**	**222.2**
Carrying amount					
At 31 December 2020	**0.7**	**277.7**	**18.8**	**16.3**	**313.5**
At 31 December 2019	6.9	277.0	16.5	16.7	317.1

13. Property, plant and equipment - continued

In accordance with IAS 16, the property, plant and equipment of the Group and Company has been reviewed in relation to the residual values used for the purpose of depreciation calculations. In considering residual values of passenger vessels, the Directors have taken into consideration the valuation of the scrap value of the vessels per light displacement tonne. Residual values are reviewed annually and updated where the Directors consider the latest estimates of residual value estimates would lead to a significant change in depreciation charges.

Estimations of economic life of vessels are a key judgemental estimate in the Financial Statements. In relation to the remaining estimated economic life of the vessels, a one year increase / decrease would have a €1.0 million (2019: €0.8 million) decrease / €1.2 million (2019: €1.0 million) increase in depreciation in the Consolidated Income Statement, and a €1.0 million (2019: €0.8 million) increase / €1.2 million (2019: €1.0 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

During the year ended 31 December 2020 additions to assets under construction included staff costs of €nil (2019: €0.1 million) and interest costs of €nil (2019: €1.4 million). The Group had entered into a contract for the construction of a vessel of which the amount of €6.4 million of the total of €6.9 million represents the estimated value of work completed at 31 December 2019. The current year balance of €0.7m relates to construction completed on assets not in operation at the year end.

During the year the contract was cancelled due to the inability of the shipyard to deliver the vessel. Previously paid contractual deposits were returned to the Company by the deposit guarantor. An impairment charge of €2.3 million was recognised against costs previously capitalised not related to the deposit guarantee.

14. Intangible assets

	2020 €m	2019 €m
Cost		
At 1 January	10.5	10.3
Additions	1.0	0.2
At 31 December	**11.5**	**10.5**
Amortisation		
At 1 January	10.1	9.9
Charge for the financial year	0.2	0.2
At 31 December	**10.3**	**10.1**
Carrying amount		
At 31 December	**1.2**	**0.4**
At 1 January	0.4	0.4

The intangible assets included above, all computer software, have finite useful lives of five years, over which the assets are amortised. Amortisation is on a straight-line basis.

Notes Forming Part of the Consolidated Financial Statements

Continued

15. Right-of-use assets

	Vessels €m	Plant and Equipment €m	Land and Buildings €m	Total €m
Cost				
At 31 December 2018	-	-	-	-
Reclassed from property, plant and equipment	-	4.7	-	4.7
Initial application of IFRS 16	10.9	1.8	18.3	31.0
At 1 January 2019	10.9	6.5	18.3	35.7
Additions	-	1.7	10.8	12.5
Currency adjustment	-	-	0.4	0.4
At 31 December 2019	10.9	8.2	29.5	48.6
Additions	10.1	2.4	-	12.5
Write out on lease expiry	-	(2.6)	-	(2.6)
Currency adjustment	-	-	(0.7)	(0.7)
At 31 December 2020	**21.0**	**8.0**	**28.8**	**57.8**
Accumulated depreciation				
At 31 December 2018	-	-	-	-
Reclassed from property, plant and equipment	-	3.5	-	3.5
At 1 January 2019	-	3.5	-	3.5
Charge for the period	5.7	1.2	2.2	9.1
At 31 December 2019	5.7	4.7	2.2	12.6
Charge for period	5.6	1.9	2.0	9.5
Write out on lease expiry	-	(2.6)	-	(2.6)
At 31 December 2020	**11.3**	**4.0**	**4.2**	**19.5**
Carrying amount				
At 31 December 2020	**9.7**	**4.0**	**24.6**	**38.3**
At 31 December 2019	5.2	3.5	27.3	36.0

Right-of-use assets are depreciated on a straight-line basis over the lease term. Where a lease contract contains extension options the Group includes such option periods in its valuation of right-of-use assets where it is reasonably certain to exercise the option. Plant and equipment mainly relates to containers used in the Group's container fleet leased under various master agreements with an average remaining term of 3.4 years (2019: 3.1 years). Land and buildings comprised (i) leased land at Dublin Port from which the Group operates a container terminal where the average remaining lease term was 94 years (2019: 95 years) and (ii) a concession agreement at Belfast Harbour from which the Group operates a container terminal where the average remaining lease term was 5.7 years (2019: 6.7 years).

16. Finance lease receivable

	2020 €m	2019 €m
At 1 January	22.1	-
Sale of vessel (note 10)	-	24.5
Amounts received	(3.6)	(2.9)
Net benefit recognised in revenue	0.9	0.5
At 31 December	**19.4**	**22.1**

In the prior period the Group entered into a bareboat hire purchase sale agreement for the disposal of a vessel (note 10). Legal title to the vessel transfers to the lessor only on payment of the final instalment. The deferred consideration has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

Amounts received less the net benefit recognised in revenue, a total of €2.7 million (2019: €2.4 million) has been recognised in the Consolidated Statement of Cash Flows as proceeds on disposal of property, plant and equipment.

The amounts receivable under the agreement at 31 December were as follows:

	2020 €m	2019 €m
Within one year	3.6	3.6
Between one and two years	3.6	3.6
Between two and three years	3.6	3.6
Between three and four years	3.6	3.6
Between four and five years	7.3	3.6
Greater than five years	-	7.3
Undiscounted payments receivable	21.7	25.3
Unearned income	(2.3)	(3.3)
Present value of payments receivable / Net investment in the lease	19.4	22.1
Analysed as:		
Current finance lease receivable	2.8	2.7
Non-current finance lease receivable	16.6	19.4
	19.4	**22.1**

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as it is denominated in euro. Residual value risk on the vessel under lease is not significant, because of the existence of a secondary market in vessels.

The Directors of the Group estimate the loss allowance on the finance lease receivable at 31 December at an amount equal to lifetime expected credit losses. None of the finance lease receivable at 31 December 2020 was past due, and taking into account the historical payment experience up to the date of approval of these Financial Statements has been in line with the agreed contractual arrangement together with the retention of legal title the Directors of the Group consider that the allowance for expected credit losses is immaterial.

Notes Forming Part of the Consolidated Financial Statements

Continued

17. Inventories

	2020 €m	2019 €m
Fuel and lubricating oil	1.7	2.8
Catering and other stocks	0.2	0.3
	1.9	**3.1**

The Directors consider that the carrying amount of inventories approximates their replacement value.

Cost of inventories recognised as an expense in the Consolidated Income Statement amounted to €36.7 million during the financial year (2019: €57.1 million).

18. Trade and other receivables

	2020 €m	2019 €m
Trade receivables	45.8	44.8
Allowance for expected credit losses	(1.7)	(1.5)
	44.1	43.3
Prepayments		
Deposit on vessel under construction	-	28.9
Deposits relating to other property, plant and equipment	2.6	8.1
Other prepayments	4.0	6.4
Finance lease receivable (note 16)	2.8	2.7
Other receivables	2.2	3.0
	55.7	**92.4**

The Group and Company extend credit to certain trade customers after conducting a credit risk assessment. Year-end trade receivables represent 57 days sales at 31 December 2020 (2019: 46 days). The deposit on the vessel under construction at 31 December 2019, comprised €33.0 million paid net of work completed of €4.1 million included in property, plant and equipment, was repaid during 2020 on cancellation of the contract. Deposits paid relating to other property, plant and equipment include advance payments for services or goods where title has not transferred at the period end.

18. Trade and other receivables - continued

The Group's trade receivables are analysed as follows:

	Gross value 2020 €m	Expected credit losses 2020 €m	Net value 2020 €m	Gross value 2019 €m	Expected credit losses 2019 €m	Net value 2019 €m
Not past due						
Within terms	42.6	(1.1)	41.5	39.9	(1.2)	38.7
Past due						
Within 3 months	2.6	(0.4)	2.2	4.4	(0.2)	4.2
After 3 months	0.6	(0.2)	0.4	0.5	(0.1)	0.4
	45.8	**(1.7)**	**44.1**	**44.8**	**(1.5)**	**43.3**

Expected credit losses
The Group has applied the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The concentration of credit risk is limited due to the exposure being spread over a large number of counterparties and customers. In measuring the expected credit losses, the trade receivables have been grouped by shared credit risk characteristics and by days past due. The expected loss rates are heavily influenced by the past rate of actual credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. The Group also considers expected credit losses in relation to prepaid capital purchases such as vessel building deposits as there is a risk of non-delivery.

	2020 €m	2019 €m
Movement in the allowance for expected credit losses		
Balance at beginning of the financial year	1.5	1.4
Increase in allowance during the financial year	0.2	0.1
Balance at end of the financial year	**1.7**	**1.5**

In relation to the amounts paid as deposits on capital works, significant progress on these works had been completed by the financial statement approval date. No allowance has been made for expected credit losses on refundable deposits.

19. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks. There were no bank overdrafts outstanding at 31 December which met the offsetting conditions under IAS 32 Financial Instruments. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows were:

	2020 €m	2019 €m
Cash and cash equivalents	150.4	110.9

Notes Forming Part of the Consolidated Financial Statements

Continued

19. Cash and cash equivalents - continued

Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. 95 per cent of the cash and cash equivalents were on deposit in institutions rated A2 or above by Moodys. The Directors consider the credit risk of these counterparties to be compatible with the Group's credit policy and operational requirements.

The geographic spread by deposit institution for the Group was as follows:

	2020 €m	2019 €m
Ireland	131.1	83.3
United Kingdom	0.2	0.2
Europe	19.1	27.4
Total	**150.4**	**110.9**

The cash and cash equivalents figure of €150.4 million at 31 December 2020 includes a deposit of €3.4 million (2019: €2.9 million) over which the Group has granted a charge in favour of the Irish Ferries Pension Trustee Limited as continuing security for amounts due under a deficit funding agreement concluded with the Trustee on behalf of the Irish Ferries Limited Pension Scheme.

20. Share capital

Group and Company

Authorised	2020 Number	2020 €m	2019 Number	2019 €m
Ordinary shares of par value €0.065 each	450,000,000	29.3	450,000,000	29.3
Redeemable shares of par value €0.00001 each	4,500,000,000	-	4,500,000,000	-
		29.3		**29.3**

Allotted, called up and fully paid	2020 Number	2020 €m	2019 Number	2019 €m
Ordinary shares				
At beginning of the financial year	187,419,390	12.2	190,264,390	12.4
Share issue	131,000	-	55,000	-
Share buyback	(570,000)	-	(2,900,000)	(0.2)
At end of the financial year	**186,980,390**	**12.2**	**187,419,390**	**12.2**

There were no redeemable shares in issue at 31 December 2020 or 31 December 2019.

20. Share capital - continued

The Company has one class of share unit, an ICG Unit, which at 31 December 2020 comprised one ordinary share and nil redeemable shares. The share unit, nor any share therein, does not carry any right to fixed income.

The number of ICG Units issued during the year was 131,000 (2019: 55,000) and total consideration received amounted to €0.2 million (2019: €0.1 million). These ICG Units were issued under the Group's and Company's share option plans.

During the year the Company bought back 570,000 ICG Units on the market at a price of €3.10 per ICG Unit. Total consideration paid of €1.7 million was charged against retained earnings. The nominal value of the shares cancelled of €37,000 was retained in a capital redemption reserve. The buybacks were conducted in line with the Group's capital management policy at prices which the Directors considered were in the best interests of the remaining shareholders.

Holders of ordinary shares are entitled to such dividends that may be declared from time to time on such shares and are entitled to attend, speak and vote at the Annual General Meeting of the Company. On return of capital on a winding up, the holder of ordinary shares is entitled to participate in a distribution of surplus assets of the Company.

Redeemable shares do not entitle holders to any dividend nor any right to participate in the profit or assets of the Company other than to the repayment of a sum equal to the nominal value of 0.001 cent per share on a winding up of the Company. Redeemable shares do not entitle the holder to attend, speak or vote at the Annual General Meeting.

21. Analysis of Equity

Group and Company

Share premium
The share premium account comprises the excess of monies received in respect of share capital over the nominal value of shares issued.

Capital reserves
This consists of reserves arising on consolidation and the capital redemption reserve.

Reserves arising on consolidation relate to the acquisition of a subsidiary. At 31 December 2020 the reserve balance stands at €0.1 million. The balance is unchanged from 31 December 2019, 1 January 2020 and 1 January 2019.

The capital redemption reserve represents the nominal value of share capital repurchased. During the year €37,000 was transferred from retained earnings representing the nominal value of shares cancelled. At 31 December 2020 the reserve balance was €7.4 million (2019: €7.4 million).

Share options reserve
The share options reserve represents the cumulative charge to the Consolidated Income Statement of share options issued which are not yet exercised.

Translation reserve
Exchange differences relating to the translation of the net assets and results of the Group's foreign currency denominated subsidiaries, from their functional currency into the Group's presentational currency, being euro, are recognised directly in the translation reserve.

Notes Forming Part of the Consolidated Financial Statements

Continued

22. Borrowings

	2020 €m	2019 €m
Bank loans	151.3	155.0
Private placement loan notes	50.0	50.0
Origination fees	(0.9)	(1.1)
	200.4	203.9
On demand or within one year	87.3	3.6
In the second year	7.3	15.3
In the third year	7.3	15.3
In the fourth year	57.4	15.3
Fifth year and after	41.1	154.4
	200.4	203.9
Less: Amount due for settlement within 12 months	(87.3)	(3.6)
Amount due for settlement after 12 months	**113.1**	**200.3**

Obligations under the Group borrowing facilities have been cross guaranteed by certain subsidiaries but are otherwise unsecured.

The currency profile of the Group's borrowings is set out in note 24 (iii).

Borrowing facilities

	2020 €m	2019 €m
Overdraft and trade guarantee facilities		
Amounts utilised – trade guarantee (note 36)	0.6	0.6
Amounts undrawn	15.4	15.4
Total committed overdraft facilities	**16.0**	**16.0**
Committed loan facilities		
Amounts drawn	201.3	205.0
Amounts undrawn	75.0	75.0
Total committed loan facilities	**276.3**	**280.0**
Uncommitted facilities	**224.1**	**244.8**

At 31 December the Group had total committed loan and overdraft facilities of €292.3 million (2019: €296.0 million) which comprised of amounts utilised of €201.9 million (2019: €205.6 million) and amounts undrawn of €90.4 million (2019: €90.4 million). Uncommitted facilities relate to bank and private placement shelf agreements which are available for drawing at the discretion of the relevant lender. All borrowings at 31 December 2020 were unsecured and cross guaranteed by certain subsidiaries within the Group.

22. Borrowings – continued

The Group's borrowing facilities comprise of the following;

(i) A bank overdraft and trade guarantee facility with permitted drawing amounts of €16.0 million. At 31 December 2020, €0.6 million (2019: €0.6 million) was utilised on this facility by way of trade guarantees and €nil (2019: €nil) was utilised as an overdraft. Interest rates are calculated by reference to the lender's prime rate plus a fixed margin. This facility, available for drawing by the Company and certain subsidiaries, is reviewed annually and is repayable on demand.

(ii) A multicurrency revolving credit facility with permitted drawing amounts of €75.0 million, which may be increased to €125.0 million in total at the discretion of the lenders on application. At 31 December 2020, €nil (2019: €nil) was drawn under this facility. Interest rates are arranged at floating rates, calculated by reference to EURIBOR or other reference rate depending on currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio, which creates a cash flow interest rate risk. This facility is available for drawing by the Company and certain subsidiaries and matures on 30 September 2024.

(iii) Amortising term loan facilities totalling €151.3 million made available by the European Investment Bank to fund the construction of two new cruise ferries one of which was delivered in December 2018. These facilities have been drawn in full and are repayable in equal instalments over a ten year period commencing December 2020 and ending during 2030. Interest rates are fixed for the duration of the term at rates ranging from 1.616% to 1.724%. Following the cancellation of the contract for the second cruise ferry during 2020 due to the insolvency of the shipbuilder, the bank has allowed a limited window in which to agree a substitute project. In the event that a substitute project or an extended time frame is not agreed the €80.0 million loan drawn will be repayable. The outstanding loan has been treated as due within one year as at 31 December 2020.

(iv) Multicurrency private placement loan note shelf agreements agreed with a number of investors with a potential drawing amount of €224.1 million. Loan notes for a total amount of €50.0 million with a maturity of 30 November 2024 at an interest rate of 1.40% have been issued under this facility. The remaining balance of €174.1 million total is available for drawing at the discretion of investors up to 6 October 2023 following agreement of a three year extension to the initial agreed drawing period. Interest rates are set at each drawing date and maturity may extend for up to 15 years.

The weighted average interest rates paid during the financial year were as follows:

	2020	2019
Bank overdrafts	0.52%	0.58%
Bank loans	1.58%	1.58%

The average interest rates reflect the terms of the refinancing arrangements concluded in prior periods. No additional bank loans were drawn during 2020. Interest rates on all bank loans drawn in prior periods were fixed at date of drawdown. The Group's financing facilities contain provisions that where there is a change in control of the Company, lenders may cancel the facilities and declare all utilisations immediately due and payable. A change of control is where any person or group of persons acting in concert becomes the owner of more than 50 per cent of the voting share capital of the Company.

In the opinion of the Directors, the Group and Company are in compliance with the covenants contained in its borrowing agreements as of 31 December 2020.

Notes Forming Part of the Consolidated Financial Statements

Continued

23. Lease liabilities

	2020 €m	2019 €m
At 1 January	36.0	-
Initial application of IFRS 16	-	32.0
Additions	12.5	12.5
Payments	(10.3)	(10.0)
Disposals	(0.1)	-
Lease interest expense recognised in period	1.1	1.0
Currency adjustment	(0.7)	0.5
At 31 December	**38.5**	**36.0**
Analysed as:		
Current liabilities	10.7	8.4
Non-current liabilities	27.8	27.6
	38.5	**36.0**

The maturity profile of lease liabilities is set out below:

	2020 €m	2019 €m
Committed lease obligations		
Within one year	10.7	8.4
Between one and two years	4.7	2.9
Between two and three years	2.7	2.5
Between three and four years	2.5	2.3
Between four and five years	2.2	2.2
Between five and ten years	1.4	3.4
Greater than ten years	14.3	14.3
	38.5	**36.0**

Outstanding lease terms vary from one to six years except in the case of leasehold land where the terms vary between 75 and 101 years. For the financial year ended 31 December 2020, the average incremental borrowing rate applying to lease liabilities was 2.8% (2019: 3.1%). The incremental borrowing rate in the case of lease liabilities recognised on application of IFRS 16 was estimated at 1 January 2019 and in all other cases at the date of commencement of the lease. The incremental borrowing rate is estimated as that rate of interest available to the Group for borrowings over a similar term as the obligation to acquire a similar asset. The Group's obligations are secured by lessors' title to the leased assets.

All lease contracts relating to land and property contain market review clauses. The leases for land and property in Dublin contain seven yearly upward only rent reviews based on market rates. The next review is due on 1 January 2024. The lease contract relating to land and property in Belfast includes an annual review based on UK Retail Price Inflation.

The above lease liabilities do not include any variable payments based on throughput of leased facilities, short term leases of less than one year or leases relating to low value assets. These are expensed as incurred and disclosed at note 9.

24. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including market risk (such as interest rate risk, foreign currency risk, commodity price risk), liquidity risk and credit risk. The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury and accounting departments. Treasury management techniques are used to manage these underlying risks.

(i) Categories of financial instruments

Financial assets and liabilities

2020	Loans and receivables at amortised cost €m	Financial liabilities at amortised cost €m	Carrying value €m	Fair value €m
Finance lease receivable	19.4	-	19.4	19.4
Trade and other receivables	52.9	-	52.9	52.9
Cash and cash equivalents	150.4	-	150.4	150.4
Borrowings	-	200.4	200.4	208.4
Lease liabilities	-	38.5	38.5	38.5
Trade and other payables	-	52.3	52.3	52.3

2019	Loans and receivables at amortised cost €m	Financial liabilities at amortised cost €m	Carrying value €m	Fair value €m
Finance lease receivable	22.1	-	22.1	22.1
Trade and other receivables	89.7	-	89.7	89.7
Cash and cash equivalents	110.9	-	110.9	110.9
Borrowings	-	203.9	203.9	214.5
Lease liabilities	-	36.0	36.0	36.0
Trade and other payables	-	47.9	47.9	47.9

Fair value hierarchy

The fair value of financial assets and financial liabilities that are carried in the Statement of Financial Position at fair value, are classified within Level 3 (2019: Level 2) of the fair value hierarchy as market observable inputs (forward rates and yield curves) which are used in arriving at fair values.

The Group has adopted the following fair value measurement hierarchy for financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes Forming Part of the Consolidated Financial Statements

Continued

24. Financial instruments and risk management – continued

The following are the significant methods and assumptions used to estimate fair values of financial assets and financial liabilities:

Finance lease receivable
Finance lease recognised based on the estimated net investment in the lease being the present value of the contractual future cash flows discounted at the rate implicit in the lease.

Trade and other receivables / payables
For trade receivables and trade payables, with average settlement periods of 57 days (2019: 46 days) and 76 days (2019: 65 days) respectively, the carrying value less allowance for expected credit losses, where appropriate, is estimated to reflect fair value due to their short-term nature.

Cash and cash equivalents
For cash and cash equivalents, all with a maturity of three months or less, the nominal amount is estimated to reflect fair value.

Borrowings
The fair value of bank loans has been determined based on a discounted cash flow analysis with the most significant input being the discount rate reflecting the Group's own credit risk. For finance leases the Group considers that the incremental borrowing cost used to calculate the carrying value includes a fair estimate of counterparty risk and the carrying value approximates fair value.

Derivative financial instruments
There are no derivative financial instruments outstanding at 31 December 2020 and 31 December 2019.

(ii) Interest rate risk
At 31 December 2020, interest rates on short term bank deposits were contracted for terms of less than three months at average effective rates of (0.3%) (2019: 0.1%).

The interest rates on all Group borrowings at 31 December 2020 comprising loan notes and term loans has been fixed at contracted rates at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average interest rate at 31 December 2020 was 1.60% (2019: 1.60%) for remaining terms of between 3.9 and 10.5 years.

The interest rates on all lease liabilities at 31 December 2020 were fixed at the incremental borrowing rate at the later of the IFRS 16 effective application date of 1 January 2019 or lease commencement date eliminating exposure to interest rate risk on lease liabilities. The average interest rate at 31 December 2020 on outstanding lease liabilities was 2.9% (2019: 3.1%) for remaining lease terms of between 11 months and 100 years.

Sensitivity to interest rates
As all of the Group's borrowings are fixed for the full remaining borrowing terms the Group has not prepared calculations to measure the estimated effect of changes in market interest rates on the Consolidated Income Statement and Equity Review.

(iii) Foreign currency risk management
The Group publishes its Consolidated Financial Statements in euro and conducts business in different foreign currencies. As a result, it is subject to foreign exchange risk due to exchange rate movements which will affect the Group's transaction costs and the translation of the results and underlying net assets of its foreign operations.

24. Financial instruments and risk management – continued

Sterling denominated profits are translated to euro at the average rate of exchange for the financial year. The average rate at which sterling profits were translated during the year was €1:£0.8896 (2019: €1:£0.8779).

Exchange rate exposures are managed within approved policy parameters. The Group did not utilise forward foreign exchange contracts during the year ended 31 December 2020 or 2019.

Sensitivity
The currency risk sensitivity analysis is set out below:

Under the assumptions; (i) a 10% strengthening in euro exchange rates against all currencies, profit before tax would have increased by €3.2 million (2019: increase of €2.9 million) and equity (before tax effects) would have increased by €1.3 million (2019: increase of €0.7 million); (ii) a 10% weakening in euro exchange rates against all currencies, profit before tax would have decreased by €4.0 million (2019: decrease of €3.5 million) and equity (before tax effects) would have decreased by €1.5 million (2019: decrease of €0.9 million).

The currency profile of the carrying amounts of the Group's monetary assets and monetary liabilities at the statement of financial position date are as follows:

2020	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	39.5	4.6	-	44.1
Cash and cash equivalents	130.4	19.0	1.0	150.4
Total assets	169.9	23.6	1.0	194.5
Trade and other payables	50.3	15.5	3.4	69.2
Bank loans	200.4	-	-	200.4
Lease liabilities	28.0	10.3	0.2	38.5
Total liabilities	278.7	25.8	3.6	308.1
Net (liabilities)	**(108.8)**	**(2.2)**	**(2.6)**	**(113.6)**

2019	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	39.0	4.3	-	43.3
Cash and cash equivalents	91.5	17.9	1.5	110.9
Total assets	130.5	22.2	1.5	154.2
Trade and other payables	39.7	12.3	5.4	57.4
Bank loans	203.9	-	-	203.9
Lease liabilities	22.8	12.7	0.5	36.0
Total liabilities	266.4	25.0	5.9	297.3
Net (liabilities)	**(135.9)**	**(2.8)**	**(4.4)**	**(143.1)**

Notes Forming Part of the Consolidated Financial Statements

Continued

24. Financial instruments and risk management – continued

(iv) Commodity price risk
In terms of commodity price risk, the Group's vessels consume heavy fuel oil (HFO), marine diesel / gas oil (MDO / MGO) and lubricating oils, all of which continue to be subject to price volatility. The Group must also manage the risks inherent in changes to the specification of fuel oil which are introduced under international and EU law from time to time.

The Group's policy has been to purchase these commodities in the spot markets and to remain unhedged. In the Container and Terminal Division movements in fuel costs are offset to a large extent by the application of pre-arranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in fuel costs are included in the ticket price to the extent that market conditions will allow.

(v) Liquidity risk
The Group and Company are exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. The Group and Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group and Company:

- monitor credit ratings of institutions with which the Group and Company maintain cash balances;
- limit maturity of cash balances; and
- borrow the bulk of its debt needs under committed bank lines or other term financing and by policy maintains a minimum level of undrawn committed facilities.

At each year end, the Group's rolling liquidity reserve (which comprises cash and undrawn committed facilities and which represents the amount of available cash headroom in the Group funding structure) was as follows:

	2020 €m	2019 €m
Cash and cash equivalents	150.4	110.9
Committed undrawn facilities	90.4	90.4
Liquidity reserve	**240.8**	**201.3**

Management monitors rolling cash flow forecasts on an ongoing basis to determine the adequacy of the liquidity position of the Group. This process also incorporates a longer term liquidity review to ensure refinancing risks are adequately catered for as part of the Group's strategic planning.

Liquidity analysis
The following table sets out the maturity and liquidity analysis of the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

24. Financial instruments and risk management – continued

Liquidity Table 2020	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	Between 5 – 10 years €m	More than 10 years €m
Liabilities								
Trade and other payables	-	69.2	69.2	69.2	-	-	-	-
Bank loans	4.6	200.4	216.3	96.1	9.1	76.0	35.1	-
Lease liabilities	39.1	38.5	82.9	11.3	5.9	9.6	4.7	51.4
Total liabilities		**308.1**	**368.4**	**176.6**	**15.0**	**85.6**	**39.8**	**51.4**

Liquidity Table 2019	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	Between 5 – 10 years €m	More than 10 years €m
Liabilities								
Trade and other payables	-	57.4	57.4	57.4	-	-	-	-
Bank loans	5.9	203.9	223.3	7.0	18.6	104.1	81.7	11.9
Lease liabilities	41.0	36.0	81.2	9.4	3.7	9.2	6.8	52.1
Total liabilities		**297.3**	**361.9**	**73.8**	**22.3**	**113.3**	**88.5**	**64.0**

(vi) Credit risk

The Group and Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and where possible limits its exposure to any one party to ensure that there are no significant concentrations of credit risk. Notwithstanding the foregoing, due to the nature of the underlying transaction there is a material exposure to a single counterparty in relation to the lease receivable. Mitigation of this exposure to finance lease receivables is explained at note 16. Credit risk in relation to trade and other receivables and cash and cash equivalents has been discussed in notes 18 and 19 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

(vii) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 December 2020 and 31 December 2019.

The capital structure of the Group consists of net debt (borrowings as detailed in note 22 offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 20 and 21).

The Group is not subject to any externally imposed capital requirements.

Notes Forming Part of the Consolidated Financial Statements

Continued

24. Financial instruments and risk management – continued

In managing its capital structure, the primary focus of the Group is the ratio of consolidated net debt as a multiple of EBITDA. Maximum levels for this ratio are set under Board approved policy so as to ensure compliance with banking covenants under the Group's borrowing agreements. These policy requirements were achieved at 31 December 2020 and 31 December 2019. At 31 December 2020, the net debt position of the Group was €88.5 million (2019: net debt of €129.0 million). The ratio of consolidated net debt as a multiple of EBITDA (before non-trading items) in 2020 was 2.1 times (2019: 1.5 times).

25. Deferred tax

Companies within the Group where appropriate, have elected to be taxed under the Irish tonnage tax scheme in respect of all eligible shipping activities. Certain activities will not fall within the tonnage tax scheme and will continue therefore to be subject to standard rates of corporation tax. These activities give rise to deferred tax assets and liabilities and the impact of these is shown below.

Deferred tax assets arise where taxable losses in excess of expected future reversing taxable temporary differences have been incurred that are available for offset against future taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. A deferred tax asset of €0.1 million has not been recognised in respect of tax losses as suitable taxable profits are not expected to arise. The Group estimates the probable amount of future taxable profits, using assumptions consistent with those employed in the Group's financial planning process, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference would be immaterial and will not reverse in the foreseeable future.

The following are the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

2020	Accelerated tax depreciation	Retirement benefit obligation	Total
	€m	€m	€m
At beginning of the financial year	0.5	0.2	0.7
Credit to the Statement of Consolidated Income	(0.1)	(0.1)	(0.2)
Credit to Statement of Other Comprehensive Income	-	(0.3)	(0.3)
At end of the financial year	**0.4**	**(0.2)**	**0.2**
Analysed as:			
Current asset			(0.3)
Non-current liability			0.5
			0.2

25. Deferred tax – continued

2019	Accelerated tax depreciation €m	Retirement benefit obligation €m	Total €m
At beginning of the financial year	0.4	0.2	0.6
Charge to the Consolidated Income Statement	0.1	-	0.1
At end of the financial year	**0.5**	**0.2**	**0.7**

Deferred tax is recognised in the Consolidated Statement of Comprehensive Income to the extent it arises on profits or losses recognised in that statement.

26. Trade and other payables

	2020 €m	2019 €m
Within one year		
Trade and other payables	24.8	31.1
Accruals	27.5	16.8
	52.3	**47.9**
Deferred revenue	13.0	5.0
Payroll taxes	0.2	1.3
Social insurance cost	0.1	0.3
Value added tax	3.6	2.9
	69.2	**57.4**

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing. They also include deferred revenue amounts of €13.0 million (2019: €5.0 million) relating to cash received in respect of performance obligations outstanding not yet complete by the Group. Movements in deferred revenue balances during the period were as follows:

	2020 €m	2019 €m
At 1 January	5.0	3.8
Passenger revenue	(33.7)	(112.7)
Cash received	41.7	113.9
At 31 December	**13.0**	**5.0**

The average trade credit period outstanding was 76 days at 31 December 2020 (2019: 65 days). Certain suppliers reserve the right to charge interest on balances past their due date.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Notes Forming Part of the Consolidated Financial Statements

Continued

27. Provisions

	2020 €m	2019 €m
Claims provision		
At beginning of the financial year	2.0	1.7
Utilisation of provision	(0.1)	-
Increase in provision	0.3	0.3
At end of the financial year	**2.2**	**2.0**
Analysed as follows:		
Current liabilities	2.0	1.3
Non-current liabilities	0.2	0.7
	2.2	**2.0**

The claims provision comprises; (i) the insurance excess payable by the Group and Company in a number of potential compensation claims, arising in the normal course of business. No provision has been recognised for instances that may have been incurred prior to the financial year-end, but for which no claim has been received; (ii) ex-gratia discounts which can be claimed by customers against future travel the timing and presentation of which are uncertain. Provisions relate to claims lodged with the Group where a future cash outflow is expected to occur. The expected cash outflows were expected to be incurred during 2020 but were delayed due to Covid-19 related postponements in the legal process and are expected to be resolved during 2021.

28. Commitments

	2020 €m	2019 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for, but not accrued		
Approved and contracted	5.9	185.1
Less accrued at 31 December	(4.0)	(41.0)
Approved and contracted for not accrued	**1.9**	**144.1**

29. Short-term vessel charter and container hire obligations

	2020 €m	2019 €m
Within one year	0.6	1.6
In the second to fifth years	-	-
After five years	-	-
	0.6	**1.6**

Commitments at 31 December 2020 relate to short term vessel charter and container hire obligations. An expense of €5.3 million (2019: €6.7 million) was recognised in the period where the related rights were not recognised as a right-of-use asset. The 2020 expense is analysed in note 9.

30. Operating lease income

The aggregate future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2020 €m	2019 €m
Within one year	2.7	2.7

The lease payments receivable relate to the charter of container vessels.

31. Share-based payments

The Group operates two equity-settled share option schemes under which certain employees have been issued with share options as described below.

The Performance Share Plan (PSP) is the active plan under which option awards may be granted. Details of the award and vesting conditions are set out in the Report of the Remuneration Committee. Vesting is contingent on market conditions such as total shareholder return and non-market conditions such as earnings per share, free cash flow and return on average capital employed. During the year 1,120,500 (2019: 782,500) options were granted under the PSP with a vesting period of three years.

The 2009 Share Option Plan remains in place with respect to outstanding grants made prior to 2016 but no new grants will be made following the adoption of the PSP. The number of shares over which options may be granted may not exceed 10 per cent of the shares of the Company in issue.

Options are forfeited where the grantee ceases employment with the Group unless retention, is permitted by the Remuneration Committee under good leaver rules. The Scheme Rules allow for the early exercise of outstanding options upon a change in control of the Company.

The number and weighted average exercise price of share options granted under the above plans is as follows:

	2020		2019	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
Outstanding at 1 January	5,871,785	1.61	5,144,285	1.86
Granted during the year	1,120,500	0.065	782,500	0.065
Exercised during the year	(660,424)	0.62	(55,000)	2.97
Forfeited during the year	(575,721)	0.065	-	-
Outstanding at 31 December	**5,756,140**	**1.59**	**5,871,785**	**1.61**
Exercisable at 31 December	2,296,500	2.50	2,496,500	2.40
Weighted average share price at date of exercise of options		3.48		4.67
Weighted average remaining contractual life of options outstanding at year-end		2.3 years		2.8 years

Notes Forming Part of the Consolidated Financial Statements
Continued

31. Share-based payments – continued

In settlement of the options exercised during the year the Company issued 131,000 (2019: 55,000) new ICG Units with the balance settled through market purchase.

The exercise prices of options outstanding at 31 December are as follows:

	2020 Options	2019 Options	Price €
Exercisable:			
2009 Share Option Plan			
Vested Options	1,161,500	1,361,500	1.57
Vested Options	230,000	230,000	2.97
Vested Options	905,000	905,000	3.58
Exercisable at 31 December	**2,296,500**	**2,496,500**	
Not Exercisable:			
2009 Share Option Plan			
Second Tier Options (1)	905,000	905,000	3.58
Performance Share Plan (2)	2,554,640	2,470,285	0.065
Outstanding at 31 December	**3,459,640**	**5,871,785**	

Notes on vesting conditions

1. The performance conditions relating to these options were determined by the Remuneration Committee to have been achieved and a decision to vest these options was made post the balance sheet date.
2. Vesting of options under the PSP are contingent on the achievement of certain market and non-market performance hurdles set out in the Report of the Remuneration Committee.

Under Group equity-settled share-based payment schemes the maximum life of a share option is 10 years, these are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value was measured using the binomial option pricing model for options granted prior to 31 December 2018. For options granted after 1 January 2019, fair value has been estimated using Monte-Carlo simulation modelling. The Directors consider the change in valuation technique better reflects the underlying features of the PSP. Previous estimates of fair value have not been modified as the effects were not considered material. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

31. Share-based payments – continued

Outstanding options had been granted on 26 March 2012, 1 September 2014, 5 March 2015, 9 March 2018, 8 March 2019 and 6 March 2020. The estimated fair values of the options are as follows:

Year of Grant	2020	2019	2018	2015	2015	2014	2014	2012	2012
Share Plan	PSP	PSP	PSP	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan
	-	-	-	Basic Tier	Second Tier	Basic Tier	Second Tier	Basic Tier	Second Tier
Fair value of option	€2.54	€3.53	€4.06	€0.4528	€0.5581	€0.2992	€0.4449	€0.3240	€0.3680

The inputs into the model in the respective years of grant were as follows:

Year of Grant	2020	2019	2018	2015	2015	2014	2014	2012	2012
	-	-	-	Basic Tier	Second Tier	Basic Tier	Second Tier	Basic Tier	Second Tier
At date of grant:									
Weighted average share price	€3.77	€4.945	€5.860	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Weighted average exercise price	€0.065	€0.065	€0.065	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Expected volatility	29%	27%	22%	29%	31%	27%	30%	34%	33%
Expected life	3 years	3 years	8 years	7 years	9 years	7 years	9 years	7 years	9 years
Risk free rate	(0.462%)	(0.498%)	0.023%	0.090%	0.299%	0.439%	0.765%	1.323%	1.799%
Expected dividend yield	3.70%	2.50%	4.39%	5.16%	4.72%	5.83%	4.89%	4.97%	4.41%

Expected volatility was determined by calculating the historical volatility of the Company's share price. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, and adjusted for the effect of non-market based vesting conditions.

In 2020, the share-based payment expense recognised in the Consolidated Income Statement was €1.9 million (2019: €2.1 million) and in the Income Statement of the Company was €0.9 million (2019: €1.0 million).

The share-based payment expense has been classified in the Consolidated Income Statement as follows:

	2020 €m	2019 €m
Employee benefits expense	1.9	2.1

Share-based payment expense of €715,000 (2019: €901,000) relates to the Directors of the Company. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2020 is €5.1 million (2019: €5.9 million).

Notes Forming Part of the Consolidated Financial Statements

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32. Retirement benefit schemes

The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has defined benefit obligations as set out below. Scheme assets are held in separate trustee administered funds.

Defined Contribution Scheme
The Group operates a defined contribution pension scheme, which provides retirement and death benefits for all recently hired employees. The total cost charged in the Consolidated Income Statement of €0.3 million (2019: €0.4 million) represents employer contributions payable to the externally administered defined contribution pension scheme at rates specified in the rules of the scheme. There was €nil in outstanding contributions included in trade and other payables at 31 December 2020 (2019: €nil).

Defined Benefit Obligations

(i) Group sponsored schemes
The Group operates contributory defined benefit obligations, which provide retirement and death benefits for other employees who are not members of the defined contribution pension scheme. The defined benefit obligations provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary.

The assets of these schemes are held separately from those of the Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deed and the pension laws of the relevant jurisdiction. The trustees invest the funds in a range of assets with the objective of maximising the fund return whilst minimising the cost of funding the scheme at an acceptable risk profile. In assessing the risk profile the trustees take account of the nature and duration of the liabilities and review investment strategy regularly.

The pension charges and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 31 March 2018 and 31 October 2018. The valuations employed for disclosure purposes have been based on the most recent funding valuations for each scheme adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2020 and to take account of financial conditions at this date. The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

The pension contributions paid in the year ended 31 December 2020 amounted to €2.8 million (2019: €2.7 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.7 million (2019: €1.5 million). A settlement loss of €9.3 million (2019: curtailment gain of €0.1 million) and benefit augmentation cost of €1.1m (2019: €nil) were incurred during the year and reported in the Income Statement as a non-trading item.

The profile of membership across all schemes at 31 December was as follows;

	2020	2019
Current employees	157	167
Members with deferred benefits	536	560
Pensioners	109	775
Total	**802**	**1,502**

32. Retirement benefit schemes – continued

Buyout transaction

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into an irrevocable agreement whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of an initial premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. The initial premium may be adjusted upwards or downwards on completion of a data verification exercise in early 2021.

The Trustee, in agreement with the Company, also augmented pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes.

In conjunction with the 9 December transaction, the Group concluded a new deficit funding agreement with the trustee replacing the previous deficit funding agreement agreed in 2014. Under the new agreement the Group continues to make deficit payments to the scheme of €1.5 million per annum, adjusted for inflation, for a projected period up to 2023, or until the deficit is eliminated if earlier. Subsequent to the year-end the Trustee confirmed that the Scheme met the minimum funding standard including risk reserves as set out in Irish pensions legislation leading to a cessation of the requirement to continue making the deficit funding payments. The Trustee will also retain a charge over the escrow deposit created and funded under the former funding agreement until 31 December 2023, with the balance payable to the scheme in certain circumstances. The balance held in the escrow account at 31 December 2020 was €3.4 million (note 19) with one further payment of €0.1 million made in January 2021.

Netherlands Scheme

In relation to an insured scheme established for the benefit of certain employees based in the Netherlands, the Group appointed a new independent actuary based locally. All the liabilities of this scheme are matched by insurance contracts other than for inflation adjustment to accrued benefits for current employees. During the year ended 31 December 2019 a new actuary was appointed to advise the Group on matters concerning the Dutch pension scheme, including preparation of valuation estimates for inclusion in these Financial Statements. This resulted in the following changes reported in the period;

- A presentational change relating to the identification of certain scheme assets and an equivalent liability amount relating to pensions in payment obligations which had been netted in the prior year.
- A modelling change and refinement in methodology resulting in an actuarial credit of €1.6 million

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Group, the Group has obligations in respect of past service of certain employees who are members of the MNOPF, an industry wide multi-employer scheme and which is closed to future accrual. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2018 and disclosed a net past service deficit of £9.0 million. The latest funding update dated 31 March 2020 indicated that this scheme was fully funded. The Group's share of the MNOPF obligations, as most recently advised by the trustees, is 1.53% (2019: 1.53%). The obligation valuation in these Financial Statements at 31 December 2020 is based on the actuarial deficit contribution demands notified to the Group and which remain outstanding at the reporting date. The last deficit demand received by the Group was dated May 2013 and has been fully paid.

On this basis the share of the overall deficit in the MNOPF estimated to be attributable to the Group at 31 December 2020 is €nil (2019: €nil). During the year the Group made payments of €nil (2019: €nil) to the trustees.

Notes Forming Part of the Consolidated Financial Statements

Continued

32. Retirement benefit schemes – continued

(iii) Principal risks and assumptions

The Group is exposed to a number of actuarial risks as set out below:

Investment risk

The pension schemes hold investments in asset classes such as equities which are expected to provide higher returns than other asset classes over the long term, but may create volatility and risk in the short term. The present value of the defined benefit obligations liability is calculated using a discount rate by reference to high quality corporate bond yields; if the future achieved return on scheme assets is below this rate, it will create a deficit. IAS 19 Employee Benefits provides that the discount rate used to value retirement benefits should be determined by reference to market yields on high quality corporate bonds consistent with the duration of the liabilities. Due to a narrow bond universe the Group defines high quality bonds in the Eurozone as those rated AA or higher by at least one rating agency. In respect of sterling schemes, corporate bonds must be rated AA, or higher, by at least two rating agencies.

Salary risk

The present value of the defined benefit liability is calculated by reference to the projected salaries of scheme participants at retirement based on salary inflation assumptions. As such, any variation in salary versus assumption will vary the schemes' liabilities.

Life expectancy risk

The present value of the defined benefit obligations liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will change the scheme liabilities.

Inflation risk

A significant proportion of the benefits under the plans are linked to inflation with higher inflation leading to higher liabilities.

The Directors have taken independent actuarial advice on the key judgements used in the estimate of retirement benefit scheme assets and liabilities.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Sterling liabilities		Euro liabilities	
	2020	2019	2020	2019
Discount rate	1.30%	1.85%	0.70%	1.00%
Inflation rate	3.15%	3.20%	1.20%	1.30%
Rate of annual increase of pensions in payment	3.05%	2.95%	0.30% - 0.40%	0.40% - 0.50%
Rate of increase of pensionable salaries	0.95%	0.90%	0.00% - 0.90%	0.00% - 0.90%

The euro and sterling discount rates have been determined in consultation with the Group's independent actuary, who has devised proprietary models referencing market yields at the balance sheet date on high quality corporate bonds consistent with the duration of the liabilities. For 31 December 2020 the high quality corporate bond population include those rated AA or higher by at least two rating agencies.

Sterling obligations include the effects of the UK GMP equalisation court decisions. The estimated effect was to increase the obligations of the UK scheme by 0.1%.

32. Retirement benefit schemes – continued

The average life expectancy used in the principal Group schemes at age 60 is as follows:

	2020		2019	
	Male	Female	Male	Female
Irish Schemes:				
Current retirees	26.5 years	29.5 years	26.4 years	29.3 years
Future retirees	28.9 years	31.5 years	28.8 years	31.4 years
UK Schemes:				
Current retirees	27.7 years	29.3 years	27.7 years	29.2 years
Future retirees	29.2 years	30.8 years	29.2 years	30.7 years

Assumptions regarding life expectancies are set based on actuarial advice in accordance with published statistics and experience in each jurisdiction.

Sensitivity of pension liability judgemental assumptions
The Group's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually and totals €140.8 million at 31 December 2020 (2019: €289.6 million). At 31 December 2020, the Group also has scheme assets totalling €139.6 million (2019: €298.4 million), giving a net pension deficit of €1.2 million (2019: surplus of €8.8 million). The size of the obligation is sensitive to actuarial assumptions. The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant with the exception of the rate of inflation assumption which impacts other inflation linked assumptions. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries. The analyses are for illustrative purposes only as in practice assumptions rarely change in isolation.

There has been no change from the prior year in the methods and assumptions used in preparing the sensitivity analyses below.

2020

Assumption	Change in assumption	Impact on euro schemes liabilities	Impact on sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	9.8% decrease in liabilities	8.7% decrease in liabilities	9.6% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	9.5% increase in liabilities	7.3% increase in liabilities	9.1% increase in liabilities
Rate of mortality	Members assumed to live one year longer	2.8% increase in liabilities	4.7% increase in liabilities	3.2% increase in liabilities

Notes Forming Part of the Consolidated Financial Statements

Continued

32. Retirement benefit schemes – continued

2019

Assumption	Change in assumption	Impact on euro schemes liabilities	Impact on sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	7.0% decrease in liabilities	8.5% decrease in liabilities	7.0% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	6.6% increase in liabilities	6.2% increase in liabilities	6.6% increase in liabilities
Rate of mortality	Members assumed to live one year longer	3.5% increase in liabilities	3.9% increase in liabilities	3.5% increase in liabilities

* The rate of inflation sensitivity includes its impact on the rate of annual increase of pensions in payment assumption and the rate of increase of pensionable salaries assumption as they are both inflation linked assumptions.

The size of the scheme assets which are also sensitive to asset return levels and the level of contributions from the Group are analysed by asset class in part (iv) of this note.

(iv) Retirement benefit assets and liabilities
The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's defined benefit obligations, including an apportionment in respect of the MNOPF is as follows:

	Scheme with liabilities in sterling		Schemes with liabilities in euro	
	2020	2019	2020	2019
	€m	€m	€m	€m
Equities	10.9	11.6	62.9	105.8
Bonds	13.3	13.0	28.2	102.7
Diversified funds	-	-	-	41.7
Property	-	0.3	4.8	19.2
Insurance contracts	-	-	12.3	-
Other	3.1	2.9	4.1	1.2
Fair value of scheme assets	27.3	27.8	112.3	270.6
Present value of scheme liabilities	(28.0)	(26.2)	(112.8)	(263.4)
(Deficit) / surplus in schemes	**(0.7)**	**1.6**	**(0.5)**	**7.2**

Two of the defined benefit obligation schemes accounted for by the Group are in a net surplus position and are shown in non-current assets in the Consolidated Statement of Financial Position. Two of the defined benefit obligation schemes accounted for by the Group are in a net deficit position and are shown in non-current liabilities.

The overall weighted average duration of the Group's defined benefit obligations is 19.7 years (2019: 16.2 years). The weighted average duration of euro scheme obligations was 19.9 years (2019: 16.0 years) and of sterling scheme obligations was 18.5 years (2019: 17.0 years).

32. Retirement benefit schemes – continued

The split between the amounts shown in each category is as follows:

	2020 €m	2019 €m
Non-current assets – retirement benefit surplus	1.0	12.5
Non-current liabilities – retirement benefit obligation	(2.2)	(3.7)
Net (deficit) / surplus in pension schemes	**(1.2)**	**8.8**

(v) Movements in retirement benefit assets

Movements in the fair value of scheme assets in the current year were as follows:

2020	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	27.8	270.6	298.4
Presentational change	-	5.2	5.2
Interest income	0.5	2.7	3.2
Actuarial gains	1.1	4.1	5.2
Exchange difference	(1.5)	-	(1.5)
Employer contributions	0.3	2.5	2.8
Contributions from scheme members	0.1	0.3	0.4
Transfer of assets	-	(160.6)	(160.6)
Benefits paid	(1.0)	(12.5)	(13.5)
At end of the financial year	**27.3**	**112.3**	**139.6**

The transfer of assets relates to the premium paid relating to the buyout transaction concluded on 9 December 2020. Further details at note 32(i) above.

2019	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	24.1	240.2	264.3
Interest income	0.6	4.2	4.8
Actuarial gains	2.2	35.8	38.0
Exchange difference	1.3	-	1.3
Employer contributions	0.3	2.4	2.7
Contributions from scheme members	0.1	0.3	0.4
Benefits paid	(0.8)	(12.3)	(13.1)
At end of the financial year	**27.8**	**270.6**	**298.4**

Notes Forming Part of the Consolidated Financial Statements

Continued

32. Retirement benefit schemes – continued

(vi) Movement in retirement benefit liabilities

Movements in the present value of defined benefit obligations in the year were as follows:

2020	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	26.2	263.4	289.6
Presentational change	-	5.2	5.2
Service cost	0.5	1.2	1.7
Interest cost	0.5	2.5	3.0
Contributions from scheme members	0.1	0.3	0.4
Augmentation cost	-	1.1	1.1
Settlement loss	-	9.3	9.3
Actuarial gain	3.1	2.9	6.0
Exchange difference	(1.4)	-	(1.4)
Transfer of liabilities	-	(160.6)	(160.6)
Benefits paid	(1.0)	(12.5)	(13.5)
At end of the financial year	**28.0**	**112.8**	**140.8**

The transfer of liabilities relates to the buyout transaction concluded on 9 December 2020, which also gave rise to settlement and augmentation losses. Further details are provided at note 32(i) above.

2019	Schemes in sterling €m	Schemes in euro €m	Total €m
At beginning of the financial year	22.4	243.6	266.0
Service cost	0.3	1.2	1.5
Curtailment gain	-	(0.1)	(0.1)
Interest cost	0.6	4.2	4.8
Contributions from scheme members	0.1	0.3	0.4
Actuarial gain	2.5	26.5	29.0
Exchange difference	1.1	-	1.1
Benefits paid	(0.8)	(12.3)	(13.1)
At end of the financial year	**26.2**	**263.4**	**289.6**

32. Retirement benefit schemes – continued

(vii) Amounts recognised in the Consolidated Income Statement

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit obligations are as follows:

	2020 €m	2019 €m
Charges to employee benefits expense		
Current service cost	1.7	1.5
Settlement loss / (curtailment gain) (notes 10 and 32(i))	9.3	(0.1)
Augmentation cost (notes 10 and 32(i))	1.1	-
	12.1	**1.4**

	2020 €m	2019 €m
Charged to finance costs		
Interest income on scheme assets	(3.2)	(4.8)
Interest on scheme liabilities	3.0	4.8
Net interest (income) / cost on defined benefit obligations (notes 6 and 7)	**(0.2)**	**-**

The estimated amounts of employer contributions expected to be paid to the schemes during 2021 is €1.6 million based on current funding agreements.

(viii) Amounts recognised in the Consolidated Statement of Comprehensive Income

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the defined benefit obligations are as follows:

	2020 €m	2019 €m
Actuarial gains and losses		
Actual total return on scheme assets	8.4	42.8
Interest income on scheme assets	(3.2)	(4.8)
Return on scheme assets (excluding amounts included in net interest cost)	5.2	38.0
Remeasurement adjustments on scheme liabilities:		
Gains arising from changes in demographic assumptions	-	0.1
(Losses) arising from changes in financial assumptions	(12.0)	(25.8)
Gains / (losses) arising from experience adjustments	6.0	(3.3)
Actuarial (loss) / gain recognised in the Consolidated Statement of Comprehensive Income	**(0.8)**	**9.0**

	2020 €m	2019 €m
Exchange movement		
Exchange (loss) / gain on scheme assets	(1.5)	1.3
Exchange gain / (loss) on scheme liabilities	1.4	(1.1)
Net exchange (loss) / gain recognised in the Consolidated Statement of Comprehensive Income	**(0.1)**	**0.2**

Notes Forming Part of the Consolidated Financial Statements

Continued

33. Related party transactions

During the financial year, Group entities incurred costs of €1.0 million (2019: €0.2 million) through provision of administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries (UK) Limited Pension Scheme, related parties that are not members of the Group. These related parties provide pension benefits to employees of the Group.

For the reporting period, Catherine Duffy, non-executive Director of the Company, was a partner at law firm A&L Goodbody (ALG). During the year ended 31 December 2020, expenses of €0.3 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director (2019: €0.8 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director) were incurred for services received from ALG in their capacity as legal advisors to the Group. All services have been provided on an arm's length basis at the standard commercial terms of ALG. Catherine stepped down from her role as partner on 31 December 2020.

Compensation of key management personnel
The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of key management, including Directors, during the financial year was as follows:

	2020 €m	2019 €m
Short-term benefits	2.5	5.1
Post-employment benefits	0.3	0.2
Share-based payment expense	1.3	1.6
	4.1	**6.9**

Short-term benefits comprise salary, performance pay and other short-term employee benefits.

Post-employment benefits comprise the past and current service cost calculated in accordance with IAS 19 Employee Benefits.

Share-based payment expense represents the cost charged in respect of equity-settled share-based payments.

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals, market trends and the performance of the Group and Company.

Details of the remuneration of the Group's individual Directors, together with the number of ICG shares owned by them and their outstanding share options are set out in the Report of the Remuneration Committee and the Report of the Directors.

Dividends
Amounts received by key management, including Directors, arising from dividends are as follows:

	2020 €m	2019 €m
Dividends	-	4.0

Share options
Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on pages 90 to 102.

34. Net cash from operating activities

		2020 €m		2019 €m
Operating activities				
(Loss) / profit for the year		(19.0)		60.2
Adjustments for:				
Finance costs (net)		7.6		3.4
Income tax expense		1.0		1.3
Retirement benefit obligations – current service cost	1.7		1.5	
Retirement benefit obligations – settlement loss / (curtailment gain)	9.3		(0.1)	
Retirement benefit obligations – augmentation cost	1.1		-	
Retirement benefit obligations – payments	(2.8)		(2.7)	
Pension payments in excess of service costs		9.3		(1.3)
Depreciation of property, plant and equipment		29.3		27.5
Amortisation of intangible assets		0.2		0.2
Depreciation of right-of-use asset		9.5		9.1
Impairment charges		2.3		-
Share-based payment expense less market purchase cost		0.2		1.9
Gain on disposal of property, plant and equipment		-		(15.1)
Increase in provisions		0.2		0.3
Operating cash flows before movements in working capital		**40.6**		**87.5**
Decrease in inventories	1.2		0.2	
Decrease / (increase) in receivables	1.6		(4.7)	
Increase in payables	7.8		6.5	
Working capital movements		10.6		2.0
Cash generated from operations		**51.2**		**89.5**
Income taxes paid		(1.4)		(1.2)
Interest paid		(3.7)		(3.5)
Net cash inflow from operating activities		**46.1**		**84.8**

Notes Forming Part of the Consolidated Financial Statements

Continued

35. Change in financing liabilities

The changes in liabilities arising from financing activities during the year ended 31 December 2020 were as follows:

	Bank loans €m	Loan notes €m	Origination fees €m	Lease liabilities €m	Total €m
At 1 January 2020	155.0	50.0	(1.1)	36.0	239.9
Changes from cash flows					
Repayment of borrowings	(3.7)	-		(9.3)	(13.0)
Non cash flow changes					
Amortisation	-	-	0.2	-	0.2
Right-of-use assets recognised	-	-	-	12.5	12.5
Currency adjustment	-	-	-	(0.7)	(0.7)
At 31 December 2020	**151.3**	**50.0**	**(0.9)**	**38.5**	**238.9**

Capital repayments on the bank loans drawn during 2018 commenced in 2020. The loan notes have bullet payment terms with repayment due in 2024.

36. Contingent liabilities

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €0.6 million (2019: €0.6 million). The Group regards these financial guarantee contracts as insurance contracts and accordingly the accounting treatment applied is that applicable to insurance contracts. No claims have been notified to the Group in respect of these contracts, therefore no provision is warranted.

The Group is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Group's share of any deficit would be 1.53%. Should other participating employers' default on their obligations, the Group will be required to absorb a larger share of the scheme deficit. If the Group were to terminate their obligations to the fund, voluntarily or otherwise, the Group may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these Financial Statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business, the Group is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the Financial Statements.

37. Events after the reporting period

There have been no material events affecting the Group since 31 December 2020.

Company Statement of Financial Position

as at 31 December 2020

	Notes	2020 €m	2019 €m
Assets			
Non-current assets			
Property, plant and equipment	40	150.2	161.2
Intangible assets	41	0.3	0.2
Right-of-use assets	42	-	0.1
Investments in subsidiaries	43	14.7	14.6
Retirement benefit surplus	49 iv	0.7	0.8
		165.9	**176.9**
Current assets			
Trade and other receivables	44	107.5	112.9
Cash and cash equivalents		40.6	22.6
		148.1	**135.5**
Total assets		**314.0**	**312.4**
Equity and liabilities			
Equity			
Share capital	45	12.2	12.2
Share premium		19.7	19.5
Other reserves		12.5	13.3
Retained earnings		153.7	139.4
Equity attributable to equity holders		**198.1**	**184.4**
Current liabilities			
Lease liabilities	46	-	0.1
Trade and other payables	48	115.9	127.9
		115.9	**128.0**
Total liabilities		**115.9**	**128.0**
Total equity and liabilities		**314.0**	**312.4**

The Company reported a profit for the financial year ended 31 December 2020 of €15.2 million (2019: €6.5 million).

The Financial Statements were approved by the Board of Directors on 10 March 2021 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Company Statement of Changes in Equity

For the financial year ended 31 December 2020

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2020	**12.2**	**19.5**	**7.4**	**5.9**	**139.4**	**184.4**
Profit for the financial year	-	-	-	-	15.2	15.2
Other comprehensive income	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**15.1**	**15.1**
Share issue	-	0.2	-	-	-	0.2
Share buyback	-	-	-	-	(1.8)	(1.8)
Employee share-based payments expense	-	-	-	0.9	-	0.9
Movement related to share options granted to employees in subsidiaries (note 43)	-	-	-	1.0	-	1.0
Settlement of employee equity plans through market purchase	-	-	-	-	(1.7)	(1.7)
Transferred to retained earnings on exercise of share options	-	-	-	(2.7)	2.7	-
Movements in the year	**-**	**0.2**	**-**	**(0.8)**	**14.3**	**13.7**
Balance at 31 December 2020	**12.2**	**19.7**	**7.4**	**5.1**	**153.7**	**198.1**

Company Statement of Changes in Equity

For the financial year ended 31 December 2019

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**7.2**	**3.8**	**170.4**	**213.2**
Profit for the financial year	-	-	-	-	6.5	6.5
Other comprehensive income	-	-	-	-	0.1	0.1
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**6.6**	**6.6**
Share issue	-	0.1	-	-	-	0.1
Dividends	-	-	-	-	(24.7)	(24.7)
Share buyback	(0.2)	-	0.2	-	(12.9)	(12.9)
Employee share-based payments expense	-	-	-	0.9	-	0.9
Movement related to share options granted to employees in subsidiaries (note 43)	-	-	-	1.2	-	1.2
Movements in the year	**(0.2)**	**0.1**	**0.2**	**2.1**	**(31.0)**	**(28.8)**
Balance at 31 December 2019	**12.2**	**19.5**	**7.4**	**5.9**	**139.4**	**184.4**

Notes Forming Part of the Company Financial Statements

Continued

38. Company Statement of Accounting Policies

Basis of Preparation
The Company Financial Statements of Irish Continental Group plc (the Company) were prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Presentation of Company Statement of Cash Flows;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the Consolidated Financial Statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share-based Payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: disclosures.

The accounting policies used in the preparation of the Company Financial Statements are consistent with the accounting policies used in the preparation of the Consolidated Financial Statements set out in the Summary of Accounting Policies at note 2 on pages 128 to 139. Unless otherwise stated, these have been applied consistently to all periods presented in these Company Financial Statements. The Financial Statements have been prepared in euro and are rounded to the nearest hundred thousand.

Accounting policies applying only to the Company Financial Statements

Investments in subsidiaries
Investments in subsidiaries held by the Company are carried at cost less any accumulated impairment losses. Equity-settled share-based payments granted by the Company to employees of subsidiary companies are accounted for as an increase or decrease in the carrying value of the investment in subsidiary companies and the share options reserve.

39. Company profit for the period

The profit attributable to equity shareholders dealt with in the Financial Statements of the Company was €15.2 million (2019: €6.5 million). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

	2020 €'000	2019 €'000
Company Auditor's remuneration:		
Audit of the entity financial statements	17.0	17.0
Other assurance services	252.0	252.0
Tax advisory services	17.0	17.0
Other non-audit services	3.0	-
	289.0	**286.0**

39. Company profit for the period – continued

Disclosure of Directors' emoluments as required by Section 305 of the Companies Act 2014, is given in the Report of the Remuneration Committee on page 95 and is included within the Financial Statements by way of a cross reference.

There were no employees in the Company during the financial year ended 31 December 2020 (2019: nil). Costs of €2.4 million (2019: €4.3 million) were recharged to the Company from subsidiary companies in relation to management services.

40. Property, plant and equipment

Company	Assets under Construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 31 December 2018	160.8	-	7.0	0.1	167.9
Adjustment on application of IFRS 16	-	-	(2.6)	-	(2.6)
At 1 January 2019	160.8	-	4.4	0.1	165.3
Additions	2.2	3.4	0.5	-	6.1
Reclassification	(156.6)	156.6	-	-	-
Disposals	-	-	(1.6)	-	(1.6)
At 31 December 2019	6.4	160.0	3.3	0.1	169.8
Additions	1.3	1.2	-	-	2.5
Impairment	(2.3)	-	-	-	(2.3)
Disposals	(5.4)	-	-	-	(5.4)
At 31 December 2020	**-**	**161.2**	**3.3**	**0.1**	**164.6**
Accumulated depreciation					
At 31 December 2018	-	-	6.8	0.1	6.9
Adjustment on application of IFRS 16	-	-	(2.3)	-	(2.3)
At 1 January 2019	-	-	4.5	0.1	4.6
Depreciation charge for the financial year	-	5.5	0.1	-	5.6
Eliminated on disposals	-	-	(1.6)	-	(1.6)
At 31 December 2019	-	5.5	3.0	0.1	8.6
Depreciation charge for the financial year	-	5.6	0.2	-	5.8
At 31 December 2020	**-**	**11.1**	**3.2**	**0.1**	**14.4**
Carrying amount					
At 31 December 2020	**-**	**150.1**	**0.1**	**-**	**150.2**
At 31 December 2019	6.4	154.5	0.3	-	161.2

The Company had entered into a contract for the construction of a vessel of which the amount of €6.4 million represents the estimated value of work completed at 31 December 2019. During the reporting period the contract was cancelled due to the inability of the shipyard to deliver the vessel. Previously paid contractual deposits were returned to the Company by the deposit guarantor. An impairment charge of €2.3 million was recognised against costs previously capitalised not related to the deposit guarantee.

Notes Forming Part of the Company Financial Statements

Continued

41. Intangible assets

	2020 €m	2019 €m
Cost		
At 1 January	10.0	9.9
Additions	0.2	0.1
At 31 December	**10.2**	**10.0**
Amortisation		
At 1 January	9.8	9.6
Charge for the financial year	0.1	0.2
At 31 December	**9.9**	**9.8**
Carrying amount		
At 31 December	0.3	0.2
At 1 January	**0.2**	**0.3**

The intangible assets included above, all computer software, have finite useful lives of five years, over which the assets are amortised. Amortisation is on a straight-line basis.

42. Right-of-use assets

	Plant and Equipment €m
Cost	
At 1 January 2019 and 31 December 2019	2.6
Write-off on lease expiry	(2.6)
At 31 December 2020	**-**
Accumulated depreciation	
At 1 January 2019	2.3
Charge for period	0.2
At 31 December 2019	**2.5**
Charge for period	0.1
Write-off on lease expiry	(2.6)
At 31 December 2020	**-**
Carrying amount	
At 31 December 2020	**-**
At 31 December 2019	0.1

43. Investment in subsidiaries

	2020 €m	2019 €m
Investment in subsidiaries at beginning of the financial year	14.6	13.4
Movement related to share options allocated to employees in subsidiaries	1.0	1.2
Payments received on exercise of options	(0.9)	-
Investment in subsidiaries at end of the financial year	**14.7**	**14.6**

The Company's principal subsidiaries at 31 December 2020 are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activity
Irish Ferries Limited*	Ireland	Ferry operator
Eucon Shipping & Transport Limited*	Ireland	Container shipping services
Irish Continental Line Limited*	Ireland	Ship leasing
Irish Ferries Services Limited*	Ireland	Administration services
Belfast Container Terminal (BCT) Limited	Northern Ireland	Container handling
Irish Ferries (U.K.) Limited	United Kingdom	Shipping & forwarding agents
Eurofeeders Limited	United Kingdom	Shipping & forwarding agents
Irish Ferries (U.K.) Services Limited	United Kingdom	Administration services
Zatarga Limited	Isle of Man	Ship leasing
Contarga Limited*	Ireland	Ship leasing
Irish Ferries Finance DAC	Ireland	Administration services
ICG Shipping (W. B. Yeats) Limited	Ireland	Non-trading
ICG Shipping (Hull 777) Limited	Ireland	Non-trading

*Companies availing of Companies Act 2014 exemption under S357

The Company in all instances owns 100 per cent of the issued ordinary share capital and voting rights attaching thereto in respect of all subsidiary companies.

The registered office for Irish Ferries Limited, Eucon Shipping & Transport Limited, Irish Continental Line Limited, Contarga Limited, Irish Ferries Services Limited, Irish Ferries Finance DAC, ICG Shipping (W.B. Yeats) Limited, and ICG Shipping (Hull 777) Limited is Ferryport, Alexandra Road, Dublin 1.

The registered office for Belfast Container Terminal (BCT) Limited is 1 Lanyon Place, The Soloist Building, Belfast BT1 3LP, Northern Ireland. The registered office for Irish Ferries (U.K.) Limited and Irish Ferries (U.K.) Services Limited is The Plaza Suite 4D, 100 Old Hall Street, Liverpool L3 9QJ, England. The registered office for Eurofeeders Limited is Collins House, Rutland Square, Edinburgh, Midlothian EH1 2AA, Scotland. The registered office for Zatarga Limited is 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

Notes Forming Part of the Company Financial Statements

Continued

44. Trade and other receivables

	2020 €m	2019 €m
Amounts due from subsidiary companies (note 50)	107.1	83.7
Prepayments – deposit on vessel under construction	-	28.9
Other receivables	0.4	0.3
	107.5	**112.9**

Amounts due from subsidiary companies are interest free and repayable on demand. The increase in amounts due from subsidiary companies of €23.4 million principally relates to outstanding trading amounts invoiced at the year end. The reduction in prepayments relates to the return of a deposit on a cancelled shipbuilding contract. The Company has assessed credit losses as if the receivable had been demanded at the statement of financial position date. As all amounts are due from subsidiaries which were in a net asset position, the Company concluded that no allowance for credit losses was required as it would be immaterial. All subsidiaries which owe ICG funds are considered to be going concerns.

45. Share capital

Details of the Company's equity share capital are set out at note 20 to the Consolidated Financial Statements.

46. Lease liabilities

	2020 €m	2019 €m
At 1 January	0.1	-
Initial application of IFRS 16	-	0.3
Payments	(0.1)	(0.2)
Lease interest expense recognised in period	-	-
At 31 December	**-**	**0.1**
Analysed as:		
Current liabilities	**-**	**0.1**

47. Deferred tax liabilities

There are no deferred tax liabilities and assets recognised by the Company during the current and prior reporting periods. The Company's taxable income was fully taxable within the Irish tonnage tax system.

The estimated value of deferred tax assets not recognised is €0.1 million (2019: €0.1 million). Deferred tax assets are not recognised as it is not probable that taxable profits will be available against which deductible temporary differences can be utilised.

48. Trade and other payables

	2020 €m	2019 €m
Within one year		
Amounts due to subsidiary companies (note 50)	112.7	126.1
Other payables	3.2	1.8
	115.9	**127.9**

Other payables include provisions of €1.2 million at 31 December 2020 and at 31 December 2019.

The amounts owed by the Company to its subsidiaries is represented as follows:

	2020 €m	2019 €m
Trading balances	1.5	19.1
Financing balances	111.2	107.0
	112.7	**126.1**

Amounts owed to subsidiary companies are repayable on demand with no fixed payment schedule. The decrease in trading balances of €17.6 million was funded through the return of a deposit on a cancelled shipbuilding contract (note 44).

Interest is payable on financing balances at agreed fixed rates comprising funding cost and a margin. The average interest rate paid on borrowings advanced during the year was 1.76% (2019: 1.78%) and the average interest rate payable on financing balances outstanding at 31 December 2020 was 1.79% (2018: 1.78%).

49. Retirement benefit schemes

(i) Company sponsored / Group affiliated schemes
Certain former employees of the Company were members of a defined benefit scheme which is sponsored by another Group Company, Irish Ferries Limited. The stated policy between the sponsoring entity and the Company does not require the Company to recognise the net defined benefit in its individual financial statements. Detailed information in respect of this scheme is given in note 32 to the Consolidated Financial Statements. Other former employees were members of the Ex Merchant Navy Officers Pension Fund (Ex MNOPF), of which the Company is the sponsoring employer.

The contributory defined benefit schemes sponsored by the Company and the Group companies provide retirement and death benefits for former employees. The defined benefit schemes provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary. The assets of these schemes are held separately from those of the Company and Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deeds and the pension laws of the relevant jurisdiction. The pensions charge and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries.

The latest actuarial valuation report for the Ex MNOPF Scheme, which is not available for public inspection, is dated 29 June 2018. The valuation employed for disclosure purposes has 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 2020 and to take account of financial conditions at this date.

Notes Forming Part of the Company Financial Statements

Continued

49. Retirement benefit schemes – continued

The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

(ii) Merchant Navy Officers Pension Fund (MNOPF)
In addition to the pension schemes operated by the Company, certain former employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2018 and disclosed a net past service deficit of £9.0 million. The Company's share of the MNOPF obligations, as most recently advised by the trustees, is 0.51% (2019: 0.51%). The obligation valuation in these Financial Statements at 31 December 2020 is based on the actuarial deficit contribution demands notified to the Company and which remain outstanding at the reporting date. The last deficit demand received by the Company was dated May 2013 and has been fully paid.

The valuation at 31 December 2020 is based on the actuarial deficit contribution demands notified to the Group and which remains outstanding at the reporting date.

The share of the overall deficit in the MNOPF apportioned to the Company is €nil at 31 December 2020 (2019: €nil). During the year the Company made payments of €nil (2019: €nil) to the trustees.

(iii) Principal risks and assumptions
The principal risks and assumptions used for the purpose of the actuarial valuations are set out in note 32 (iii) of the Consolidated Financial Statements.

The Company's total obligation in respect of the defined benefit schemes is calculated by independent, qualified actuaries, updated at least annually and totals €1.0 million at 31 December 2020 (2019: €0.9 million). At 31 December 2020, the Company also has scheme assets totalling €1.7 million (2019: €1.7 million) giving a net pension surplus of €0.7 million (2019: €0.8 million). The size of the obligation is sensitive to actuarial assumptions.

(iv) Retirement benefit assets and liabilities
The amount recognised in the Statement of Financial Position in respect of the Company's defined benefit schemes, is as follows:

	2020 €m	2019 €m
Equities	1.1	1.2
Bonds	0.4	0.3
Property	0.1	0.1
Other	0.1	0.1
Fair value of scheme assets	1.7	1.7
Present value of scheme liabilities	(1.0)	(0.9)
Surplus in schemes	**0.7**	**0.8**

The retirement benefit scheme sponsored by the Company is in a net surplus position. In addition, the Company's share of the deficit in the industry wide scheme, the MNOPF, based on the last actuarial valuation as at 31 March 2018 is €nil (2019: €nil). The total surplus of €0.7 million (2019: €0.8 million) is shown under non-current assets in the Statement of Financial Position.

The Company is exposed to a number of actuarial risks, these include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company.

49. Retirement benefit schemes – continued

(v) Movement in retirement benefit assets
Movements in the fair value of scheme assets in the financial year were as follows:

	€m
2020	
At beginning of the financial year	1.7
Actuarial gains	-
At end of the financial year	1.7
2019	
At beginning of the financial year	1.4
Actuarial gains	0.3
At end of the financial year	1.7

(vi) Movement in retirement benefit liabilities
Movements in the present value of defined benefit obligations in the financial year were as follows:

	€m
2020	
At beginning of the financial year	0.9
Actuarial losses	0.1
At end of the financial year	1.0
2019	
At beginning of the financial year	0.7
Actuarial losses	0.2
At end of the financial year	0.9

The present value of scheme liabilities at the financial year ended 31 December 2020 and 31 December 2019 relate to wholly funded plans.

(vii) Amounts recognised in the Company Income Statement
There were no amounts recognised in the Company Income Statement in respect of defined benefit obligations in the period (2019: €nil).

The estimated amounts of contributions expected to be paid by the Company to the schemes during 2021 is €nil based on current funding agreements.

Notes Forming Part of the Company Financial Statements

Continued

49. Retirement benefit schemes – continued

(viii) Amounts recognised in the Company Statement of Comprehensive Income

Amounts recognised in the Company Statement of Comprehensive Income in respect of defined benefit obligations are as follows:

Actuarial gains and losses:

	2020 €m	2019 €m
Actual return on scheme assets	-	0.3
Interest income on scheme assets	-	-
Return on scheme assets (excluding amounts included in net interest cost)	-	0.3
Remeasurement adjustments on scheme liabilities:		
Losses arising from changes in financial assumptions	(0.1)	(0.2)
Actuarial (loss) / gain recognised in Statement of Comprehensive Income	(0.1)	0.1

50. Related party transactions

For the reporting period, Catherine Duffy, non-executive Director of the Company, was a partner at law firm A&L Goodbody (ALG). During the year ended 31 December 2020, expenses of €0.3 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director (2019: €0.8 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director) were incurred for services received from ALG in their capacity as legal advisors to the Company and Group. All services have been provided on an arm's length basis at the standard commercial terms of ALG.

The Company's profit for the period includes transactions with subsidiaries compromising charter income of €18.7 million (2019: €18.0 million), management charges of €0.7 million (2019: €0.9 million), dividends received of €10.0 million (2019: €nil) and interest payable of €0.6 million (2019 €0.8 million). Details of loan balances to / from subsidiaries are provided in the Company Statement of Financial Position on page 183, in note 48 'Trade and other payables', in note 44 'Trade and other receivables' and in the table below.

The Company has provided Letters of Financial Support for certain of its other subsidiaries.

At 31 December the following amounts were due to or from the Company by its subsidiaries:

	2020 €m	2019 €m
Amounts due from subsidiary companies (note 44)	107.1	83.7
Amounts due to subsidiary companies (note 48)	(112.7)	(126.1)
	(5.6)	**(42.4)**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. There are no set terms and conditions attached to the amounts outstanding.

51. Contingent liabilities

The Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Company's share of any deficit would be 0.51%. Should other participating employers default on their obligations, the Company will be required to absorb a larger share of the scheme deficit. If the Company were to terminate their obligations to the fund, voluntarily or otherwise, the Company may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these Financial Statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business, the Company is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the Financial Statements.

The Company acts as guarantor to lending arrangements concluded by certain of its subsidiaries. The Company has also guaranteed the liabilities and commitments of its Irish subsidiaries for the financial year ended 31 December 2020 pursuant to the provision of Section 357 of the Companies Act 2014. The Company has treated these guarantees as insurance arrangements and each contract is treated as a contingent liability until as such time it becomes probable that the Company will be required to make a payment under the guarantee. The Company has carried out a review based on the latest financial information available regarding these subsidiaries, all of which are in a net asset position, and assessed that as at 31 December 2020 it was not probable that the Company would be required to make a payment under any of these guarantees. Details of the Group's principal subsidiaries have been included in note 43.

52. Events after the reporting period

The Board is not proposing payment of a final dividend in respect of the results for the financial year ended 31 December 2020.

There have been no other material events affecting the Group since 31 December 2020.

53. Approval of financial statements

The Financial Statements were approved by the Board of Directors and authorised for issue on 10 March 2021.