Annual Report 2013

Bus Átha Cliath

Contents

Transport for Ireland

Bus Átha Cliath would like to acknowledge funding on major projects from the National Transport Authority.

Operations Review

€0.5m

Surplus of €0.5m in 2013

Overview

2013 was a year of very positive development for Bus Átha Cliath. Through a combination of strenuous payroll and overhead cost reduction measures and revenue growth, the company returned to profitability and will continue to sustained financial stability over the coming years.

The successful implementation of the Network Direct project has seen a welcome improvement in passenger numbers in the year with a strong surge in numbers between October and December when the company carried an additional 400,000 customers.

Bus Átha Cliath now operates a fully low floor accessible fleet, making it one of only two bus companies in Europe to offer this facility.

Real Time Passenger Information (RTPI) remains extremely popular with customers with nearly 400,000 downloads of the Bus Átha Cliath smartphone app taking place this year alone.

The acquisition of 160 replacement buses between 2012 and 2013 has not only ensured that Bus Átha Cliath operates a fully low floor accessible service but has also allowed for the commencement of the introduction of a next-stop audio/visual system throughout the fleet and the introduction of an on-board next stop signage system to the fleet.

2013 also saw the further roll-out of a Wi-Fi service throughout the Bus Átha Cliath fleet with over two thirds of the fleet now Wi-Fi enabled. The Leap Card has proved popular throughout the year with over 232,000 journeys travelled, on average, per week on Bus Átha Cliath services using Leap Cards.

Through a combination of the above developments during the year, Bus Átha Cliath has continued on its mission to provide an effective public service with a steadily improving customer experience.

2013 Operating Result and Financial Position

In 2013 Bus Átha Cliath earned a net surplus of €0.5 million. This compares with a deficit of €3.8 million in 2012, which included a €5.3 million additional subvention payment to address CIÉ Group liquidity issues.

The key aspects of the financial results include revenue growth of €13 million and further cost reductions of €4.7 million. Through a combination of revenue growth and strenuous payroll and overhead cost reduction measures the company has returned to profitability in 2013 and will continue to sustained financial stability over the coming years.

Total revenue grew by €13 million (6.8%) from €191.1 million to €204.1 million. The growth in revenue was assisted by a fares increase implemented in December 2012/January 2013. The National Transport Authority (NTA) approved an overall average increase in fares of 8% and increased the overall average discount for use of Leap Card to 12%.

After a slow start to the year, customer demand was steadily improving until the positive trend was interrupted by a three day work stoppage in August. As a consequence, customer demand was weak in September when it picked up again and finished the year strongly with over 400,000 additional year-on-year passenger journeys in the last quarter. Total passenger journeys for 2013 amounted to 114.4 million. It is estimated that customer journeys would have exceeded the previous year had the dispute not occurred.

A third cost reduction programme in five years was agreed with staff in November 2013. This agreement incorporates a wide range of cost reduction measures including significant changes in work practices, staff reductions and reductions in payroll premium rates. The agreement includes provision for a termination date for some of the measures.

Cost reduction measures yielded further savings of €4.7 million during 2013. The measures included: reductions in non-payroll costs, network efficiencies arising from Network Direct, payroll savings arising from commencement of the cost reduction programme in mid-November and the full year impact of staff exits in 2012. Reductions in payroll costs amounted to €3.5 million during the year but were offset by once-off costs of €2.2 million. Average staff numbers declined by a further 64 during the year bringing the reduction in average numbers of staff employed since 2008 to 650 and total payroll savings achieved over the same period amount to in excess of €35 million. Unfortunately, unavoidable cost increases amounting to €5.6 million in the areas of: fuel, Integrated Ticketing Scheme (ITS), the costs of maintaining an older fleet and once-off items had to be absorbed during the year. The commencement of savings from the new cost reduction programme combined with the rationalisation and efficiency benefits of the Network Direct project and continuing rigorous control of overhead costs achieved further reductions in the cost base which has now been reduced by €63 million, on an annualised basis since 2008.

€13m

Revenue Growth in 2013

Bus Átha Cliath received Public Service Obligation (PSO) payments of €64.5 million in 2013; a reduction of €10.2 million compared to 2012 (including the once off receipt of additional subvention of €5.3 million). Despite the lower payment, the shortfall on the PSO contract was reduced from €6.0 million in 2012 to €2.2 million in 2013, largely through increased passenger revenue. The drop in PSO payments has been a key issue for the company. PSO payment for 2014 has been confirmed by the NTA at €60.5 million, representing a further decrease in payment of €4 million (6.2%). However, this is the final reduction as part of the National Recovery Plan 2011-2014 and the Minister for Transport, Tourism and Sport has firmly indicated that no further reductions in the PSO payment are planned.

Continuing profitability after subvention is crucial to achieving the critical objectives of; financial stability for Bus Átha Cliath, generating cash for essential investment, providing security around provision of transport services and sustainability of employment.

Bus Átha Cliath will again have to absorb cost increases during 2014 in respect of a further reduction in PSO payments, the cost of running additional services and a range of other non-payroll cost increases, amounting to €4.9 million in total.

Despite these cost increases, the company plans to continue on its path to recovery through such measures as; revenue growth through price and, for the first time since 2008, also through volume, timely implementation of the full range of payroll cost reduction measures agreed with staff, increased energy efficiency and some further reductions in support costs.

The revised network of services and improved service reliability delivered under Network Direct, the introduction of Real Time Passenger Information (RTPI) and Integrated Ticketing (ITS) and the welcome on-going reduction in the unemployment level have opened up growth opportunities. These opportunities will be exploited through increased marketing activity for the core routes and specific targeted off-peak and weekend campaigns in addition to enhancing revenue protection resources.

Network

While the major Network Direct project was largely completed in early 2013, the network continues to evolve and demands change over time. Significant work took place during 2013 re-examining those areas not changed during the Network Direct project, especially North County Dublin and proposals for those areas are well advanced. In addition, issues including Summer schedules for a number of main routes were fully examined as part of the cost reduction plan and the fruits of this work will be implemented in Summer 2014. Finally, Bus Átha Cliath successfully operated Saturday timetables on four weekdays over the Christmas period in December 2013 which better matched passenger demand.

435

RTPI on-street display screens

Luas Cross City

The LUAS Cross City project commenced in 2013 with the identification of cellars along the path of the proposed linked up alignment between Saint Stephen's Green and Broadstone. The alignment proceeds north through Dawson Street, Nassau Street, Lower Grafton Street, Westmoreland Street, O'Connell Street, Parnell Street and Dominick Street to Broadstone. On the southbound journey the alignment is similar except that the line will use Marlborough Street, the Rosie Hackett Bridge across the Liffey, Hawkins Street and College Street. The utilities work started in January 2014 and, unlike works to date, these will be much more intrusive on traffic in general and buses in particular. Bus Átha Cliath is an active partner in a National Transport Authority (NTA) chaired Traffic Forum group also involving Dublin City Council, the Railway Procurement Agency (RPA) and the Gardaí and this group is working diligently to minimise the impact of the works on all modes of transport.

Technological Advancements

The benefits of the Automatic Vehicle Location and Control (AVLC) system in delivering Real Time Passenger Information (RTPI) to customers were further enhanced during 2013. At the end of the year, a total of 435 RTPI display screens were located on-street. These display screens provide predicted arrival times of buses. The on-street display screens are

installed by Dublin City Council on behalf of the National Transport Authority (NTA). A programme for the installation of an additional 200 RTPI display units was devised in 2013 and it is anticipated that the programme itself will commence in early 2014.

Customers can also access RTPI through Bus Átha Cliath's website, the free iPhone and Android apps, the NTA's SMS service and the Transport for Ireland website. Since the introduction of the facility, RTPI remains the most popular feature on Bus Átha Cliath's website and the smartphone app. At the end of 2013, nearly 400,000 customers had downloaded the app. The Bus Átha Cliath app won the 'Most Productive App' category of the annual Appy Awards in November 2013. Bus Átha Cliath intends to launch a fare calculator facility on its smartphone app in 2014.

The Bus Átha Cliath fleet now contains 160 buses which are equipped with bilingual passenger information signs which display the name of the next stop and will be a standard feature of new bus builds. In addition, a project to retrofit this system on a percentage of older buses will mean that by the time the project is completed, in April 2014, one third of the fleet will have on-bus next-stop passenger information signs.

Based on the successful trial of Wi-Fi on Route 16 and the further acquisition of Wi-Fi enabled replacement buses in 2012, Bus Átha Cliath commenced the rollout of Wi-Fi throughout its fleet in 2013 as part of a project that is due for completion in April 2014. By December 31st 2013, 64% of the entire fleet, consisting of newly acquired and retrofitted buses, was Wi-Fi enabled. The Bus Átha Cliath Wi-Fi service has proved to be remarkably popular as 225,000 customers availed of the service 1.7 million times. The average length of an on-bus Wi-Fi session was 27 minutes. The success of Wi-Fi clearly demonstrates that Bus Átha Cliath's commitment to improving the journey experience has been recognised by customers.

12m

Over 12 million passenger journeys on leap card in 2013

Leap Card

2013 was the second full year of operation for the Leap Card; the new integrated transport ticketing system for the Greater Dublin Area. During 2013, on average, customers could save over 12% when using a Leap Card instead of cash. Since its inception in late 2011, nearly 370,000 Leap Cards have been issued. In 2013, over 12 million passenger journeys were made with the Leap Card resulting in €22.8 million revenue. In October, Bus Átha Cliath began to offer a range of its prepaid rambler tickets on Leap Cards and it is envisaged that it will progress the transfer of more prepaid tickets onto Leap Card format in 2014.

On November 4th, daily and weekly capping was introduced on Bus Átha Cliath services and on December 9th multi-operator capping rates were introduced for Bus Átha Cliath, Iarnród Éireann and Luas services. Average savings on leap cards, compared to cash, were increased to 17% from December 2013.

Attracting New Customers

Following the success of Bus Átha Cliath's brand campaign; "Excuses" in 2012, a second phase was rolled out in 2013. Customer research, in December 2012, showed significant cut-through among customers of the advertising campaign and a significantly improved perception of Bus Átha Cliath as a result.

The main objective of this phase was to continue to create awareness of the many improvements to the service provided by Bus Átha Cliath in recent years and the benefits of these to potential customers. This campaign focused on highlighting the convenience of using the Leap Card, encouraging downloads of our free smartphone app and promoting the benefits of RTPI; all of which have contributed to providing customers with a more efficient and predictable service.

114.4m

Passenger journeys in 2013 were 114.4 million

The media plan included digital, outdoor and press. These were supported by Bus Átha Cliath's website and social media channels; Twitter, Facebook and YouTube. A dedicated page was hosted on the website which highlighted the key messages while promoting additional benefits of travelling with Bus Átha Cliath such as the revised network and the Taxsaver scheme. A Facebook game was developed for the 2012 campaign to encourage customer engagement and raise awareness of the Leap Card and during 2013 it was made available on the website.

Public Service Contract – Bus Átha Cliath Achieving Performance Obligations

The current direct award Public Service Contract between the NTA and Bus Átha Cliath entered its penultimate year in 2013. Under the five year contract a range of service provisions and performance indicators are outlined by the NTA. Areas of performance relating to customer service are independently audited. Every quarter, a schedule of performance documents is supplied to the NTA and the results are presented, explained and discussed at quarterly review meetings between the NTA and Bus Átha Cliath. The Public Service Contract is due to expire in 2014 and the NTA has indicated that a subsequent direct award contract will be signed for the period lasting until December 2019 for 90% of Bus Átha Cliath's current network. For the remaining 10%, Bus Átha Cliath will retain a contract to operate services until December 2016. The NTA propose to tender the option of 10% of existing Bus Átha Cliath services from December 2016. Bus Átha Cliath will participate in the public tendering process.

The Importance of a Safe Workplace

The board of Bus Átha Cliath and the Executive Management Team are committed to protecting the safety, health and welfare of employees, customers and those affected by our activities, such as other road users, visitors to our premises or contractors employed by the company.

The company's Safety Management System document provides a detailed framework for the management of health and safety risks associated with the company's operations. The methods described in this document form an integral part of the responsibilities of senior managers, middle managers and supervisors who, in turn, must ensure that their employees fully understand and comply with the requirements contained therein.

Whilst the requirement to meet all relevant statutory provisions is enshrined in the requirements of the Safety, Health and Welfare at Work Act, 2005, Bus Átha Cliath continues to seek improvements in the way it manages safety and health by checking and benchmarking its systems and procedures against those of best practice. In 2013, this commitment was reflected in a number of areas, one of which included the accreditation of its seven engineering workshops by the UK Institute of Road Transport Engineers. A further example was the company's achievement of operator accreditation from the Freight Transport Association of Ireland (FTAI). In July 2013, Bus Átha Cliath was also delighted to have been asked by the Road Safety Authority to assist them in their development of a guidance video on operator premises inspections, a new inspection regime being introduced by the Authority under the Commercial Vehicle Roadworthiness (CVR) Act 2012.

Year-on-year comparisons since 2009 had shown a consistent downward trend in accidents, with the last three years seeming to indicate a levelling off of the rates. Whilst the year-on-year comparison of all accidents has shown a slight increase for the first time since 2009, the number of accidents that gave rise to third party claims showed a significant reduction of 12% on the previous year.

In the context of employee safety, work-related lost time accidents for Bus Átha Cliath showed a very significant improvement on 2012 figures with an overall reduction of 17%. In the two main areas of operation, this included a 14.5% reduction in operations-related accidents and a 37% reduction in the number of accidents in engineering workshops. The corresponding reduction in the overall number of employee days lost as a result of these accidents (31%) was also very significant.

932

Number of buses in 2013

Developments in Commercial Services

2013 was a very successful year for Bus Átha Cliath's commercial services. Two Slane concerts brought in total revenue of €380,000 which generated a profit of 16%. Once again, Bus Átha Cliath proved its ability to provide excellent services and backup support to and from concerts and special events.

The Airlink Express service continues to grow with sales of Airlink tickets up 30% on 2012 due to sales from accommodation providers, tour operators and the continuation of a promotional campaign in overseas markets. Taking over of the travel information desk at Dublin Airport has proven to be extremely beneficial in promoting to international visitors both the Airlink service and Bus Átha Cliath's various tours. 2013 saw a healthy performance from sightseeing tours with customer revenue up 20% on the previous year. Tourist levels to Dublin were up by 7% with the North American market spiking at a 13.4% increase on 2012. On July 7th, Bus Átha Cliath launched an all new Docklands Hop-On Hop-Off tour which enables tourists to experience some of the hidden cultural gems of Dublin's Docklands area. Highlights of the tour include: the Custom House; Ireland's first tall ship replica and famine museum, the Jeanie Johnston; the Bord Gáis Energy Theatre and the original site of internationally renowned Windmill Lane Studios. The tour takes in additional hotels and guest houses along its route which provide easy access to an additional 1,500 tourists and visitors to Dublin. Local ticket sales, direct from hotels in the area, have increased by 30%. Bus Átha Cliath, once again, received Trip Advisor Excellence awards for the Hop-on Hop-off and Ghostbus tours and has received ratings for our Coastal tours this year.

56m

No. of Kms travelled in 2013

Energy Usage

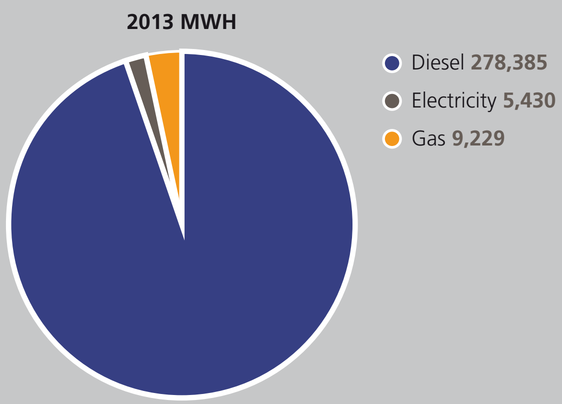
Bus Átha Cliath operated a fleet of 932 buses covering 56 million kilometres in 2013. The primary energy consumption is the fuel usage associated with running the fleet of buses. The quantity of diesel fuel used in 2013 was just over 27 million litres. The other main energy consumers include our seven maintenance garages and a number of office buildings. The breakdown of energy usage consists of fuel usage by our fleet (95.2% of consumption), electricity usage at our premises (1.9% of consumption) and gas consumption at our premises (2.9% of consumption). Up to 70% of electricity usage in our maintenance garages is associated with lighting for the buildings and the external yard areas. Gas consumption is primarily associated with heating of the premises. Lighting, office equipment and air conditioning units account for the majority of the office energy consumption.

In 2013, Bus Átha Cliath consumed 293,044 MWh of energy, consisting of:

- 278,385 MWh of diesel fuel for running of the bus fleet
- 5,430 MWh of electricity
- 9,229 MWh of natural gas

80

Number of new buses in 2013



Actions Undertaken in 2013

In 2013, Bus Átha Cliath undertook a range of initiatives to improve our energy performance including:

- Passive Infra-Red (PIR) sensors in depots
- Review of garage Compressed Air Systems
- Trial of PIR sensors in workshop pits
- Fleet fuel monitoring by route
- Purchase of new vehicles fitted with Euro 5 emissions standard engines
- Promotion of energy awareness among employees
- Vigil Vanguard training for drivers – Eco-driving techniques
- Continuation of the energy monitoring at each premises
- Rain water harvesting
- Continuation of the Eco-driving training module in driver's Continued Professional Competency (CPC) training.

Altogether, these and other measures contributed to savings of 6,409 MWh compared with 2012.

Actions Planned for 2014

In 2014, Bus Átha Cliath intends to further improve our energy performance by undertaking the following initiatives:

- Start trials of Eco-driving using on board driver feedback technology
- Installation of water pumps with pressure activated demand motors
- Installation of PIR sensors in workshop pits
- Expansion of fleet fuel monitoring by route
- Trial of a hybrid bus
- Purchase of new vehicles which will be fitted with Euro 6 emissions standard engines. The smaller and more efficient engine combined with lighter chassis will provide reduced fuel consumption
- Commence installation of an automated fuel management system
- Review renewable energy options for the depots
- Continue to identify further energy saving opportunities through the local energy management teams.

Fleet Replacement Programme

In 2013, Bus Átha Cliath purchased a further 80 new double deck buses with Volvo B9 chassis and Wrightbus bodywork. Delivery commenced in July and was completed in December. These vehicles are fitted with the latest Euro 5 standard engines, which will mean a significant improvement in emissions as the vehicles they replaced were purchased in 2000. The vehicles are similar to the 80 buses purchased in 2012 and are equipped with a number of features which will enhance the customer experience and improve passenger satisfaction. These features include: better seating, next stop passenger information, additional buggy space and Wi-Fi access. The vehicles are also fitted with centre doors which should enhance boarding and reduce dwell times at stops.

The 80 replacement vehicles were funded by the NTA.

Fleet Refurbishment Programme

In 2011 Bus Átha Cliath commenced a series of service upgrades on existing vehicles and this programme continued in 2012/2013. The upgrades applied to a range of body work, mechanical and electrical elements of our older vehicles. The upgrades, which were achieved through funding from the NTA, will improve vehicle safety and reliability thus leading to greater customer satisfaction.

Fleet Accessibility – A Bus Service for Everyone

2013 was a momentous year for accessibility in Bus Átha Cliath as, for the first time, the company operated with a fully low floor wheelchair accessible fleet. The entire Bus Átha Cliath fleet is now equipped with a low floor chassis, kneeling suspension to further reduce entry step height, retractable ramp at entrance and a priority space for wheelchair users. Bus Átha Cliath is now one of only two bus companies in Europe to offer a fully low floor accessible fleet. All buses to be acquired in the future will also have a designated buggy space as well as a designated wheelchair space.

In keeping with its commitment to accessibility and based on a successful trial, on December 4th Bus Átha Cliath commenced a programme to fit its entire fleet with an audio next stop announcement system which is scheduled to be completed in 2014. This marks a major enhancement for Bus Átha Cliath customers who have vision impairments and those who may not be familiar with the bus routes they are using.

Bus Átha Cliath also continued to run the Travel Assistance scheme in 2013. This scheme continues to be successful with numerous customers receiving assistance and practical advice on how to travel independently on public transport. With the help of a full-time Travel Assistant, a tailor-made travel plan is drawn up to meet each individual customer's needs. Customers can access more information on Travel

100%

Low floor wheelchair accessible fleet

1,500

Almost 1,500 groups have received funding as part of the Community Spirit Initiative

Assistance by contacting the Bus Átha Cliath Accessibility Officer on (01) 7033204 or by e-mailing travelassist@dublinbus.ie. Since its inception, patronage levels of this programme have grown at a steady rate and over 600 customers availed of the service in 2013. Following the commencement of the Luas cross city project works, it is anticipated that demand for the service will increase and Bus Átha Cliath is examining ways of developing the service to meet this growth.

Corporate Social Responsibility (CSR) – Our Work in the Community

Bus Átha Cliath continued, through its Community Spirit Initiative, to play an active role in the communities in which its services operate. The overall initiative is comprised of three main elements:

- Bus Átha Cliath Community Spirit Awards
- Bus Átha Cliath Children's Art Competition
- Bus Átha Cliath/Niall Quinn Penalty Shoot Out

This year's Bus Átha Cliath Community Spirit Awards saw 85 grants presented to various voluntary and community groups across the Greater Dublin Area (GDA). To date, nearly 1,500 groups have received funding under the programme which has helped many worthwhile causes in communities across the GDA. The following five organisations received the top award of €5,000 in 2013; Esker Amateur Boxing Club, Lucan; Fettercairn Community and Youth Centre, Tallaght; Christ the King Day Centre, Cabra; The Rediscovery Centre, Santry and Move4Parkinsons, Kilmacud. These awards were initiated to recognise and support the invaluable work undertaken daily by local groups located within the Bus Átha Cliath network.

Ex-international footballer, Niall Quinn has been the patron of the initiative since its inception in 2003.

The second element of the Community Spirit Initiative is the annual Children's Art Competition and Calendar. Bus Átha Cliath employs dedicated School and Community Co-ordinators who build and maintain relationships with young people in national and secondary schools across the GDA. Each year the co-ordinators select a number of national schools across the company's route network to participate in the competition and invite the children to submit a bus themed picture or poem. The competition promotes the value of public transport in local communities to younger passengers and creates awareness of the negative impact of vandalism on buses for the local community itself. This year, 22 national schools from the following areas: Adamstown, Ballyfermot, Ballymun, Bawnogue, Brookfield, Clondalkin, Fettercairn, Finglas, Killinarden, Jobstown, Larkhill and Tallaght took part in the competition. After a series of regional finals were held, a selection of the winning entries were published in the Children's Art Calendar 2014 which was then distributed among; the participating schools, Bus Átha Cliath employees and elected representatives in the GDA. Along with incorporating the winning entries into a calendar for distribution, on December 9th Bus Átha Cliath staged an exhibition of some of the winning entries in the Wood Quay venue in Dublin City Council offices to launch the 2014 calendar.

On July 18th Bus Átha Cliath staged its eighth annual Bus Átha Cliath/Niall Quinn Penalty Shoot Out in the sports grounds of the Dun Laoghaire-Rathdown Leisure Service Centre, Loughlinstown. As in previous years, selected 8-14 year olds from local summer projects were given the opportunity to receive training and undertake a penalty shoot-out competition with Niall Quinn. Each year a new area is chosen to host the event, which is organised in conjunction with local Youth Groups and An Garda Síochána. The project aims to recognise the work carried out by voluntary groups and An Garda Síochána to support young people during the summer months and promote the value of public transport in local communities to young people across Dublin.

Directors and Other Information

Board of Directors

Directors at 26th March 2014

Mr. K. Bonner, Chairman

Prof. P. Barker

Ms. K. Barrington

Ms. G. Joyce

Mr. B. McCamley

Mr. T O'Connor

Dr. K. Rafter

Chief Executive

Mr. P. Doherty

Secretary

Mr. R. O'Farrell

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Dublin 1

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Website: www.dublinbus.ie

Registered Number: 119569

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

Report of Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December 2013.

Principal Activities and Financial Review

The principal activity of the company is the provision of a comprehensive bus service for the city of Dublin and its hinterland.

Total customer revenues increased by 6.8% to €204.1 million in 2013 from €191.1 million in the previous year. The company carried 114.4 million customers, representing a reduction of just 0.7% on 2012. Customer demand stabilised during the year and some growth was evident in the market in the last quarter of the year. Through a combination of strenuous payroll and overhead cost reduction measures and revenue growth, the company has returned to profitability in 2013 and will strive to continue on the road to financial stability over the coming years.

Results and Reserves

The financial statements for the year ended 31st December 2013 are set out in detail on pages 26 to 43. The results for 2013 show a surplus of €481,000 (2012 – €3,823,000 deficit).

Principal Risks

The company is committed to managing risk in a systematic and disciplined manner. The key risks facing the company are identified through a company-wide risk management process. A risk register is maintained and updated quarterly and includes action plans for addressing the identified risks. Córas Iompair Éireann (CIÉ), on behalf of Bus Átha Cliath, enters into fuel and currency forward purchasing where it deems there is value and reduced risk to the company.

Capital Investment

During 2013, investment in the fleet continued and 80 new buses were delivered into service to replace over-age vehicles. Other significant expenditure included fleet refurbishment programmes to maintain quality and reliability for the benefit of the customer. Investment in improving services continued with the assistance of National Transport Authority funding in the following areas:

- €31.1 million payment on 80 new buses
- €5.0 million on refurbishment of and equipment for buses
- €0.7 million on the continuing development of the Automatic Vehicle Location and Control System (AVLC) and ticketing
- €0.6 million on network infrastructure

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee at 26th March 2014 comprises the following non-executive members of the Board: Patricia Barker, Gary Joyce and Kevin Rafter.

The main duties of the Audit, Finance and Risk Committee are to oversee the relationship with the external auditor, including consideration of the appointment of the external auditor, audit fees, and any question of independence, resignation or dismissal. The Audit, Finance and Risk Committee discusses with the external auditor the nature and scope of the audit and the findings and results. The Committee also monitors the integrity of the financial statements prepared by the company.

The Committee keeps under review the effectiveness of the company's internal controls and risk management systems.

The Terms of Reference of the Audit, Finance and Risk Committee have been approved by the Board and are reviewed on an annual basis and amended as appropriate. The Committee met seven times in 2013 (four in 2012). The external auditors, PricewaterhouseCoopers, were appointed during the year ended 31st December 2013 for a three year period following a procurement and tender process.

Therefore, the Audit, Finance and Risk Committee recommends to the board that they be formally reappointed for the year ended 31st December 2013. There were no contractual obligations that acted to restrict the Audit, Finance and Risk Committee in making this recommendation.

There were no material non-audit services provided by the auditors during the year under review. Therefore the Audit, Finance and Risk Committee, having considered all relationships between the company and the external audit firm, does not consider that those relationships impair the auditor's judgement or independence.

Employee Development

Bus Átha Cliath is committed to ensuring that the necessary skills and knowledge are identified and developed so that all employees have the opportunity to develop and make a positive contribution.

A competency framework is used to identify the behaviours, skills and abilities essential to the successful performance of the various employee roles in delivering a quality service to the required standard.

The Bus Átha Cliath Training Centre provides a number of training programmes to ensure that bus drivers are given the highest standard of training to enable them deliver a safe, efficient and reliable bus service to our customers. All bus drivers participate in one days training per year to qualify them for the Certificate of Professional Competence (CPC) in accordance with EU Directive 2003/59/EC and Road Safety Authority approval.

In addition to CPC, a driving skills competence development programme is delivered to all drivers. This programme uses a video training system (Vigil Vanguard) to facilitate reflective learning and behavioural change. The training programme has been acknowledged by the Chartered Institute of Logistics and Transport and the Road Safety Authority for its innovative approach to driver skills training.

A programme of managerial development continued in 2013 with a number of managers and administration officers undertaking third level studies. Other role specific training continued for maintenance, supervisory and administrative employees.

Health and Safety

The company is fully committed to complying with the provisions of the Safety, Health and Welfare at Work Act, 2005 and all other national and EU Regulations. The Safety Management System is kept under review and is updated on an ongoing basis.

Equality and Diversity

The Equality and Diversity Strategy enables Bus Átha Cliath to:

- Deliver a more efficient and fulfilling work environment for employees.
- Meet the changing needs of customers
- Develop a greater connection to the entire community served.

Bus Átha Cliath is committed to delivering a quality service to all its customers and to creating a fair and inclusive workplace where individuals are respected and people can work to the best of their ability.

The company has developed an action plan covering the principles of equality and inclusion and this reflects the diversity of its workforce. The company's Equality and Diversity Strategy was selected for inclusion in the European Commission Compendium of Good Practice in Diversity.

Payment Practices

Bus Átha Cliath acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment) Regulation 2012. The company payment policy is to comply with the requirements of the Regulation.

Books of Account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Bus Átha Cliath, 59 Upper O'Connell Street, Dublin 1.

Code of Practice for the Governance of State Bodies

Details of the policies and procedures implemented by the company following publication of the Code of Practice for the Governance of State Bodies are provided in the Córas Iompair Éireann Group accounts.

Directors

The directors of the company are appointed by the Minister for Transport, Tourism and Sport. The names of persons who were directors during the year ended 31st December 2013 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Mr K. Bonner *Chairman*

Prof P. Barker *(Appointed 11th February 2013)*

Ms K. Barrington *(Appointed 9th September 2013)*

Ms G. Joyce

Mr B. McCamley *(Reappointed 1st December 2013)*

Mr W. McDermott *(Retired 30th November 2013)*

Ms M. Mc Gennis *(Retired 7th March 2014)*

Ms U. McGrath *(Retired 15th March 2013)*

Mr T. O'Connor *(Appointed 1st December 2013)*

Dr K. Rafter *(Appointed 23rd January 2013)*

Mr D. Rouse *(Appointed 16th April 2013, Resigned 8th October 2013)*

None of the directors or the secretary held any interest in any shares or debentures of the company, its holding company or its fellow subsidiaries at any time during the year.

There were no contracts or arrangements entered into during the year in which a director was materially interested in relation to the Group's business.

Attendance at Board/Committee Meetings

Listed below is board directors' attendance at Board/Committee meetings during 2013.

Director	Board	Safety Committe	Audit, Finance and Risk Committee
Mr. K. Bonner (Chairman)	11/11		3/3
Prof P. Barker	7/10		7/7
Ms. K. Barrington	3/3		
Ms. G. Joyce	8/11		4/6
Mr. B. McCamley	10/11	3/4	
Mr. W. McDermott	9/11		
Ms. M. McGennis	5/11	4/4	
Ms. U. McGrath	2/2	1/1	1/1
Dr. K. Rafter	10/10	2/3	2/2
Mr. D. Rouse	10/10		2/2

Going Concern

The board directors are satisfied that while a number of uncertainties exist, the company will have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for the preparation of the accounts. Note 1 ''Going Concern" addresses those uncertainties and summarises the directors' conclusions in relation to going concern.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Mr. K. Bonner, *Chairman*
Prof. P. Barker, *Director*

26th March 2014

Board of Directors

Kevin Bonner, Chairman

Kevin Bonner was appointed as Chairman of Bus Átha Cliath and to the Board of CIÉ in June 2011. Kevin is a former Secretary General of the Department of Enterprise and Employment and has been chairman or director of a number of public and private sector bodies/companies e.g. Marine Institute, Ordnance Survey Ireland, Waterford Stanley. He is a graduate of UCD (BA) and TCD (MScEcon).

Patricia Barker

Patricia Barker is a retired professor of accounting. She is a Chartered Accountant and a Council Member of Chartered Accountants Ireland. Her PhD was in the financial information to employees and she holds an MPhil from Trinity in Gender Studies. Patricia is a director of Tallaght Hospital, Veritas Publications Ltd. and the Marine Institute. She served as Chairman of the Blood Transfusion Service Board and works as a volunteer with the Rape Crisis Centre.

Kathleen Barrington

Kathleen Barrington was appointed to the board on 9th September 2013. Kathleen is a communications consultant with a special interest in reputation management, public affairs and media relations. Kathleen was previously a government media adviser and an award-winning financial journalist with a special interest in consumer and investor issues.

Gary Joyce

Gary Joyce is Managing Partner of Genesis, a strategic marketing and development consulting firm. She has extensive non-executive board experience in the private and not-for-profit sectors as well as on state boards. Gary is a fellow of the Institute of Management Consultants and Advisers and of the Marketing Institute of Ireland.

Bill McCamley

Bill Mc Camley was first appointed to the Board in December 1997 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Bill joined Bus Átha Cliath in 1974 and works in Phibsboro garage as a bus driver. He has held a variety of positions in his trade union, SIPTU, including membership of the Regional, Divisional and Branch committees. Bill is currently a member of the Transport Sector and Dublin District committees. He has represented his trade union at a number of European transportation conferences and was a member of the Department of Justice Working Party on Bus Violence (1996). Bill has written extensively on transportation and trade union issues, including a book on the history of Dublin's tram-workers.

Willie McDermott

Willie McDermott was appointed to the Board in December 2009 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Willie joined Bus Átha Cliath in 1978 and works in Phibsboro Garage as a bus driver. He is a member of the National Bus and Rail Union and represents bus workers. Willie retired on 30th November 2013.

Board of Directors continued

Marian Mc Gennis

Marian Mc Gennis was a TD for Dublin Central and a former member of Dublin City Council, Dublin County Council and Fingal County Council. As a member of the Oireachtas she was opposition spokesperson on equality and a member of the National Economic and Social Forum. She has been involved in voluntary organisations for almost 30 years. Marian is a graduate of the National University of Ireland Maynooth and holds a Social Science degree in Sociology and Social Policy. Marian retired on 7th March 2014.

Una McGrath

Una McGrath was appointed to the Board in March 2010. Una previously worked as a consultant and business development manager in the area of travel behaviour change, brokering corporate and public sector support for sustainable travel. She set up the Mater Hospital Campus Commuter Centre winning the Irish Times Living Dublin Award. She was appointed to the European Commission's Executive Agency for Competitiveness and Innovation expert panel to assess funding proposals for transport projects from member states. Una holds a BA in International Marketing and Languages, DCU and a BA Design, DIT. Una retired on 15th March 2013.

Thomas O'Connor

Thomas O'Connor was appointed to the Board on 1st December 2013 under the Worker Participation (State Enterprises) Acts 1977 to 2001. Thomas works as a bus driver, based in Ringsend Garage. He is a member of the National Bus and Rail Union, sits on the National Executive and has served as Dublin Branch Secretary since 2010. He previously worked in the electrical and signage industry.

Kevin Rafter

Kevin Rafter was appointed to the board in January 2013 through the open public applications process. He is the author/editor of several books on media and politics in Ireland and his research has been published in international peer review academic journals. He is a former political journalist, and since 2008 he has run his own consultancy business while at Dublin City University he works as Associate Professor in Political Communication and Associate Dean for Research. He is currently a member of the board of Oxfam Ireland and is chairperson of a government-appointed Independent Panel on Accountability and Performance in the Irish Civil Service, which will report in 2014.

David Rouse

David Rouse was appointed to the board in April 2013 through the open public applications process. He is a Chartered Accountant, Associate of the Irish Tax Institute and holds a degree in Business and Legal Studies from UCD. David has worked in practice with Arthur Andersen and KPMG, and more recently in the pensions and tax advisory sectors. He has a strong commitment to the community and voluntary sectors. David is a director and chairman of the owners' management company overseeing one of the country's largest residential estates. He serves on Horse Racing Ireland's Racegoers' Consultative Forum and is a Sligo Rovers supporter. David resigned from the board on 8th October 2013.

Statement of Directors' Responsibilities

Irish company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the requirements of the Irish Companies Acts, 1963 to 2013.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Bus Átha Cliath – Dublin Bus

We have audited the financial statements of Bus Átha Cliath for the year ended 31 December 2013 which comprises of the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the annual report and the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2013 and of its surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

Matters on which we are Required to Report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.
- The net assets of the company, as stated in the Balance Sheet, are not more than half of the amount of its called-up share capital and, in our opinion, on that basis there did exist at 31 December 2013 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company. This meeting was held on 16 June 2010.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Teresa Harrington
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

3 April 2014

A. The maintenance and integrity of the Dublin Bus website is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Principal Accounting Policies

The significant accounting policies and estimation techniques adopted by the company are as follows:

(A) Basis of Accounting

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

(B) Tangible Assets and Depreciation

Tangible assets are stated at historical cost less accumulated depreciation based on that historical cost.

The bases of calculation of depreciation are as follows:

(i) Road Passenger Vehicles

Road passenger vehicles are depreciated on the basis of the historical cost of vehicles in the fleet spread over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives.

(ii) Bus Stops and Shelters

Bus stops and shelters are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

(iii) Plant and Machinery

Plant and machinery are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

(C) Leased Assets – Operating Leases

Rental payments under operating leases are charged to the profit and loss account as they accrue.

(D) Stocks

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value. Stocks which are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks which may become obsolete in the future.

(E) Grants

(i) European Union and Exchequer Grants

European Union (EU) and Exchequer grants, which relate to capital expenditure on specific projects, are credited to deferred income as they become receivable. They are amortised to the profit and loss account on the same basis as the related assets are depreciated. Grants in respect of revenue expenditure are credited to deferred income as they become receivable and released to the relevant expenditure account in the year to which the expenditure relates.

(ii) Public Service Obligation Payment

The Public Service Obligation payment received during the year is dealt with in the profit and loss account.

(F) Foreign Currency

Transactions denominated in foreign currency are translated into euro at the rate ruling at the date of the transaction, or at contract rates where the amounts payable or receivable are covered by forward contracts.

Realised exchange gains or losses on transactions settled during the year are treated as part of the surplus or deficit for the year from ordinary activities.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date or at contract rates where applicable.

(G) Pensions

The expected cost of providing pensions to employees is charged to the profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from the independent actuary, at what is expected to be a stable percentage of pensionable pay. Variations from regular pension costs, identified by periodic actuarial valuations, are spread over the expected average remaining service lives of the members of the scheme.

The capital cost of supplementary pension benefits is provided for and charged to the profit and loss account in the year that the related employee severance is recognised and is included in the cost of severance.

(H) Intercompany Balances

Transactions between Group companies are valued at historical cost and classified based on the substance of the transaction, as follows:

(i) Long-Term Financial Asset

Represents the aggregate of:

a. Cash flow generated from operations up to two years prior to the balance sheet date.
b. Net investment in fixed assets from the date of incorporation to the balance sheet date.

(ii) Short-Term Trading Account

Represents the aggregate of:

a. Net surplus generated/deficit incurred in the two years to the balance sheet date.
b. Increase/reduction in working capital in the two years to the balance sheet date.

(iii) Long-Term Financial Liability

Represents the aggregate of the cash inflows and outflows from:

a. Intergroup financing activities.
b. The servicing of finance.

Profit and Loss Account

Year ended 31st December	Notes	2013 €000	2012 €000
Revenue		**204,128**	191,054
Public Service Obligation payment	*3*	**64,540**	74,768
Total Revenue		**268,668**	265,822
Costs			
Payroll and related costs	*4*	**(173,411)**	(174,753)
Materials and Services	*5*	**(86,232)**	(83,017)
Total Operating Costs		**(259,643)**	(257,770)
EBITDA before restructuring and other charges		**9,025**	8,052
Depreciation	*6*	**(9,591)**	(9,781)
Gain on Disposal of Tangible Assets		**785**	182
Exceptional operating Gains/(Costs)	*7*	**29**	(2,428)
Surplus/(Deficit) before Interest and Tax		**248**	(3,975)
Interest Receivable/(Payable)	*8*	**233**	152
Surplus/(Deficit) for the year		**481**	(3,823)
Accumulated (Deficit) at Beginning of the Period		**(52,156)**	(48,333)
Accumulated (Deficit) at End of the Period		**(51,675)**	(52,156)

All figures relate to the continuing activities of the company.

There were no recognised gains or losses other than those included in the profit and loss account.

On behalf of the board

Mr. K. Bonner, *Chairman*

Prof. P. Barker, *Director*

Balance Sheet

As at 31st December	Notes	2013 €000	2012 €000
Fixed assets			
Tangible assets	*9*	**139,917**	130,464
Financial assets	*11A*	**98,308**	120,666
		238,225	251,130
Current assets			
Stocks	*10*	**3,279**	3,470
Debtors	*11*	**20,646**	18,472
Cash at bank and in hand		**–**	1,181
		23,925	23,123
Creditors (amounts falling due within one year)	*12*	**(70,840)**	(95,254)
Net current liabilities		**(46,915)**	(72,131)
Total assets less current liabilities		**191,310**	178,999
Provision for liabilities and charges	*14*	**(72,547)**	(74,181)
Deferred income	*15*	**(84,089)**	(70,360)
Long-term financial liability	*11A*	**(16,513)**	(16,778)
		18,161	17,680
Financed by:			
Capital and reserves			
Called up share capital	*16*	**69,836**	69,836
Profit and Loss Account		**(51,675)**	(52,156)
Shareholder's funds	*17*	**18,161**	17,680

On behalf of the board

Mr. K. Bonner, *Chairman*
Prof. P. Barker, *Director*

Cash Flow Statement

Year ended 31st December	Notes	2013 €000	2012 €000
Net cash inflow/(outflow) from operating activities	*18 (A)*	**(28,930)**	121,180
Servicing of finance	*18 (B)*	**233**	152
Capital expenditure	*18 (B)*	**(12,980)**	(154,573)
Consideration on disposal of assets	*18 (B)*	**708**	187
Capital grants received	*18 (B)*	**37,369**	22,881
Long-Term Capital	*18 (B)*	**(265)**	16,778
Holding company Debtor	*11 (A)*	**11,791**	–
Cash inflow/(outflow) before financing		**7,926**	6,605
Net management of liquid resources	*11 (A)*	**(11,791)**	(5,403)
Increase/(decrease) in cash in the year		**(3,865)**	1,202

Liquid resources comprise amounts owed by the Holding Company, which represents cash generated not immediately required for operations, which is made available to the Holding Company, repayable as required.

Reconciliation of Net Cash Flow to Movement in Net Debt

		2013 €000	2012 €000
Increase/(decrease) in cash in the year		**(3,865)**	1,202
Cash inflow from Holding Company balance	*18 (C)*	**–**	–
Movement in net debt in the year		**(3,865)**	1,202
Net Debt at 1st January	*18 (C)*	**1,181**	(21)
Net bank (overdraft)/cash at 31st December	**18 (C)**	**(2,684)**	1,181

Notes to the Financial Statements

1 Going Concern

A copy of the Going Concern disclosure included in Note 1 of the CIÉ financial statements is included below:

“Background

In July 2013 the CIÉ Group successfully completed negotiations with the Group’s banks in relation to re-financing and increasing the banking facilities available to the Group. Committed facilities of €160m have been secured up to July 2018.

The new facilities contain a number of financial covenants, all of which have been met by the CIÉ Group in 2013. The budget for 2014 and business plan for 2015 indicate that management expect that CIÉ Group will continue to meet the covenant targets set out in the facility agreements.

While 2013 was a challenging year for the CIÉ Group, the CIÉ Holding Company and each of the Operating Companies all met the budget targets which had been set out in their budget for 2013 and included in the Group 5-year business plan which was provided to the banks in the course of the negotiation process in relation to the new banking facilities.

Nature of Uncertainties Facing Group

While management are confident that overall covenant targets will continue to be met in 2014 and 2015, the 2014 budget and 5-year plan contain a number of challenging targets and assumptions which will require constant monitoring and oversight by management. The plan assumes that the Group will incur further deficits in 2014 and 2015, with a return to profitability in 2016 and beyond. There are a number of uncertainties included in both the 2014 budget and 5-year plan, including in particular:

1. **Revenue** – The achievement of the revenue growth targets set out in the Group’s 5-year business plan are based on a combination of assumptions related to increases in nominal fares and improvement in passenger journeys. The capacity of the Group to secure the fare increases required in the plan is principally dependent on fare determinations by the National Transport Authority (NTA) and increases in passenger journeys is dependent on sustained economic recovery.

2. **Costs** – The achievement of cost containment measures, particularly payroll savings, set out in the Group’s business plan remains critical. Assumptions used in preparing the business plan are by their nature subjective and it is imperative that performance against plan is monitored closely, so that mitigating actions, which have already been identified by management can be put in place if necessary.

3. **Capital Investment** – The Group’s business plan incorporates assumptions related to levels of capital investment that are necessary to deliver on obligations arising under its Multi-annual Contract (MAC) and Public Service Obligation Contracts. The Group capacity to fund the required capital investment is dependent on capital expenditure funding support from the Exchequer and the National Transport Authority. The Group’s long-term sustainability is dependent on an appropriate level of government funding being put in place. Failure to provide an appropriate level of capital investment impacts on the operational performance of the Group, has safety implications, impacts the Group’s ability to meet its banking covenants and affects the long-term growth potential of the group.

1 Going Concern continued

The Iarnród Éireann 2014 budget and 5-year plan is particularly sensitive to the above uncertainties. If alternative measures cannot be implemented to counteract the impact of the identified sensitivities in Iarnród Éireann, there is a risk that Iarnród Éireann may not return to profitability during the life of the current 5-year business plan. Working capital will be very tight and will require constant monitoring and mitigating actions will require to be taken to ensure that the overall EBITDA covenant targets are not breached and cashflow is available to meet obligations as they fall due.

Managements Actions

Management have taken and are continuing to take a number of actions, including:

- Close monitoring by management of the daily, weekly and monthly cash position across the group
- Discussions with the NTA and Department of Transport Tourism and Sport on the appropriate funding structure/Net financial effect for each Group subsidiary
- Implementation and rigorous monitoring of cost saving initiatives
- Implementation of revenue protection initiatives and seeking new revenue generating activities

Letter of Support

The on-going support of the Department of Transport, Tourism and Sport has been evidenced in the letter of support committed.

The letter states that: "the Department continues to monitor the financial position of CIÉ and is engaging with the company in relation to measures necessary to safeguard CIÉ's financial sustainability." Whilst the letter stated that nothing contained in the letter can be construed as a guarantee of the obligations or liabilities of CIÉ, it also states that: "It remains Government policy that the business of CIÉ is at all times in a position to meet its liabilities. The State is CIÉ's sole shareholder and CIÉ can confirm that the State will continue to exercise its shareholder rights with a view to ensuring that CIÉ manages its operations in a manner that will enable it to meet all its obligations in a timely manner. Any action to be considered by the State however would have to be in compliance with EU law, including State Aid rules which may require Commission notification and approval".

Conclusion

Having made due enquiries, and considering the uncertainties described above, the board members have a reasonable expectation that the CIÉ Group will deliver on its budget and 5-year plan and related covenant targets, and that its existing banking facilities will be sufficient to fund the ongoing cash-flow needs of the group. They also have a reasonable expectation that the Government will support measures to ensure financial stability. For these reasons, the board members have concluded that the risks described above do not represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern, and on that basis they will continue to adopt the going concern basis in preparing the financial statements."

2 Net (Deficit)/Surplus by Activity

	Social Activities		Commercial Activities	
	2013	2012	2013	2012
	€000	€000	€000	€000
Revenue	**192,026**	180,024	**12,102**	11,030
Costs	**(258,732)**	(260,751)	**(9,455)**	(8,894)
Operating (deficit)/surplus	**(66,706)**	(80,727)	**2,647**	2,136
Public Service Obligation payment	**64,540**	69,435	**–**	–
Emergency Additional Government Funding	**–**	5,333	**–**	–
Net (deficit)/surplus	**(2,166)**	(5,959)	**2,647**	2,136

3 Public Service Obligation

The Public Service Obligation payment payable to Bus Átha Cliath – Dublin Bus through its holding company, Córas Iompair Éireann, amounted to €64,540,000 for the year ended 31st December 2013 (2012 – €74,768,000, this includes an additional emergency payment of €5,333,000, this was made to provide liquidity support for the CIÉ Group).

4 Payroll and Related Costs

	2013	2012
	€000	€000
Staff Costs		
Wages and salaries	**147,241**	148,876
Social welfare costs	**14,761**	14,464
Other pension costs	**11,303**	11,355
Own work capitalised	**(92)**	(136)
Total staff costs	**173,213**	174,559
Directors' remuneration		
Emoluments		
– for services as directors	**78**	73
– for other services	**120**	121
Total directors' remuneration and emoluments	**198**	194
Total payroll and related costs	**173,411**	174,753

4 Payroll and Related Costs continued

The Chief Executive, Paddy Doherty's, salary was €189,905 in 2013, in accordance with Department of Public Expenditure and Reform guidelines for Chief Executives. Additional emoluments in 2013 are: Use of Company Car €15,005, Employers Pension contributions €43,441 and Employers PRSI of €4,815. Mr. Doherty is a member of the CIÉ 1951 Contributory Pension Scheme.

Directors' emoluments for 2013 include Directors' Fees as follows:

Mr. K. Bonner €21,600, Ms K. Barrington €1,822, Prof. P. Barker €8,883, Ms. G. Joyce €12,600, Ms. M. Mc Gennis €12,600, Ms. U. McGrath €6,300, Dr K. Rafter €9,788.

Mr. B McCamley, Mr. T O'Connor and Mr. W. McDermott did not receive any Directors' Fees from the company.

	Staff Numbers	
	2013	2012
	€000	€000
The average number of employees during the year was:	**3,172**	3,236

5 Materials and Services

	2013	2012
	€000	€000
Fuel and lubricants	**34,139**	33,399
Materials	**17,610**	17,785
Road tax and licences	**618**	595
Rent and Rates	**840**	821
Operating lease rentals	**606**	610
Third party and employer's liability claims	**6,432**	6,396
Expenses paid to directors	**–**	–
Other services	**26,126**	23,759
Revenue grants *(note 15)*	**(139)**	(348)
	86,232	83,017

The expenses paid for directors in 2013 amounted to nil.

6 Depreciation

	2013 €000	2012 €000
Depreciation *(note 9)*	**25,675**	22,603
Amortisation of EU/Exchequer capital grants *(note 15)*	**(16,084)**	(12,822)
	9,591	9,781

7 Exceptional Operating Costs

	2013 €000	2012 €000
Business restructuring	**(29)**	2,428

8 Interest (Receivable)/Payable

	2013 €000	2012 €000
On balances with Holding Company	**(238)**	(154)
Other interest payments/(receipts)	**5**	2
	(233)	(152)

9 Tangible Fixed Assets

	Road Passenger Vehicles €000	Bus Stops and Shelters €000	Plant and Machinery €000	Total €000
Cost				
At 1st January, 2013	294,552	26,628	55,260	**376,440**
Additions	31,179	1,598	2,561	**35,338**
Disposals	(25,609)	–	(1,568)	**(27,177)**
At 31st December, 2013	**300,122**	**28,226**	**56,253**	**384,601**
Depreciation				
At 1st January, 2013	(200,775)	(8,106)	(37,095)	**(245,976)**
Charge for the year	(19,310)	(2,313)	(4,052)	**(25,675)**
Disposals	25,399	–	1,568	**26,967**
At 31st December, 2013	**(194,686)**	**(10,419)**	**(39,579)**	**(244,684)**
Net Book Amounts				
At 31st December, 2012	93,777	18,522	18,165	130,464
At 31st December, 2013	**105,436**	**17,807**	**16,674**	**139,917**

(a) The expected useful lives of the various types of assets for depreciation purposes are as follows:

	Lives (Years)
Road passenger vehicles	7-12
Bus stops and shelters	3-15
Plant and machinery	3-10

(b) Road passenger vehicles at a cost of €44,310,000 (2012 – €61,191,000) were fully depreciated but still in use at the balance sheet date.

(c) There are no additions in respect of road passenger vehicles, being assets in the course of construction and assets not in service (2012 – €129,000).

(d) The company does not own the property in use, this is held on the financial statements of the CIÉ Holding Company.

10 Stocks

	2013 €000	2012 €000
Maintenance materials and spare parts	**1,680**	2,170
Fuel, lubricants and other sundry stocks	**1,599**	1,300
	3,279	3,470

11 Debtors

	2013 €000	2012 €000
Trade Debtors	**8,108**	7,856
Amounts owed by holding company *(note 11a)*	**6,493**	–
EU/Exchequer grants receivable	**4,508**	9,755
Other debtors and accrued income	**1,537**	861
	20,646	18,472

(A) Holding Company Debtor Reclassification

During the year, management reviewed the components of the inter-company balance due to/from the CIÉ Group, and have made a number of re-classifications to more fairly present the repayment profile/perpetual funding nature of the relevant inter-company assets and liabilities. Comparative balances have also been re-stated. This is summarised in the table below (as per Principal Accounting Policy – H):

	2013 €000	2012 €000
Reclassifed as:		
Amounts due from Holding Company	**88,288**	76,497
Long-Term Financial Asset	**98,308**	120,666
Short-Term Trading Account	**6,493**	(27,391)
Long-Term Financial Liability	**(16,513)**	(16,778)
	88,288	76,497

12 Creditors

	2013 €000	2012 €000
Bank overdraft	**(2,684)**	–
Trade creditors	**(4,972)**	(7,296)
Income tax/levy deducted under PAYE	**(3,191)**	(3,371)
Pay related social insurance	**(1,894)**	(1,889)
Value added tax and other taxes	**(2,458)**	(5,090)
Other creditors	**(3,106)**	(3,357)
Amounts owed to Holding Company	**–**	(27,391)
Deferred revenue	**(11,245)**	(10,000)
Accruals	**(13,623)**	(9,568)
Voluntary severance	**(2,528)**	(4,262)
Third party and employer's liability claims *(note 14)*	**(8,000)**	(8,000)
Deferred income *(note 15)*	**(17,139)**	(15,030)
	(70,840)	(95,254)
Creditors for taxation and social welfare included above	**(7,543)**	(10,350)

13 Lease Obligations

	2013 €000	2012 €000
Operating Leases		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	**97**	132
Between one and five years	**62**	158
	159	290

14 Provision for Liabilities and Charges

	2013 €000	2012 €000
Third party and employer's liability claims		
Balance at 1st January	**82,181**	83,676
Utilised during the year	**(7,615)**	(7,450)
Transfer from profit and loss account	**5,981**	5,955
Balance carried forward at 31st December	**80,547**	82,181
Apportioned:		
Current liability *(note 12)*	**8,000**	8,000
Amounts falling due after more than one year	**72,547**	74,181
	80,547	82,181

Any losses not covered by external insurance are charged to the profit and loss account and unsettled amounts are included in the provision for liabilities and charges.

Provisions coming forward from previous years have been transferred to the Profit and Loss Account based on recent claims history.

(A) External Insurance Cover

Córas Iompair Éireann has, on behalf of the company, the following external insurance cover:

(i) third party liability in excess of €2,000,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of actions taken for road claims subject to United States of America jurisdiction where the excess is US$3,300,000;

(ii) third party liability for the Group in excess of €250,000 on any one occurrence or series of occurrences arising out of Other Risks events, except;

(a) water damage where the excess is €2,000,000; and

(b) any claims subject to United States of America jurisdiction where the excess is US $150,000.

(iii) road transport liabilities in excess of a self-insured retention of €15,000,000 in aggregate in the twelve month period, April 2013 to March 2014; subject to an overall Group self-insured retention of €27,000,000 in the annual aggregate after which any individual self-insured retention in that annual period will be €50,000;

(iv) Group Combined Liability Insurance, which does not exclude Terrorism liability, overall indemnity is €200,000,000 for the twelve month period, April 2013 to March 2014, for all rail and road transport Third Party and Other Risks liabilities;

(v) All Risks for the Group, including storm damage, with an indemnity of €200,000,000 in respect of Group's property in excess of €1,000,000 on any one loss or series of losses, with the annual excess capped at €5,000,000 in aggregate after which any individual self-insured excess in that annual period will be €100,000; and

(vi) Terrorism damage indemnity cover for the Group is €200,000,000 with an excess of €10,000,000 each and every loss except for railway and road rolling stock whilst in transit where the excess is €500,000 each and every loss in Ireland/Northern Ireland and €250,000 each and every loss in the United Kingdom (excluding Northern Ireland).

14 Provision For Liabilities and Charges continued

(B) Third Party and Employer Liability Claims Provisions and Related Recoveries

Provision is made at the year-end for the estimated cost of liabilities incurred but not finalised at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company. The estimated cost of claims includes expenses to be incurred externally in managing claims but excludes the internal overhead of claims management fees. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of outstanding potential liabilities the company calculates individual file valuations to which contingency provisions are added with the assistance of external actuarial advice. The actuary's mathematical modelling is generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the potential liabilities to increase or reduce when compared with the cost of previously finalised claims including, for example, changes in the legal environment, the effects of inflation, changes in operational activity and the impact of large losses.

In estimating the cost of claims notified but outstanding, the company has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the company, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is, therefore, high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated net of any reinsurance recoveries where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to notification from the company's brokers of any re-insurers in run off.

15 Deferred Income

This account represents EU/Exchequer grants which are accounted for in accordance with accounting policy E.

	2013 €000	2012 €000
Balance at 1st January	**85,390**	65,805
Received and receivable	**32,061**	32,755
Transfer to profit and loss account		
Amortisation of capital grants *(note 6)*	**(16,084)**	(12,822)
Revenue grant *(note 5)*	**(139)**	(348)
Balance carried forward at 31st December	**101,228**	85,390
Apportioned:		
Current liability *(note 12)*	**17,139**	15,030
Amounts falling due after more than one year	**84,089**	70,360
	101,228	85,390

(A) Disclosure in Accordance with Department of Finance Circular Reference 17/2010

	2013 €000	2012 €000
Capital Grants		
Vehicles and Plant	**32,123**	32,329
Property	**–**	–
Asset additions prior year paid	**9,755**	227
Asset additions prior year outstanding	**(4,509)**	(9,755)
Total Paid	**37,369**	22,801
Revenue Grants		
Revenue Grants to Profit and Loss Account	**139**	348
Prior year	**–**	–
Current year outstanding	**(95)**	–
Total Paid	**44**	348
Total Payments	**37,413**	23,149

The amount and term of the Capital Grants are amortised over the useful lives of the assets. Revenue Grants are brought to Profit and Loss in full in the relevant year received. The relevant agency and programme is the NTA and the Capital Funding Programme 2013. Grants are restricted to Public Service Obligation (PSO) activities.

16 Share Capital

	2013 €000	2012 €000
Authorised:		
Ordinary shares of €1.27 each at 1st January	**126,974**	126,974
Increase in Authorised Shares	**–**	–
Ordinary shares of €1.27 each at 31st December	**126,974**	126,974
Allotted, called up and fully paid:		
Ordinary shares of €1.27 each at 1st January	**69,836**	69,836
Increase in Issued Shares	**–**	–
Ordinary shares of €1.27 each at 31st December	**69,836**	69,836

17 Reconciliation of Movements in Equity Shareholders' Funds

	2013 €000	2012 €000
Balance at 1st January	**17,680**	21,503
Surplus/(Deficit) for the year	**481**	(3,823)
Ordinary Shares issued	**–**	–
Balance at 31st December	**18,161**	**17,680**

18 Cash Flow Statement

(A) Reconciliation of Operating Deficit Operating Cash Flows

	2013 €000	2012 €000
Operating deficit before interest and Public Service Obligation payment	**(64,292)**	(78,743)
Public Service Obligation *(note 3)*	**64,540**	74,768
	248	(3,975)
Depreciation *(note 6)*	**25,675**	22,603
Amortisation *(note 6)*	**(16,084)**	(12,822)
Gain on disposed of Assets	**(785)**	(182)
Decrease/(increase) in Stocks	**190**	532
(Increase)/Decrease in Debtors	**(7,420)**	76,992
(Decrease)/Increase in Creditors and Provisions	**(30,754)**	38,032
Net cash (outflow)/inflow from operating activities	**(28,930)**	121,180

(B) Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	2013 €000	2012 €000
Servicing of finance		
Interest received	**238**	154
Other interest (payments)/receipts	**(5)**	(2)
Net cash inflow from servicing of finance	**233**	152
Capital expenditure		
Purchase of Tangible Assets	**(35,338)**	(33,907)
(Increase)/Decrease in Financial Assets	**22,358**	(120,666)
Long-Term Capital	**(265)**	16,778
Receipts from sales of tangible fixed assets	**708**	187
EU/Exchequer Capital Grants	**37,369**	22,881
Net cash inflow/(outflow) from capital expenditure	**24,832**	(114,727)

18 Cash Flow Statement continued

(C) Analysis of Net Debt

	At 1st Jan. 2013 €000	Cash Flow €000	At 31st Dec. 2013 €000
Cash in Hand and at Bank	1,181	(1,181)	–
Overdraft	–	(2,684)	(2,684)
	1,181	**(3,865)**	**(2,684)**

19 Pensions

The employees of Bus Átha Cliath are members of the Córas Iompair Éireann Group pension schemes. The Córas Iompair Éireann Group operates two defined benefit pension schemes covering the majority of employees, each of which is funded by contributions from the Group and the members.

The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. It is not possible to identify the individual members' shares of the Córas Iompair Éireann Group pension scheme assets and liabilities, on a consistent and reasonable basis as even if it were possible to allocate non-active members across subsidiaries based on last day of employment, members may have worked for more than one subsidiary. Therefore, it is not possible to identify to whom the liability (and corresponding asset) for successive periods of employment belongs. The contributions to these schemes have been accounted for, as if it were a defined contribution scheme as permitted by Financial Reporting Statement (FRS) No. 17 (Retirement Benefits) by the Córas Iompair Éireann Group companies.

The most recent actuarial valuations of the schemes for the provisions of FRS 17 showed that at 31st December 2013 there was a deficit of €417.8 million on the schemes.

The pension cost for the year on the defined benefit schemes was €11.3 million. These costs are also included in note 4.

20 Capital Commitments

	2013 €000	2012 €000
Contracted for	**10,308**	7,877
Authorised by the Directors but not contracted for	**28,579**	27,504
	38,887	35,381

21 Contingent Liabilities

Pending Litigation

The company, from time to time, is party to various legal proceedings. 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.

22 Related Party Transactions

Entities controlled by the Irish Government are related parties of the company by virtue of the Irish Government's control of the holding company, Córas Iompair Éireann. On December 1st 2009, Bus Átha Cliath and the NTA entered into a direct award contract under the provisions of the Dublin Transport Authority Act 2008, to provide specified public service obligation services.

In the ordinary course of business the company purchases goods and services from entities controlled by the Irish Government, the principal of these being various City and County Councils, the Dublin Airport Authority and the ESB. The directors are of the opinion that the quantum of these purchases is not material in relation to the company's business.

The financial statements of Córas Iompair Éireann provide the information required by Financial Reporting Standard No. 8 (Related Party Disclosures) concerning transactions between that company, its subsidiaries and the Irish Government.

23 Membership of Córas Iompair Éireann Group

Bus Átha Cliath – Dublin Bus is a wholly owned subsidiary of Córas Iompair Éireann (the Group) and the financial statements reflect the effects of Group membership. Some group wide functions such as Treasury, Legal, Property and Pensions are carried out by the Holding Company on a shared services basis.

24 Approval of Financial Statements

The directors approved the financial statements on 26th March 2014.

Bus Átha Cliath