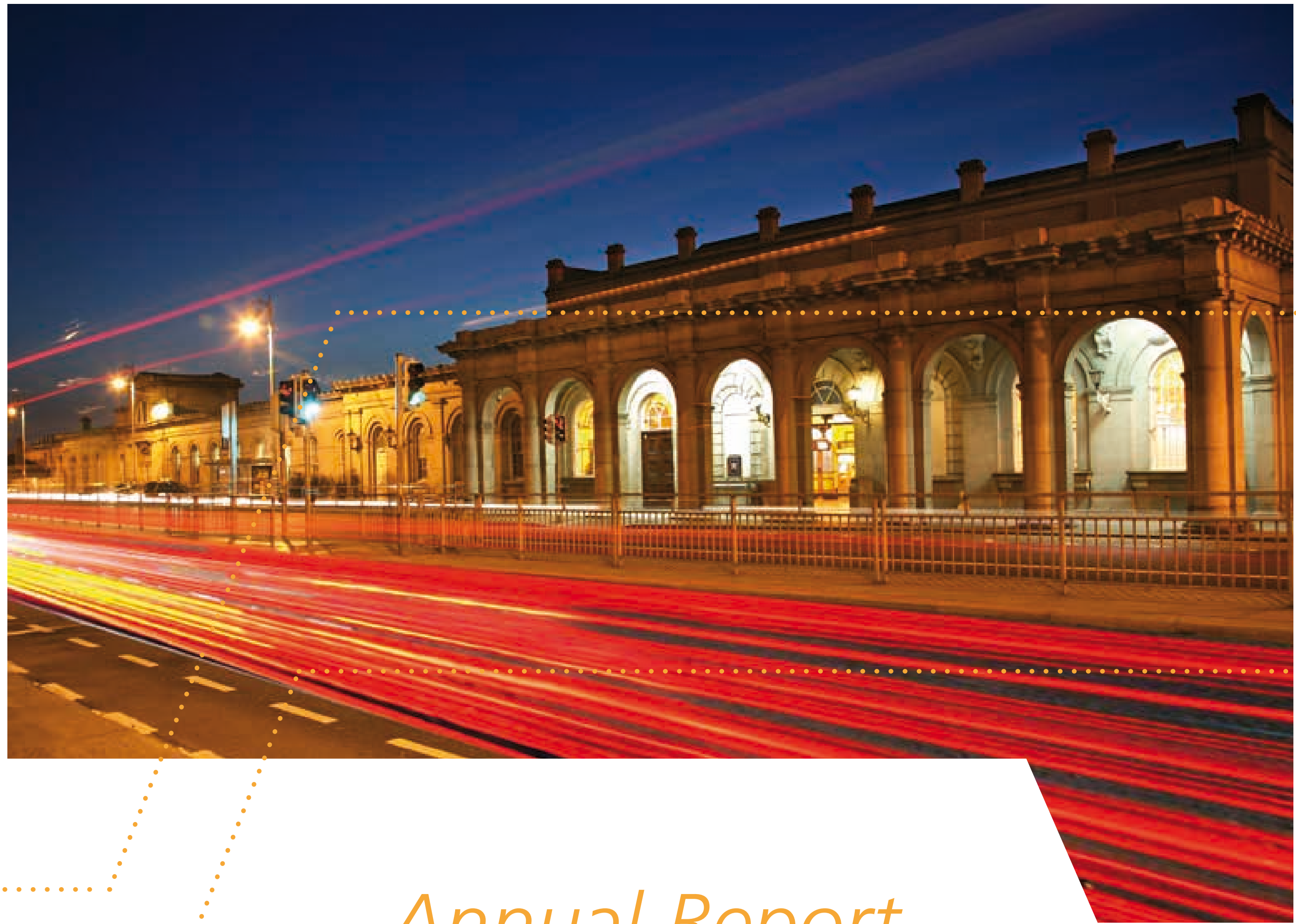


Annual Report 2013

CIE

Contents

Transport for Ireland

Córas Iompair Éireann would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2007-2013 as well as co-funding by the European Union.

NDP

CIÉ's Mission, Values and Objectives

MISSION

CIÉ's vision is aligned to our statutory mandate which is to provide socially necessary bus and rail transport in a well functioning, integrated manner which contributes to balanced regional economic development and social cohesion at a reasonable cost.

Currently CIÉ has devolved certain of these functions to three operating subsidiaries through the 1986 Act – Bus Átha Cliath, Bus Éireann and Iarnród Éireann.

VALUES

More than anything else, CIÉ and its operating subsidiaries Iarnród Éireann, Bus Átha Cliath and Bus Éireann, value the safety of their customers, employees and fellow rail and road users.

The Group places customers at the centre of our businesses and through continuous improvement strives to provide a friendly, effective, value for money and safe service for them, and treat everyone with due care and consideration.

As an organisation that has been at the heart of Ireland's infrastructure for more than half a century, we take great pride in providing vital public transport to people in towns, villages and cities and ensuring that every day we bring tens of thousands of people to work, to school, to the shops, and to visit family and friends.

Our employees are critical to us delivering high performing public transport services and we believe strongly in enabling our people to reach their full potential.

OBJECTIVES

To provide a safe, quality public transport service for our customers on behalf of the State.

To always listen to our customers as they make the difference in the service we provide.

To maintain our market-leading position in a changing market and environment through a strong focus on continuous improvement.

To ensure that, where possible, we continue to support and connect local communities.

To utilise our experience and expertise to deliver bus and rail services of which Ireland can be proud.

Highlights

1. Turnover in 2013 was €1,006.4 million.
2. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) adjusted for “one-off” items improved by €20 million in 2013 to €50.4 million.
3. €10 million of payroll savings achieved in 2013.
4. CIÉ Tours had its best year ever in 2013 with 49,400 passengers generating €67.9 million of Revenue.

Recovery

Growth in passenger numbers.
Maintaining services.
Delivering efficiency.

Delivering for Customers

Bus Átha Cliath Network Direct completed.

Bus Éireann Expressway route review completed.

New Iarnród Éireann stations.

Free Wi-Fi in buses and trains.

Córas Iompair Éireann – A Quick Glance

Who We Are

Córas Iompair Éireann is Ireland's national statutory authority providing land public transport within Ireland. It is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport. The Group is organised into three subsidiary operating companies – Bus Átha Cliath, Bus Éireann and Iarnród Éireann – supported by a central services function. In addition to its public transport subsidiaries CIÉ also owns CIÉ Tours International Inc. which brought 49,400 tourists to Ireland and the UK on coach tours. Strategic direction, control and overall co-ordination is provided by CIÉ but each subsidiary and business unit has a high degree of operating autonomy in its day to day business.

Entity	Market Sectors and Services	EBITDA 2013	Revenue	Employees	Link to Other Sections
Córas Iompair Éireann	CIÉ owns three public transport companies, Iarnród Éireann, Bus Átha Cliath and Bus Éireann. CIÉ owns CIÉ Tours, an innovative and highly respected tour operator in North America, the UK and mainland Europe. Centrally CIÉ provides a number of services that support the transport companies and the Tours division in their day-to-day operations. These services include IT, property, legal/investigations and treasury services.	€58.6m	Fare Revenue €689.2m PSO Income €241.5m Tours, Property and CAN €75.7m **Total** **€1,006.4m**	CIÉ Group (including operating companies) 9,691 CIÉ Holding Company 241	CIÉ Finance & Operations Review, page 9
Iarnród Éireann Irish Rail	Iarnród Éireann provides: • Intercity rail services. • DART and Commuter rail services. • Rail freight. • Rosslare Europort.	€25.3m	Fare Revenue €195.2m PSO Income €142.6m **Total** **€337.8m**	Railway operations 2,280 Infrastructure 1,282 Central services 146 Rail freight 11 Rosslare Europort 73 **Total** **3,792**	Iarnród Éireann Review, page 20
Bus Átha Cliath	Bus Átha Cliath provides commuter services in the Dublin area: • City services. • Nitelink. • Airlink. • City tours. • Private hire.	€9m	Fare Revenue €204.1m PSO Income €64.6m **Total** **€268.7m**	Full-time 3,172	Bus Átha Cliath Review, page 24
Bus Éireann	Bus Éireann provides three main services: • Over 300 State-funded routes. • 25 Expressway inter-connected routes. • School Transport Scheme on behalf of the Department of Education and Skills.	€6.9m	Fare Revenue €289.9m PSO Income €34.4m **Total** **€324.3m**	Full-time 2,044 Part-time* 442 **Total** **2,486** ** Drivers associated with School Transport Services*	Bus Éireann Review, page 27

Chairman's Statement

Last year my Chairman's Statement acknowledged that 2012 was an extremely difficult year for CIÉ. The cumulative effect of five years of reducing demand for public transport coupled with reduced Exchequer funding for public transport and increased fuel costs created a serious financial situation in the Group and undermined its financial stability.

While CIÉ's performance in 2013 has improved in certain respects, there remain very significant challenges for the CIÉ Group and its subsidiaries to address.

In terms of improved performance in 2013 CIÉ saw an improvement in cash generated from the Group's operations of €20 million on a "like for like" basis over 2012.

	2013 €m	2012 €m	Change €m
EBITDA*	58.6	90.3	(31.6)
One-off adjustments			
Unplanned PSO payment	–	(36.0)	36.0
Pension adjustments	(8.2)	(23.9)	15.7
"Like for like" cash generated	50.4	30.4	20.0

** Earnings before Interest, Tax, Depreciation and Amortisation*

While a €20 million improvement in cash generated from the Group's operations was welcome, it masked a number of different trends, principally:

1. Improved revenues of €40 million were not enough to offset the impact of reduced income from Public Service Obligation (PSO) contracts with the National Transport Authority (NTA). Income from these contracts and other Exchequer grants decreased by €51.3 million on 2012.
2. €10 million of payroll savings achieved in the Group were offset by higher fuel costs (€4.2 million) and a reduction in the positive pension adjustment the Group was advised to take in 2013 of €15.7 million.

In addition to improvements in the operating performance of the Group, there were other reasons for cautious optimism.

The Group successfully completed negotiations on a new 5-year €160 million bank facility with a consortium of banks demonstrating objectively that it is moving in the right direction in terms of creating a long-term financially sustainable business.

2013 also saw a continuation of a fragile but improving trend in passenger numbers and journeys as the underlying Irish economy showed signs of improvement.

Finally, cost reduction programmes were also concluded with the staff of Bus Átha Cliath and Bus Éireann. Industrial action in both companies seriously discommoded our passengers, something which CIÉ very much regrets.

At the time of writing, negotiations with the staff of Iarnród Éireann are quite advanced and I sincerely hope that the painful but necessary payroll reductions can be achieved without further industrial action.

Notwithstanding these achievements in 2013, the Group still has significant financial challenges as it continues to try to deliver a comprehensive level of services for less and less PSO income. These challenges include:

- A continued focus on reducing the Group's cost base at a time when there is extraordinary pressure on the public purse.
- Achieving significant revenue growth which is partly contingent on decisions of a third party. The NTA are the sanctioning body for fare increases and the objectives of the NTA in respect of fare policy does not take into account the financial stability of CIÉ Group. The difficulties that this presents to CIÉ was seen in the fare determinations made in November 2013 when Iarnród Éireann and Bus Éireann did not fully achieve the fare increases they sought which will further compound the challenges faced by both companies in the coming years.
- The extraordinary pressure on the Exchequer has led to an enormous reduction in PSO contract income available to Bus Átha Cliath, Bus Éireann and Iarnród Éireann. Since 2008 CIÉ Group has suffered a cumulative shortfall in amounts due under PSO contracts for the services provided of €211 million. This shortfall combined with the delays encountered in reducing the Group's cost base has meant that the Group has been suffering a severe cash shortfall since 2008 which has had to be funded through a combination of bank debt and the sale of assets. Obviously this is not sustainable and in 2014 CIÉ Group must repay €13 million in debt in tandem with meeting its day-to-day obligations.
- Finally, the Group is faced with significant challenges in securing necessary capital investment by the Exchequer in public transport fleets and infrastructure. In the period 2014-2016 all indications point to an acute shortage of capital available to the NTA to fund the upfront purchase of bus fleets for Bus Átha Cliath and Bus Éireann and to

fund the ongoing maintenance of the Iarnród Éireann rolling stock fleet. In relation to bus fleet purchase, the NTA and CIÉ are exploring options around leasing. While leasing may allow welcome investment in the bus fleets in the 2014-2016 period, it can only be a short-term solution to this issue. Capital for investment in the permanent infrastructure of the railway will also be under strain. In this regard, agreement on a new Multiannual Contract in respect of rail infrastructure is absolutely imperative to secure the future of the railway in Ireland.

Despite these challenges, I am pleased to note that CIÉ is maintaining its comprehensive network of services through its subsidiaries and that this continues to facilitate travel to all corners of the country in line with the Group's mandate.

In addition it is very pleasing to note that CIÉ Tours had its best ever year in 2013 with revenues of €67.9 million and 49,400 passengers, a record number for the business.

Despite the difficult financial circumstances faced by the Group in 2013, CIÉ's subsidiaries continued to improve their service offering to the public with:

- Continued roll-out of Wi-Fi across the fleets of Iarnród Éireann, Bus Éireann and Bus Átha Cliath.
- Revamping of Expressway routes in Bus Éireann and the successful completion of the new Network Direct routes by Bus Átha Cliath.
- Further cost savings delivered in the provision of School Transport Services.
- The opening of a number of new train stations on the rail network.

The Group also continued an active role in supporting the communities it serves and pursuing policies of good corporate citizenship. Included in the Group's initiatives were:

- Continuation of Bus Átha Cliath Community Support Programme.
- Bus Éireann supports a range of national and local sporting initiatives such as the FAI's National Women's League, the GAA's U-14 Féile tournaments, and events held by a wide variety of local sports clubs across the country.
- Iarnród Éireann's "Journey's on Us" initiative – to provide free group travel to 100 community groups and support for the inaugural Green Ribbon Month, to raise awareness of mental health issues.
- Environmental initiatives across the companies including fuel consumption reduction, and the reconfiguration of the Iarnród Éireann fleet to align with the current demand levels.

The challenges facing CIÉ and its subsidiaries, particularly Iarnród Éireann, remain very significant. We do not underestimate the obstacles that lie ahead. However, I do believe that the Group is on the right road and I am confident that with the stakeholders working together we will continue to improve Ireland's public transport network.

Acknowledgments

On behalf of the Board, I would like to express my thanks to the Minister for Transport, Tourism and Sport, Dr. Leo Varadkar T.D. and to the Minister of State for Public and Commuter Transport, Mr. Alan Kelly T.D., for their support to the CIÉ Group during the year, as well as to officials of the Department of Transport, Tourism and Sport, and the National Transport Authority for their assistance.

I am also grateful to the Government and particularly the Taoiseach and the Minister for Finance for the major investment programmes which were undertaken under the National Development Plan 2007-2013.

The Board also gratefully acknowledges the support from EU Structural Fund co-financing.

I would also like to extend a big thank you to the staff of the CIÉ Group of companies for their sustained efforts throughout the year.

Mr. Vincent Green was appointed to the Board on 11th January, 2013. He and Mr. Willie McDermott retired from the Board on 30th November, 2013. I would like to thank them for their contribution to CIÉ during their tenure as Board Members. We welcome back Mr. Bill McCamley and Mr. John Moloney following the election held under the Worker Participation (State Enterprises) Acts, 1977 and 1988. Also elected were Mr. Tom O'Connor and Mr. Tommy Wynne who were appointed to the Board on 1st December, 2013.

In conclusion, I would also like to thank the Board Members and the Directors of all of the Board's subsidiary companies for their constant help and support to me personally and for giving of their time to serve on the Boards and on the many vital committees and advisory groups within the CIÉ Group.

Vivienne Jupp
Chairman

Supporting the community

Bus Átha Cliath Community Support Programme.

Iarnród Éireann supporting Green Ribbon Month for Mental Health Awareness.

Bus Éireann supporting sport through FAI National Women's League and GAA Féile.

Financial Review 2013

EBITDA

The operating results for the CIÉ Group for 2013 show Earnings before Interest, Taxation Depreciation and Amortisation (EBITDA) of €58.6 million. The result included a non-operational benefit of €8.2 million which arises from the accounting rules for pensions – FRS 17.

Revenue and EBITDA

	2013 €m	2012 €m	Change €m
Fare Revenue and Commercial Income	764.9	724.9	40.0
Public Service Obligation (PSO) and Other State Income			
Planned PSO Contract Income	225.9	242.1	(16.2)
Unplanned PSO Contract Income	–	36.0	(36.0)
Other State Grants	15.6	14.7	0.9
	241.5	292.8	(51.3)
Total Revenue	**1,006.4**	**1,017.7**	**(11.3)**
Operating Costs			
Payroll before Pension Adjustment	(535.4)	(545.4)	10.0
Pension Adjustment per FRS 17	8.2	23.9	(15.7)
Materials and Services	(420.6)	(405.9)	(14.7)
Total Operating Costs	**(947.8)**	**(927.4)**	**(20.4)**
EBITDA	**58.6**	**90.3**	**(31.7)**

The 2013 EBITDA result was €31.7 million lower than 2012 EBITDA of €90.3 million. However, the 2012 result reflected the impact of two material "One-Off" factors:

1. An additional unplanned Public Service Obligation (PSO) payment from Government of €36 million received in late 2012; and
2. A €23.9 million positive adjustment required under the accounting rules for pension schemes – FRS 17.

EBITDA Excluding "One-Off" Factors

Excluding the impacts of the additional unplanned PSO payment in 2012 and the adjustments to pension costs in both 2012 and 2013 underlying EBITDA is €50.4 million in 2013, an improvement of €20 million on the 2012 performance of €30.4 million.

	2013 €m	2012 €m	Change €m
EBITDA	**58.6**	**90.3**	**(31.7)**
Exclude:			
Unplanned PSO Contract Income	–	(36.0)	36.0
FRS 17 adjustment to pension costs	(8.2)	(23.9)	15.7
EBITDA Excluding "One-Off" Factors	**50.4**	**30.4**	**20.0**

Revenue

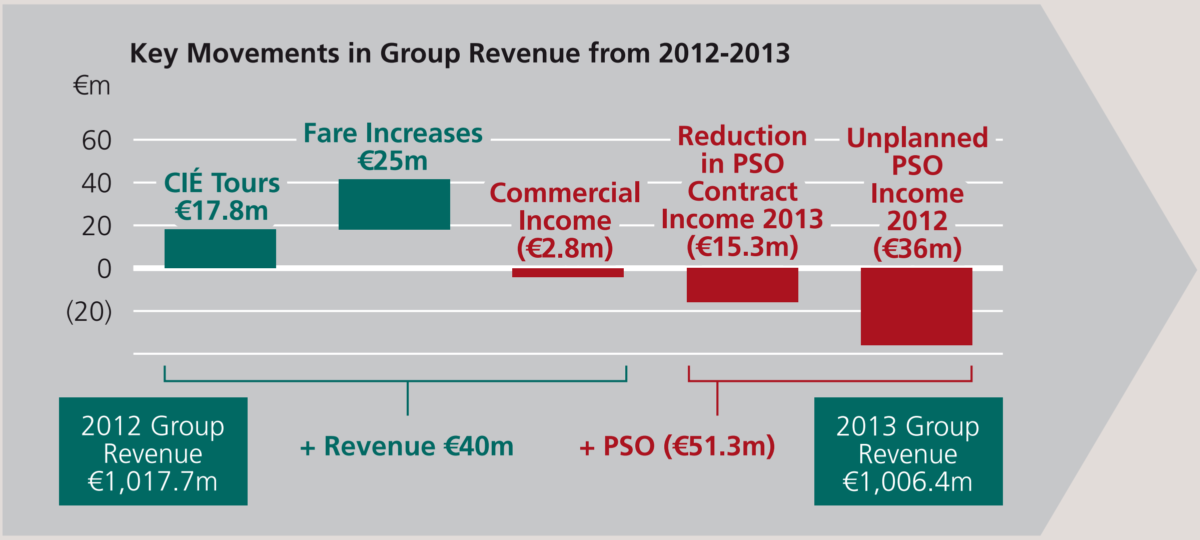
Revenues for the CIÉ Group in 2013 were €1,006.4 million and can be broken down as follows by company and business activity:

Fare, Commercial and PSO Income

	2013 €m	2012 €m	Change €m
Iarnród Éireann	195.2	186.8	8.4
Bus Éireann	289.9	286.3	3.6
Bus Átha Cliath	204.1	191.1	13.0
CIÉ (Tours, Property and CAN)	75.7	60.7	15.0
Fare and Commercial Revenue	**764.9**	**724.9**	**40.0**
Iarnród Éireann	142.6	181.1	(38.5)
Bus Éireann	34.4	36.9	(2.5)
Bus Átha Cliath	64.5	74.8	(10.3)
Public Service and Other State Income	**241.5**	**292.8**	**(51.3)**
Total Revenue	**1,006.4**	**1,017.7**	**(11.3)**

While CIÉ was successful in 2013 in growing the fare box and commercial income streams by €40 million, the growth was not enough to offset the impact of reduced income from PSO contracts (€51.3 million).

A summary of the movement in revenue from 2012 to 2013 can be illustrated as follows:



Revenue Growth

Income earned from CIÉ Tours grew significantly by €17.8 million as that division had its best year ever bringing 49,400 visitors to Ireland and Great Britain.

Fare revenue grew by €25 million in 2013 due to fare increases approved by the National Transport Authority (NTA) in late 2012. There has been some underlying improvement in passenger journeys in spite of service disruptions in 2013.

Commercial income from other business divisions showed a decrease, principally due to the loss of rental income to the Group following the sale of Spencer Dock in 2012.

PSO Decline

On the negative side severe constraints in Exchequer funding has seen overall PSO income reduce by €51.3 million in 2013 comprising:

- Exchequer notified reduction in planned PSO income in 2013 of €15.3 milion.
- Non-recurrence in 2013 of the unplanned 2012 PSO income of €36 million.

Unplanned PSO Income 2012

In late 2012 the NTA made an unplanned additional payment of €36 million to Iarnród Éireann and Bus Átha Cliath. Although the additional €36 million was owed under the terms of the PSO contracts to Iarnród Éireann (€30.6 million) and Bus Átha Cliath (€5.4 million), the NTA had not planned to make the payment in 2012.

A combination of factors led to a requirement for an unplanned PSO payment to the Group in excess of the original amount of €242.1 million earmarked for the Group in 2012. The main factors were:

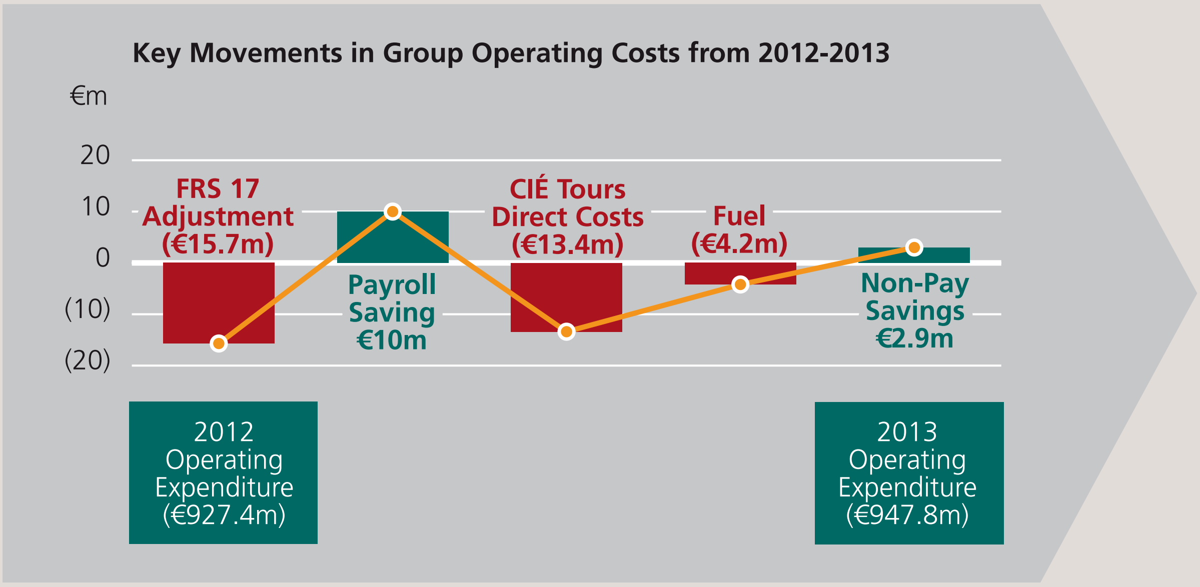
1. A shortfall in funding available of €76 million for PSO services across the three operating subsidiaries.
2. A large voluntary severance scheme costing €34.2 million saw 315 people leave the Group, principally in Iarnród Éireann.
3. Investment in public transport assets and operations of €23.6 million funded from the Group's own resources which could not be deferred.

The impact of these three factors meant that financing lines available to the Group in early 2012 were inadequate to manage its liquidity needs. Ultimately the position was resolved through a combination of the unplanned PSO payment of €36 million, payroll savings of €10 million and the sale of the Group's interest in Spencer Dock which generated €20.5 million.

Operating Costs

Operating costs for the Group increased by €20.4 million in 2013 from €927.4 million in 2012 to €947.8 million in 2013. This overall increase masked a number of positive and negative underlying trends.

A summary of the movement in operating costs from 2012 to 2013 can be illustrated as follows:



Positive pension accounting adjustments advised by the Group's actuaries reduced by €15.7 million in 2013 from €23.9 million in 2012 to €8.2 million in 2013.

Payroll costs reduced significantly by €10 million year-on-year. Further reductions in the payroll bill of the Group are also planned for 2014.

An increase in the cost of sales in our Tours division of €13.4 million as the number of tourists CIÉ brought into Ireland and Great Britain in 2013 increased by 17% on 2012 levels to 49,400. Of course this increase in costs was more than covered by the increased revenues from the passengers carried.

An increase of €4.2 million in fuel costs for the Group in 2013 driven by the market price for oil.

The benefit of other cost saving initiatives generated net savings of €2.9 million.

Costs

Payroll costs reduced by €10 million.

17% growth in passenger numbers in CIÉ Tours led to increased costs.

Deficit/Surplus for the Year

The CIÉ Group reported a net deficit of €11.6 million in 2013. This compared to a net surplus of €11.7 million in 2012, a deterioration of €23.3 million.

	2013 €m	2012 €m	Change €m
EBITDA	**58.6**	**90.3**	**(31.7)**
Non-Operating Income/(Costs)			
Profit on Disposal of Fixed Assets	2.8	21.7	(18.9)
Exceptional Costs	(5.2)	(34.3)	29.1
	(2.4)	(12.6)	10.2
Depreciation Net of Amortisation	(59)	(58.7)	(0.3)
Net Interest Expense	(3.5)	(2.2)	(1.3)
Other Finance Cost	(5.3)	(5.1)	(0.2)
	(67.8)	(66)	(1.8)
Total Non-Operating Income and Costs	(70.2)	(78.6)	8.4
Net (Deficit)/ Surplus	**(11.6)**	**11.7**	**(23.3)**

The deterioration of €23.3 million was a combination of a €31.7 million deterioration in EBITDA which was partially offset by an improvement of €8.4 million in the non-operating income and cost lines of the Group.

The single biggest contributor to this €8.4 million improvement was the significant reduction in voluntary severance costs in the Group of €29.1 million in 2013.

Additional finance costs of €1.3 million arose in 2013 as the Group's level of borrowings increased from €88 million in 2012 to €113 million in 2013.

Banking Facilities

Since 2008, the Group has financed the €211 million shortfall in PSO contract income, while maintaining services, through a combination of asset sales (€121 million) and increasing its borrowing facilities. During 2013 CIÉ successfully secured a 5-year €160 million banking facility.

The 2013 facilities consist of an €80 million five-year term loan and an €80 million revolving facility. The term loan is repayable at a rate of €13 million per annum with the first repayment due in July 2014.

These facilities are based on normal market arrangements which require CIÉ to abide by a number of market standard financial covenants – in particular reducing the ratio of Net Debt to EBITDA over the life of the facility.

Given the requirement to reduce debt by reducing the term loan over the life of the agreement, the Group is focused on developing initiatives to ensure its PSO Contracts deliver an adequate return to enable the Group to meet its obligations under the banking facility agreement. These initiatives include revenue raising and cost containment programmes.

Progress on Cost Reduction

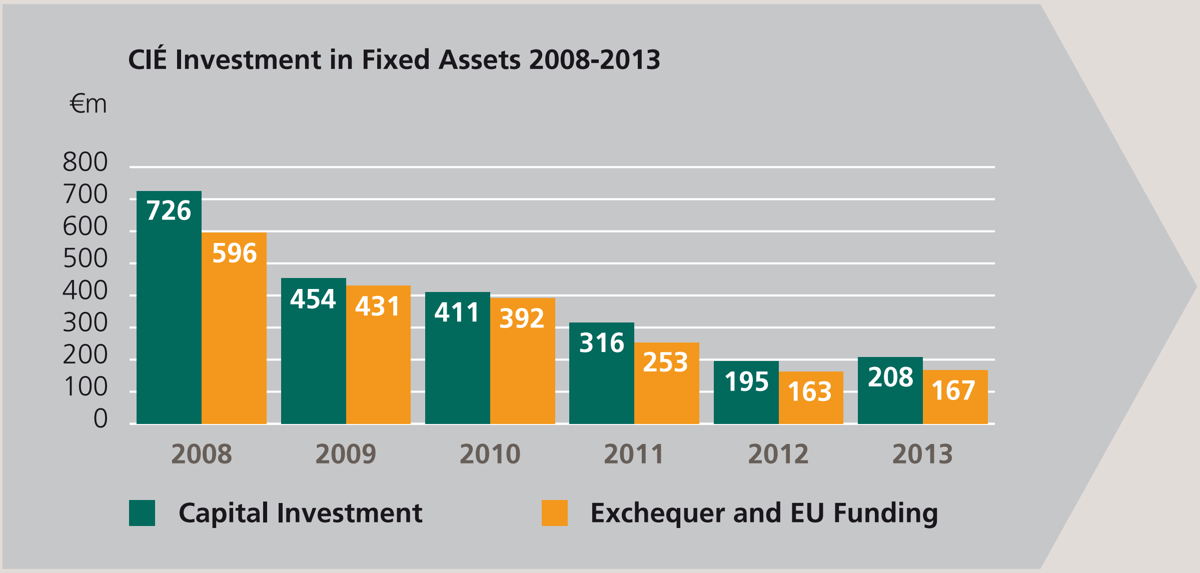
During 2013 the Group continued to make significant progress in delivering cost containment programmes.

- Bus Éireann negotiated a cost reduction programme with its staff in May 2013.
- Bus Átha Cliath agreed a package of measures with its staff which secured cost reductions which will support the business throughout 2014.
- Iarnród Éireann is currently in negotiations with staff to implement a series of pay and productivity measures.
- CIÉ Holding Company has commenced a process of engagement with staff to implement a package of measures similar to those under negotiation in Iarnród Éireann.

Identifying agreed programmes which return public transport services to profitability is a key milestone in restoring the financial resilience of the Group. In addition to the cost reduction initiatives the Group continues consultations with all its stakeholders to identify appropriate measures to redress the accumulated deficits of over €211 million which have arisen since 2008.

Capital Investment

CIÉ Group and its subsidiaries continue to work closely with the Department of Transport, Tourism and Sport and the NTA to identify the best opportunities for capital investment in the public transport network. Capital investment is key to improving the safety of the network and comfort of our passengers. It is also a cornerstone of realising further operational cost savings.



Group investment in fixed assets in 2013 amounted to €208 million (2012 – €195 million). Notwithstanding the increase in 2013, there is a notable downward trend in investment in the public transport system assets managed by the CIÉ Group since 2008. This is due to a combination of financial constraints on the Exchequer coupled with the completion of very significant investment programmes.

Separate to the PSO, the Group received Exchequer and EU funding of €167 million for capital expenditure. This funding which was derived principally under the National Development Plan (NDP) and increased by €4 million on 2012 levels.

Investment 2008-2012

State funded €2 billion.
CIÉ funded €308 million.

PSO Contract Income Review 2008-2013

Iarnród Éireann, Bus Átha Cliath and Bus Éireann (Operating Companies) operate socially desirable but economically unviable public transport services under Public Service Obligation (PSO) contracts from the National Transport Authority (NTA).

During 2013, as in every year since the financial crisis began in 2008, each Operating Company has worked closely with the NTA to absorb further reductions in income from these PSO contracts while maintaining public transport services in terms of frequency and quality across all three companies.

Unfortunately the reduced amounts available for payment by the NTA under these PSO contracts have not been adequate to fully compensate the Operating Companies for the services provided. Faced with this, each Operating Company had a choice of seeking significant reductions in services or absorbing and funding losses on these contracts.

Recognising the difficult decisions facing the Government from a social and economic perspective, and bearing in mind the importance of public transport to the underlying economy, CIÉ decided to absorb losses and continue to broadly maintain the volume, quality and frequency of the Group's bus and rail services.

The NTA has recognised the necessity for annual fare increases to narrow the gap between the costs of providing public transport services and the effect of PSO income reductions since 2008. However, the combination of the fare increases granted and painful cost reduction programmes, that included pay reductions for staff, were not sufficient to offset the costs of providing public transport services in the 2008-2013 period.

All this has meant that CIÉ's Operating Companies have incurred cumulative losses in the 2008 to 2013 period of €211 million on their PSO contracts. These losses have been funded by CIÉ in that period through a combination of bank debt and the sale of significant elements of CIÉ's real estate portfolio which generated proceeds of €121 million.

Cumulative Loss on PSO Contracts since 2008

The cumulative loss on PSO contracts since 2008 can be analysed as follows:

	PSO Passenger Journeys m	Revenue from Public Services €m	Costs of Public Services €m	Income from PSO Contracts €m	Loss on PSO Contracts €m
2008	236.4	469	(817)	309	(39)
2009	209.3	441	(771)	303	(27)
2010	194.5	402	(721)	276	(43)
2011	190.9	389	(700)	265	(46)
2012*	188.7	406	(724)	278	(40)
2013	188.3	440	(682)	226	(16)
Cumulative Loss on PSO Contracts					(211)

** includes unplanned PSO payment of €36 million*

Reducing Costs

€181 million payroll savings since 2008.

€135 million in net savings since 2008.

Since 2008 passenger revenue has declined due to a reduction in passenger journeys as the economy contracted. The trend in revenue reduction reversed in 2012 as fare increases were sufficient to offset the volume reduction. This trend continued into 2013.

The annual costs of operating the public transport network have been reduced by €135 million since 2008. These cost reductions are comprised of €181 million in payroll cost reductions offset by increases in non-payroll costs of €46 million. The €46 million increase in non-payroll costs relates primarily to higher fuel costs in the period and additional maintenance costs on Iarnród Éireann's rolling stock fleet which were necessary to maintain the assets in line with required safety standards.

Using 2008 as a baseline, the following significant trends can be seen:

- Passenger journeys in 2013 finally stabilised at 80% of 2008 levels.
- By 2011 passenger revenue declined to its lowest point at 83% of 2008 levels and has since recovered to 94% of the 2008 level. This recovery is principally due to fare increases.
- Operating costs have been consistently reduced over the period and now stand at 84% of 2008 levels.
- Income from the PSO contracts continued to decline over the period and now stands at 73% of the 2008 level. Despite this, CIÉ and its Operating Companies have maintained 2008 service levels in terms of frequency and quality.

As PSO income levels at 73% have fallen much faster than the underlying operating costs of the public transport system, net deficits on PSO contracts continue to be incurred on an annual basis from a CIÉ perspective.

CIÉ is maintaining its focus on securing further cost reductions to reduce the gap between available PSO income and the costs of operating the public transport network.

However these reductions on their own will not be sufficient to fully eliminate the deficits arising on the contracts and therefore the Group is engaged with all stakeholders to identify a sustainable solution into the future.

Mike Flannery
Chief Operating Officer

Customer Growth

300,000 more journeys.

Continued growth in school transport.

Operations Review 2013

Customer Journeys

Customer Journeys	2013 m	2012 m	Change m
Iarnród Éireann	36.7	36.7	–
Bus Átha Cliath	114.4	115.2	(0.8)
Bus Éireann	37.2	36.8	0.4
Total Passenger Journeys	**188.3**	**188.7**	**(0.4)**
Schools Transport	41.1	40.4	0.7
Total Passenger Journeys	**229.4**	**229.1**	**0.3**

Overall passenger numbers for the Group showed a slight improvement from 229.1 million journeys in 2012 to 229.4 million journeys in 2013. By operating company the trend could be summarised as follows:

1. Iarnród Éireann's journey numbers have stabilised following year-on-year declines since 2008.
2. Bus Átha Cliath journey numbers were adversely affected by a three day work stoppage in August. However a good finish to the year saw journey numbers recover to close to 2012 levels.
3. Bus Éireann's volume reflected small but steady growth as a result of general economic improvement despite the adverse impact of a two day work stoppage during May.

Customer Engagement

Initiatives to improve customer experience delivered in 2013 include:

- Successful completion of the Network Direct project in Bus Átha Cliath.
- Launch of the Customer First programme by Iarnród Éireann.
- Full roll-out of Real Time Passenger Information ("RTPI") in Dublin, Cork, Galway, Limerick and Waterford.
- Roll-out of Wi-Fi – over 2/3 of Bus Átha Cliath's fleet, the entire fleet of Iarnród Éireann and the Expressway fleet is now Wi-Fi enabled.
- Increased usage of Leap Cards with further planned roll out in Cork and Galway during 2014.
- Introduction of the National Journey Planner in conjunction with the NTA.

CIÉ Tours

	2013 €m	2012 €m	Change €m
Tours Revenue	67.9	50.1	17.8
Operating Surplus	3.6	2.7	0.9

Following strong performances in 2011 and 2012, CIÉ Tours recorded its most successful year to date in 2013. Revenues grew by €17.8 million or 36% to €67.9 million, while passenger numbers rose by 17% to 49,400. Strong growth was achieved in all product types, in particular, coach tours which combine both the UK and Ireland, where sales grew by 50% over 2012 levels.

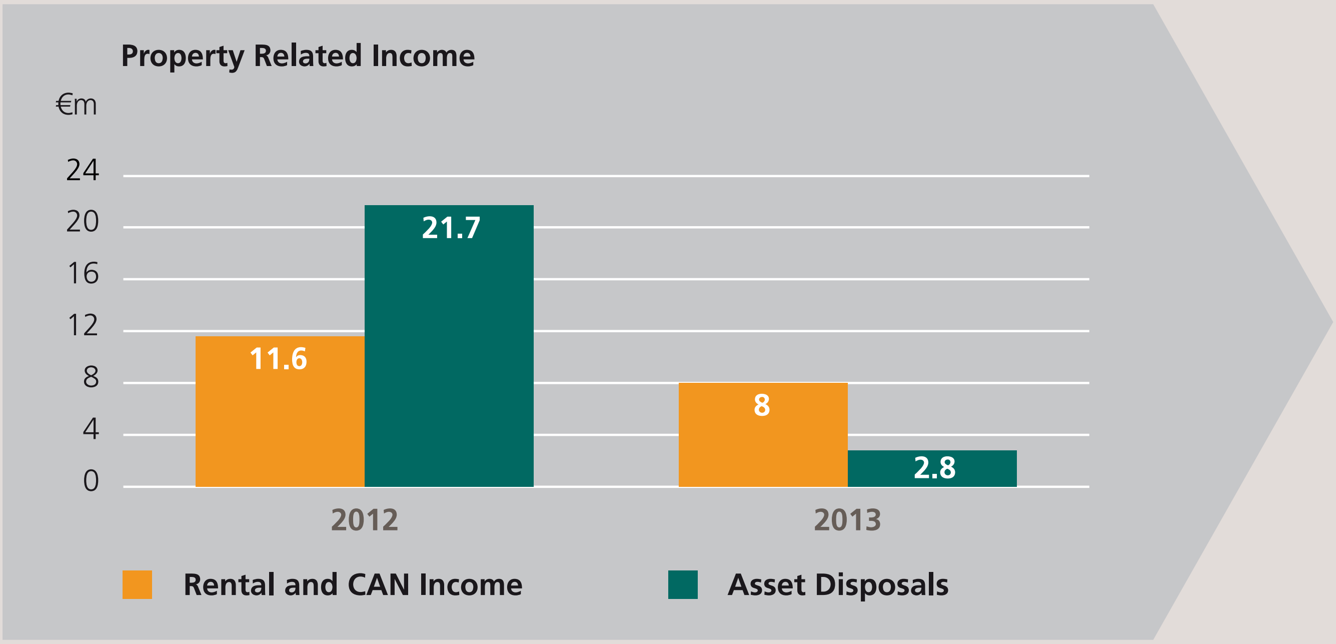
A number of factors contributed to this large growth in 2013, such as "The Gathering" initiative which was strongly promoted by Tourism Ireland in the company's main market, the USA, and the success of the Olympic Games that were held in the UK in 2012, which displayed the UK in a very positive light.

In addition to the above, an increase of 26% in air access to Ireland greatly improved the availability and price of flights between the USA and Ireland.

The more positive economic conditions in the USA improved consumer confidence which generated growth in outbound travel from the USA.

An overall operating surplus of €3.6 million was generated during 2013. The company continues to introduce new products in both the Irish and UK markets which will increase its market share and allow it to maintain its position of the largest tourism operator from the USA to Ireland.

Group Property and CAN



Property

Property related income comprised net rental income of €8 million in 2013 (2012 – €11.6 million) and income from disposal of non-operational assets generated €2.8 million in 2013, of which €1.6 million related to property disposals (2012 – €21.1 million).

The reduction in net rental income from the 2012 figure is partly attributable to a combination of:

1. The sale of Spencer Dock Blocks C1-C5 which used to generate €2 million in annual rental income.
2. 2012 included the benefit of a settlement related to prior years.

The performance of the remainder of the property rental portfolio has remained on par with the 2012 performance.

The commercial property development market is showing signs of recovery and we will be reviewing our property portfolio in that context, with particular focus on Connolly and Heuston Stations, Sheriff Street, Abbey Street, Tara Street and Eyre Square, Galway.

Group Property continues to provide professional services to various Iarnród Éireann infrastructural projects.

Commuter Advertising Network (CAN)

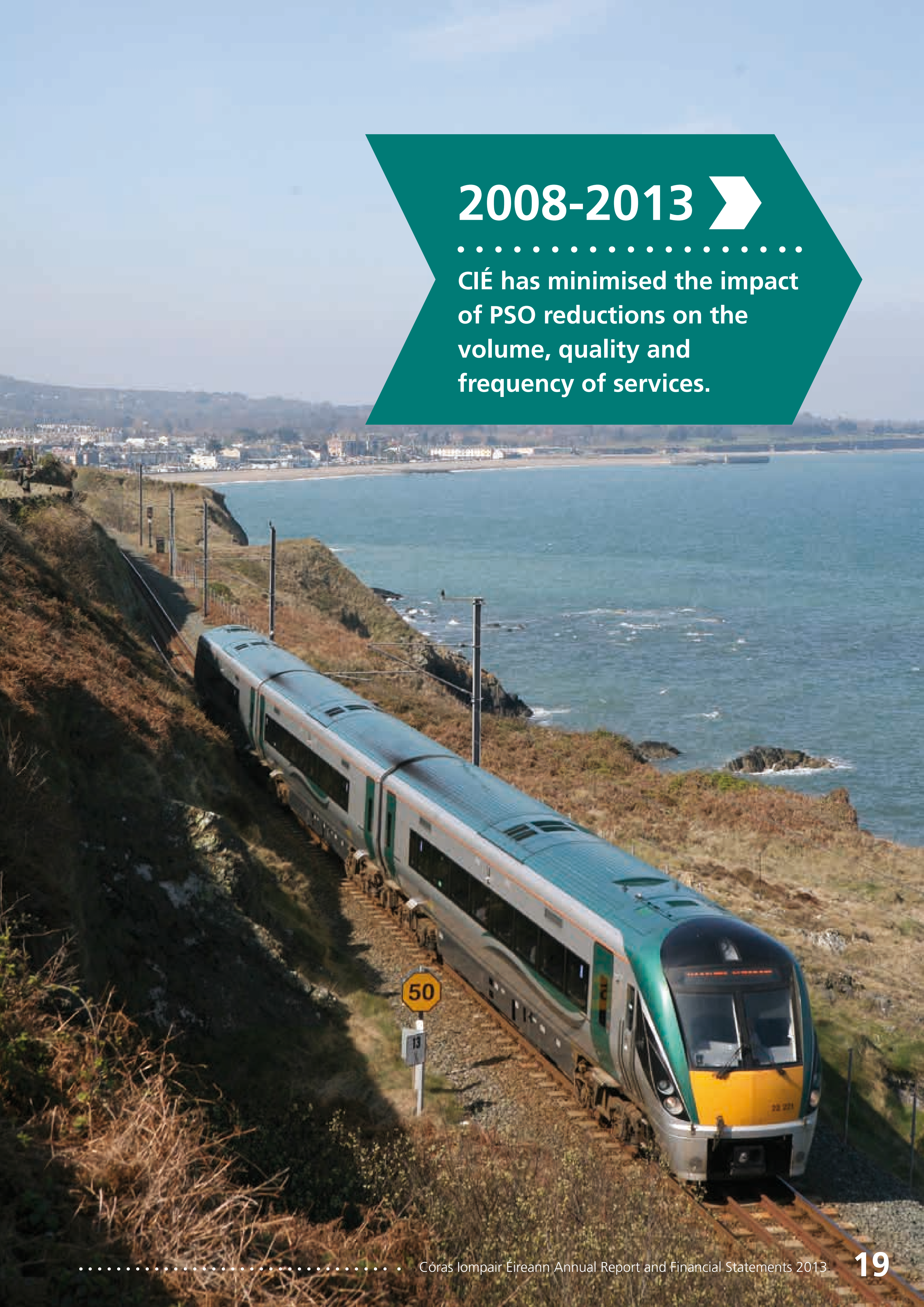
CAN experienced another difficult year in 2013, however there were signs of stabilisation towards the end of the year. This is reflected in the CAN revenue figures for 2013 which matched the 2012 revenue. The business recorded a net profit for the year.

Current outdoor advertising trends indicate that the outdoor advertising market is experiencing a return of confidence and there is cautious optimism for a return to growth in 2014.

A new contract was awarded to Exterion Media following a tender process during 2013. The new contract commenced in January 2014. It is a condition of the contract that the advertising estate will undergo significant investment during 2014 which will position CAN to take advantage of any recovery in the market.

2008-2013

CIÉ has minimised the impact of PSO reductions on the volume, quality and frequency of services.



Iarnród Éireann

Overall

Iarnród Éireann has continued to focus on delivering our extensive network of services to our customers, while addressing a most challenging financial situation.

In 2013, the company, compared with 2012:

- Reduced costs by €25 million on a like for like basis, excluding 2012 one-off savings.
- Increased train kilometres operated by 500,000 train kilometres.
- Delivered these increased services despite a reduction of €8.7 million in Public Service Obligation (PSO) payments.
- Delivered these increased services with 261 fewer staff, a reduction of 6.4%, to our lowest ever staff number levels.
- Continued to operate safely, and to achieve PSO punctuality targets on all routes.
- Maintained passenger numbers, and increased freight tonnage by 4%.
- Increased revenue across all operations by €8.3 million, or 4.4%.
- Saw Rosslare Europort surplus increase to €2.1 million, with an increase in freight units of 4.5%.

This continued the trend of more efficient operation while protecting public services, a trend which has consistently been achieved throughout the economic crisis by Iarnród Éireann. Since 2008, despite a reduction of almost 30% in PSO funding, we have continued to deliver the vast majority of services and have reduced our operating cost per train kilometre by 16.6%, and PSO per train kilometre reduced by 33%.

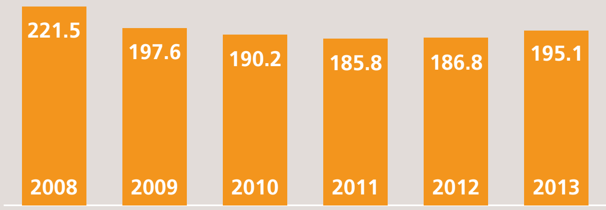
Services Maintained Despite PSO Income Reduction
Income v Passenger Train Kms

** One time PSO payment of €30.6 million received in 2012*

Movement 2008 to 2013

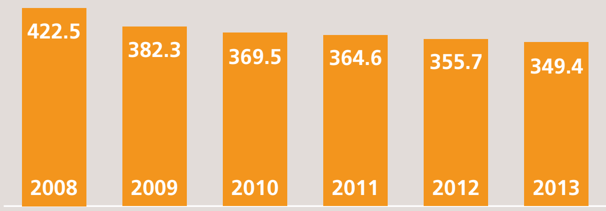
Revenue	✘	(€26.4m)	-11.9%
PSO	✘	(€54.2m)	-29.9%
Operating Costs	✔	(€73.1m)	-17.3%
Cost train Km	✔	(€5.2)	-21%

Total Revenue (€m)*



** Revenue includes Passenger, Freight, Car Parks, Rosslare Europort and Property*

Operational Costs (€m)



Financial

To achieve our financial goals, including strict targets and covenants stipulated in renewed banking facilities for the CIÉ Group, we will continue to work to reduce our cost base – including the achievement of critically required payroll savings as early as possible in 2014 – and to grow our business and our revenue.

However, severe challenges remain, and the funding of the existing network, of current service levels, and of fleet maintenance requirements must be put on a sustainable basis. This can only be achieved with the support of our stakeholders including Government, the Department of Transport, Tourism and Sport and the National Transport Authority (NTA). This encompasses capital investment requirements, current PSO funding and fare regulation decisions – including agreement on a multi-annual contract for the Infrastructure Manager business – essential for the future of our rail network as it exists today.

EU Compliance: Reorganisation of Iarnród Éireann

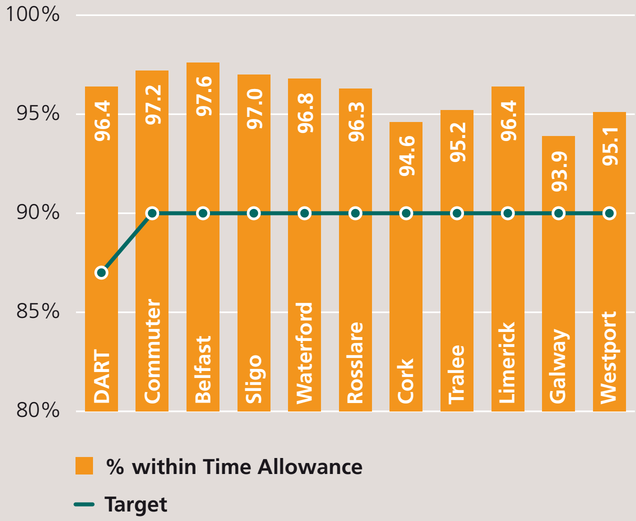
The past year saw Iarnród Éireann successfully complete the internal reorganisation required by EU regulations governing the railway industry, which had previously been the subject of a derogation for Ireland. This included the establishment of separate Railway Undertaking (operations) and Infrastructure Manager organisations within Iarnród Éireann.

The company also commenced the Customer First programme, which will transform the way we do our business by putting the customer at the heart of what we do.

Railway Undertaking – passenger services

Intercity, Commuter and DART networks all delivered revenue growth in the year and passenger numbers increased on both DART and Commuter. Intercity numbers were more challenged and down 1% in total, however the final quarter marked a turnaround with a 2% growth in volumes over the same period in 2012.

Focus on punctuality ensured that once again all routes exceeded the minimum performance target of 90% of trains being on time or within 10 minutes of time (DART 87% within 5 minutes of time) as set out in PSO contracts with the NTA, with the majority of routes exceeding 95% punctuality.



Infrastructure Manager

The Infrastructure Manager business undertook safety critical works including:

- Relaying work.
- Work on track bed conditions, with reballasting and realignment work completed.
- Points and Crossings renewals.
- Improvements to cuttings and embankments, fencing and level crossing sightings.
- Bridge upgrade works.

In addition to safety investment, further capital expenditure of €35.3 million was invested in the railway during 2013. Projects currently underway include:

- Phase One (Malahide/Howth to Killester) of the City Centre Resignalling Project was commissioned over the October Bank Holiday weekend.
- Detailed design and enabling works stage of the proposed transport interchange at Kent Station in Cork have started to improve accessibility to and from the city.
- Major remedial works to the under track decking of Monard viaduct were carried out during a 9-day closure at the beginning of May.

Freight

4% volume growth 2013.

New business targeted.

Other projects currently underway include a Train Protection pilot scheme, the installation of GSM-R train radio communications to replace the current analogue system and the installation of an overbridge to replace the busy level crossing, XG002, near Cabra.

Rail freight

In 2013, the company's key rail freight traffics included:

- Zinc ore from Tara Mines to Dublin Port.
- Timber from Mayo to Waterford Pulp Mill.
- Container trains from Ballina to Dublin Port and Waterford Port.

Rail freight revenue in the year was €4.9 million, an increase of 2.7% on 2012.

Total tonnage transported on the network was 589,000, an increase of 4% on 2012, and 90.8 million tonne kilometres.

The company is actively pursuing rail freight expansion opportunities and engaging with ports, exporters and industry to identify viable commercial rail freight solutions.

Rosslare Europort

Rosslare Europort is the second most strategically important seaport in the State after Dublin, being the second-busiest port in terms of ship visits and gross tonnage, and handling more unitised freight than any other Irish seaport except Dublin.

At Rosslare, Iarnród Éireann is an infrastructure provider and operator, providing port facilities and related services, including stevedoring, to shipping lines. Three shipping lines connect Ireland to and from South Wales and France. Agreement was reached in 2013 with a fourth operator, LD Lines, to commence a Rosslare-France-Spain service, which will launch in 2014.

A surplus of €2.1 million was achieved in 2013 from unchanged revenue of €9.7 million. Freight units increased by 4.5%, with passenger volumes down by 3.8%.

Valuing our community

Iarnród Éireann has responsibilities to the communities it serves and interacts with as a corporate citizen.

In 2013, Iarnród Éireann's community support initiative "The Journey's on Us" again enabled 100 groups from the community, voluntary, charity and sporting sectors to avail of a free group travel trip by train.

We partnered with Seechange.ie for Green Ribbon Month in May 2013, dedicated to raising awareness of mental health issues in Ireland. This is an issue of great concern to us, as many of our drivers have witnessed, and suffered the traumatic effects of, attempted acts of suicide on our network.


Iompair Éireann
Transport for Ireland
Transport for Ireland
Bus Átha Cliath
Dublin Bus
Dublin Bus
Dublin Bus

Bus Átha Cliath

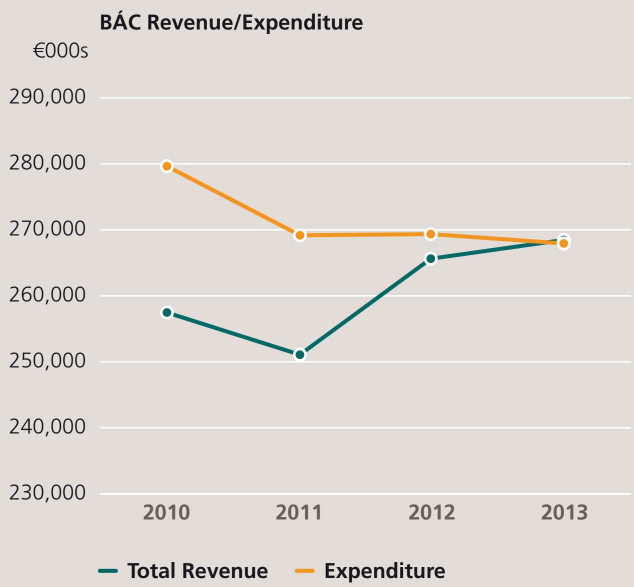
Overall

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 sustain 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 than in 2012.

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 €13.1 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 sustain financial stability over the coming years.

Total revenue grew by €13.1 million (6.9%) 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 discount for use of Leap Card to 14%.

400,000

400,000 downloads of 'Dublin Bus' App.

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.

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 €5.4 million). Despite the lower payment, the shortfall on the PSO contract was reduced from €6 million in 2012 to €2.2 million in 2013, largely through increased passenger revenue. The drop in PSO payments is a key issue for the company.

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.
- Sustainability of employment.

Network Direct

Our People

Empowering staff.
Delivering change.
Customer focus.

Bus Éireann

Overall

Bus Éireann faced significant challenges during 2013 but succeeded in implementing key elements of its plan to return the company to profitability on a sustainable basis. Our cost base is now better aligned to meet the needs of our business and while this is a business still in transition, the long-term prospects for the Irish customer now look decidedly more favourable and attractive in terms of value, convenience, comfort and reliability, all of which can be delivered on a sustainable basis.

Key Financial and Operating Figures

At the Heart of Your Community

Financial and Operating Highlights 2013

Operating Revenue
€289.93m 2013
€286.33m 2012

Total Revenue
€324.30m 2013
€323.21m 2012

EBITDA
€6.9m 2013
(€0.22m) 2012

Number of Customer Journeys
78.27m 2013
77.17m 2012

Number of Employees
2,486 2013
2,551 2012

Payroll and Related Costs
€124.92m 2013
€131.79m 2012

Vehicle Kilometres including Contractors
169.43m 2013
172.45m 2012

Surplus/(Deficit) for the Year
€0.4m 2013
(€6.2m) 2012

Contribution to Exchequer in Taxes
€51.96m 2013
€53.70m 2012

Schools Served Nationally
Approx 3,000

Children Carried Daily on Schools Services
114,000

Special Need Children Carried
9,000

School Transport

114,000 school children daily.

3,000 schools.

National service for the community.

2013 Highlights

Greater financial stability achieved across all business units

- Revenue increases of €4 million (4.2%) on core road passenger business.
- Payroll reductions of €7 million (5%) following agreement with staff.
- Significant reduction in the loss incurred on Expressway in 2013 compared to 2012.
- Expressway is now positioned to return to profitability in 2014.

Increased customer demand

- Increases of 1 million in total customer journeys.

Enhanced customer experience

- Independent surveys showed that Bus Éireann continued to have a high level of customer satisfaction with over 90% of our customers saying they would recommend us to a friend.
- Bus Éireann met strict performance targets as set out in the Public Transport Contract by the National Transport Authority (NTA).
- Successfully rolled out free Wi-Fi at all of our bus stations and free Wi-Fi on board all buses excluding schools fleet.

Using Smart Technology to deliver a modern public transport system

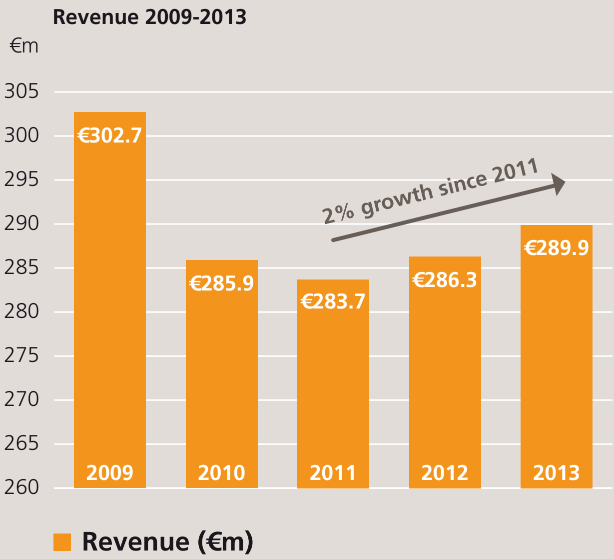
- Introduction of the Leap Card in the Greater Dublin area in conjunction with the NTA.
- In conjunction with the NTA, we improved city networks including Limerick, Cork and Waterford.
- In conjunction with the NTA, Real Time Passenger Information is live in 4 provincial cities and the Greater Dublin Area.

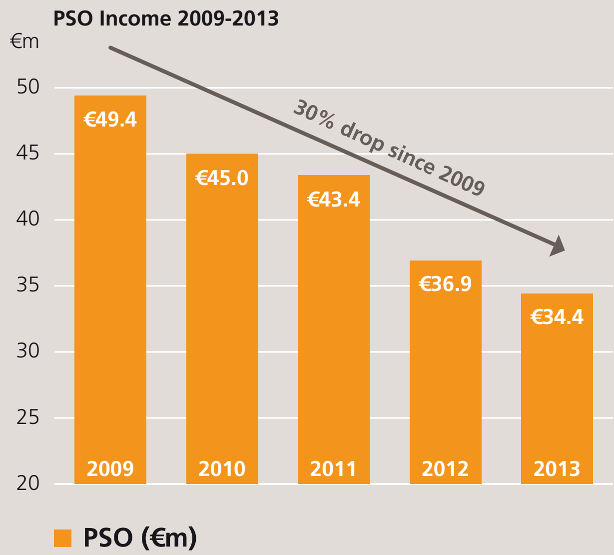
Schools

- Almost 4,000 vehicles across 6,000 routes, serving some 3,000 schools across the country.

Financial Review

Bus Éireann is reporting a surplus of €0.4 million for 2013 compared to a deficit of €6.2 million in 2012. The return to profitability was a key milestone for the company and established the framework for delivering the financial results necessary in order to provide funds for future investment. Operating revenue was €289.9 million for 2013, an increase from €286.3 million in 2012.





The company also had to absorb further reductions in PSO income for 2013 resulting in a deficit of €1.7 million on PSO services for the year. The PSO income is now significantly below the level required to deliver the quantum of services provided under the PSO contract. This leaves the company with an accumulated deficit of over €4.3 million on PSO services in 2012 and 2013.

Bus Éireann is required to meet strict performance targets as set out in the Public Transport Contract by the NTA. This includes key deliverables in areas such as punctuality, customer service delivery and service reliability. In 2013 Bus Éireann succeeded in meeting all targets and exceeded the required performance target in areas such as punctuality and service reliability.

- PSO income reduction of €15 million or 30% between 2009 and 2013.
- During this time Bus Éireann has attempted to maintain the PSO Network in conjunction with the NTA through route reviews, revenue generation and cost efficiencies.

The company's financial plans for 2013 included the implementation of difficult but essential actions designed to address the critical financial position. A detailed and challenging plan was agreed to return the company to profitability by the end of the year and to restore the Net Assets to 57% of Called Up Share Capital. Bus Éireann met and exceeded these targets and the net assets were restored to €17.2 million or 59% of Called Up Share Capital by the end of the year.

The measures by Bus Éireann to address the critical financial position in 2013 included:

- Revenue generation on both PSO and Expressway network through a combination of fares policy and growth in customer numbers;
- Continued review of the Expressway network to reduce the deficit and position Expressway to return to profitability by 2014;
- Introduction of essential changes to terms and conditions to reduce payroll costs and realign the cost base to a more sustainable level; and
- Continued savings in non-payroll costs through a range of cost efficiency measures.

Connecting Communities

As an employer of 2,486 people at 17 locations throughout the country and a purchaser of goods and services from approximately 1,118 suppliers, the company is also a major economic contributor to local communities.

Taxsaver Scheme

The Taxsaver Scheme has proved to be a huge success with over 920 companies buying Bus Éireann Taxsaver tickets in 2013 up from 840 in 2012.

School Transport

Bus Éireann has a long and proud tradition of providing school transport in Ireland since 1967. Every school day approximately 114,000 primary, post primary and special needs school children are transported on almost 4,000 vehicles, across 6,000 routes, serving some 3,000 schools across the country under the School Transport Scheme. This includes some 9,000 children with special educational needs. The safety of schoolchildren travelling on board our school transport services is our highest priority. In 2013, Bus Éireann continued to work closely with the Department of Education and Skills to deliver some €17 million worth of cost saving measures in School Transport since 2011.

Safety and Quality

Safety and quality are the number one priority for the Company. In 2013 the Freight Transport Association (FTA) carried out a detailed audit of our competence as a safe and sustainable passenger transport operator. They audited the key areas of our transport system including management of driver fatigue, vehicle roadworthiness, driver competence etc.


HOTEL
ROYAL
MARINE
HOTEL
CIE TOURS
International

Overview of Energy Usage by the Group in 2013

The Group energy consumption includes:

- Diesel oil for the running of the Bus Átha Cliath, Bus Éireann bus fleets, the Iarnród Éireann Intercity rail cars and the Diesel Multiple Units.
- Electricity for the running of the Iarnród Éireann DART service, automatic level crossings, train and bus stations, equipment rooms, workshops and general office requirements.
- Natural gas and heating oil are used for space heating of offices and workshops.

The profile of use for 2012/2013 is listed in the table below.

Group energy consumption profile	MWhr 2013	MWhr 2012
Diesel oil for traction	916,037	1,031,937
Electricity for traction	21,200	23,900
Electricity for other	48,708	48,978
Gas	25,469	23,044
Heating oil	665	889

Environment

Sustainable transport.
Fuel efficiency.
Eco-initiatives.

Actions Undertaken to Reduce Energy Costs

Savings have been made throughout the Group in energy costs during 2013 which include:

Iarnród Éireann

Actions Undertaken in 2013

In 2013, Iarnród Éireann continued its work on several levels:

- Major change to configuration of trains to match capacity with demand while maintaining services.
- Auto shutdown delay times have been shortened.
- Manual shut down of Locomotive engines implemented.
- Traction control software modifications introduced to 50% of the DART fleet. Balance of the fleet to be modified in 2014.
- Test programme of a catalytic fuel additive to improve fuel consumption developed targeting an annual saving of 25,000 MWh.

Actions Planned for 2014

In 2014, Iarnród Éireann intends to further improve its energy performance by undertaking the following initiatives:

Traction

Completion of Traction Control Software modifications on DART fleet

- Fuel additive test programme will be implemented and concluded.
- Feasibility study planned for replacement of older two stroke engines with smaller, more efficient engines incorporating automatic shutdown.

Building Energy Consumption

- Drive reduction in this area through target setting and controls.

Bus Átha Cliath

Actions Undertaken in 2013

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

- PIR sensors in depots.
- Review of compressed air systems.
- Fleet fuel monitoring by route.
- Purchase of new vehicles which will be fitted with Euro 5 standard engines.
- Vigil vanguard training for drivers.
- Continuation of the energy monitoring at each premises.
- Continuation of eco driving training for drivers.
- Rain water harvesting.

Altogether, these and other measures are saving 6,409 MWh annually.

Actions Planned For 2014

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

- Commence trials of eco-driving for fleet using on-board driver feedback technology.
- Upgrade and replace water pumps with pressure activation demand motors.
- PIR Sensors in depots and workshop pits.
- Trial of hybrid bus.
- Expansion of fleet fuel monitoring by route.
- Commence installation of an automated fuel management system.
- Purchase of new vehicles which will be fitted with Euro 6 emissions standard engines.
- Identify further energy saving opportunities through the local energy management teams.

Bus Éireann

Actions Undertaken in 2013

In 2013, Bus Éireann undertook a range of initiatives to improve its energy performance including:

- On-going partnership with Sustainable Energy Authority Ireland (SEAI) to examine and implement ways to reduce energy consumption throughout the organisation.
- On-going roll-out of eco-driving programme.
- Continuing roll-out of on-board vehicle telematics systems.

Actions Planned for 2014

In 2014, Bus Éireann intends to further improve its energy performance by undertaking the following initiatives:

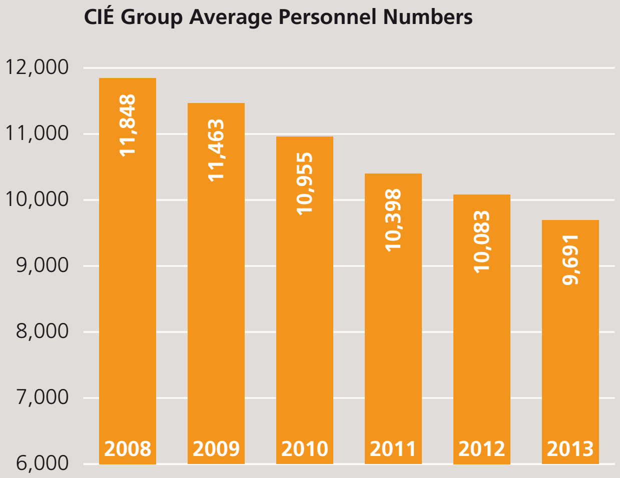
- Continuing established partnership with SEAI.
- On-going roll-out of eco-driving programme.
- Continuing roll-out of on-board vehicle telematics systems.
- On-going upgrades to energy efficient lighting at garages.

Employment

Maintaining services while reducing staff numbers. 18% reduction since 2008.

Employment

The average number of people employed by the CIÉ Group in 2013 was 9,691 a reduction of 392 from 2012.



Staff numbers have reduced by 18% since 2008 through a combination of natural wastage and through voluntary severances. The cost of voluntary severances has been funded from the resources of the Group and is the principal contributor to the reduction in operating costs over this period.

Staff Participation

The CIÉ Group's main asset is its staff. It is CIÉ Group's policy to maximise this asset resource through a culture of participation and encouraging teamwork. All staff are encouraged to participate in the running of the CIÉ Group through active involvement in project teams, working parties and customer focused initiatives. There are four Worker Members on the CIÉ Board.

Equal Opportunities

The Group through its equality officers continue to enhance equality in the workplace for all groups covered by equality legislation. The range of Work Life Balance initiatives available to staff in the Group are kept under ongoing review. The Group participates with a variety of external organisations in developing its practices and procedures e.g. by being a member of the Diversity in the Workplace Working Group in IBEC.

CIÉ are committed to supporting the objectives and following the recommendations of the EU Commission-sponsored joint social partner project "WISE" on strengthening the position of and participation by women in the urban public transport sector. CIÉ has formally participated in the WISE study which has led to the publication of recommendations in 2014.

Access for all

Trains and buses.
Stations.
Customer facilities.

Accessibility

There is active engagement with organisations for the mobility-impaired to establish priorities in the provision of accessibility to vehicles, offices and stations.

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.

Payment Practices

CIÉ acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Regulations 2002. The payment policy throughout the Group in 2013 was to comply with the requirements of the regulation.

Procurement Policy

The CIÉ Group Procurement Policy is in place to ensure compliance with the EU Public Procurement and Utilities Directives, as well as Board and Government policies. Substantially all procurements over the qualifying thresholds were put to open tender and inserted in the EU Journal where appropriate.

Principal Risks

The CIÉ Group deals with the principal risks to the businesses in a number of ways including Health and Safety. A risk register is maintained by each of the companies and updated periodically with the various risks and the action plans for addressing these. CIÉ, on behalf of Iarnród Éireann, Bus Átha Cliath and Bus Éireann, enters into commodity swap contracts for fuel. CIÉ undertakes currency forward purchasing where it deems there is value and reduced risk to the Group.

Working together

National Journey Planner with NTA.

Partners in Leapcard roll out in Dublin and other cities.

Members of the Board and Group Management

Members of the Board

The names of the persons who were Board Members at any time during the year ended 31st December 2013, are set out here. Except where indicated they served as Board Members for the whole year.

Vivienne Jupp *Non-Executive Chairman*

Kevin Bonner

P.J. Drudy

Phil Gaffney

Vincent Green **(Appointed 11th January, 2013. Retired 30th November, 2013)*

Helen Keelan

Paul Mallee

Bill McCamley **(Reappointed 1st December, 2013)*

Willie McDermott **(Retired 30th November, 2013)*

Aebhric McGibney

Frances Meenan

John Moloney **(Reappointed 1st December, 2013)*

Tom O'Connor **(Appointed 1st December, 2013)*

Tommy Wynne **(Appointed 1st December, 2013)*

** Worker Member*

Secretary of the Board

Geraldine Finucane
Heuston Station
Dublin 8

Telephone + 353 1 703 2008
Facsimile + 353 1 703 2276

Board Committees

Audit and Risk Committee

Helen Keelan *Chairman*

P.J. Drudy

Phil Gaffney

1 vacancy

Finance Committee

Aebhric McGibney *Chairman*

Kevin Bonner

Paul Mallee

Frances Meenan

Remuneration Committee

Phil Gaffney *Chairman*

Vivienne Jupp

Frances Meenan *(Appointed 5th September, 2013)*

Safety Committee

Phil Gaffney *Chairman*

Frances Meenan

2 vacancies

Strategy Committee

Helen Keelan
Chairman
(Appointed 31st January, 2013)

P.J. Drudy
(Appointed 31st January, 2013)

Vivienne Jupp
(Appointed 31st January, 2013)

Group Management

Paddy Doherty
Chief Executive, Bus Átha Cliath

Mike Flannery
Chief Operating Officer and Chief Financial Officer, CIÉ

David Franks
Chief Executive, Iarnród Éireann

Martin Nolan
Chief Executive, Bus Éireann

Brian Stack
Managing Director, CIÉ Tours International

Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

Solicitor

Colm Costello
Bridgewater House
Islandbridge
Dublin 8

Principal Banker

Bank of Ireland
College Green
Dublin 2

About the Board of Córas Iompar Éireann

Vivienne Jupp *Non-Executive Chairman*

Vivienne Jupp was appointed as Non-Executive Chairman of CIÉ in June 2011. She is a management consultant and formerly a Global Managing Director in Accenture. She has had a number of Government appointments including Chairman of the Information Society Commission and Member of the Broadcasting Commission of Ireland. She was also a member of the Review Body on Higher Remuneration in the Public Sector and a Board Member of the Irish Hospice Foundation. She graduated from University College Dublin (UCD) with BComm and MBS degrees. In 2000 she received the Outstanding Alumnus Award from the Michael Smurfit Graduate School of Business, UCD.

Kevin Bonner

Kevin Bonner was appointed to the Board of CIÉ and as Chairman of Bus Átha Cliath in June 2011. He 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 and Waterford Stanley. He is a graduate of University College Dublin (BA) and Trinity College Dublin (MScEcon).

Prof. P.J. Drudy

Emeritus Professor of Economics, Trinity College Dublin. Prof. Drudy is a former Senior Dean and Bursar of the College. He has served on numerous Committees and bodies concerned with educational, financial, planning and development matters. These include the Regional Studies Association (Treasurer), Irish Branch of the Regional Studies Association (Chairman), the Management Committee of Regional Studies, Journal of the Regional Studies Association (Chairman), the European Economics Association, Dublin Docklands Development Authority, the Board of Trinity College and numerous other Committees and has acted as a consultant and adviser to a variety of public and voluntary bodies. These include the European Commission, the British Department of the Environment, Bord Iascaigh Mhara, Dublin Chamber of Commerce, South Dublin Chamber of Commerce and Dublin Regional Authority. Professor Drudy has published many books and papers on the Irish economy, urban and regional development and housing. Professor Drudy was appointed to the Board of CIÉ in July 2012.

Phil Gaffney

Phil Gaffney was appointed to the Board of CIÉ and as Chairman of Iarnród Éireann in June 2011 having previously served as a Director in Iarnród Éireann since 2006. He is a railway signalling engineer by profession. Before retiring in December 2005, he had spent 28 years with Hong Kong MTR. During that time his positions included Chief Engineer, Operations Director and Managing Director. He is also a member of the board of London’s Crossrail and of the Crossrail Health and Safety Committee.

Vincent Green

Vincent Green was first appointed to the Board in January 2013 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Vincent joined Iarnród Éireann in 2000 and works from Heuston Station as a ticket checker. He is a member of SIPTU and has represented rail workers at local and branch level over many years. Vincent retired from the Board 0n 30th November, 2013.

Members of the Board and Group Management (continued)

Helen Keelan

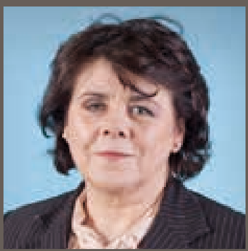
Helen Keelan has 25 years of senior finance and strategic leadership experience gained in KPMG, Ericsson and Intel. She is a non-executive director of Barclays Bank Ireland PLC, New York Life Investments International Limited, Oasis Global Investment Fund (Ireland) PLC and PM Group Limited. Helen provides consultancy in strategy development, leadership and governance. She is an evaluator for the Institute of Directors' Board Performance Evaluation.

Helen holds a Master's degree in Management from Trinity College Dublin and a commerce degree from University College Dublin. She is a Fellow of the Institute of Chartered Accountants in Ireland and is a Chartered Director.

Paul Mallee

Paul Mallee was appointed as Chairman of Bus Éireann and as a Board Member of Córas Iompair Éireann on 29th June, 2011. He is a management consultant specialising in the transport sector, working internationally.

He has held senior management positions at Etihad Airways and with global strategy consultancy Booz & Company. Paul is a Fellow and past President of the Chartered Institute of Logistics and Transport (CILT) Ireland. He is a graduate of University College Dublin and UCD Michael Smurfit Graduate Business School. Paul holds a Master's degree in Strategic Management and Planning, a Bachelor of Commerce Degree and a Certificate of Professional Competence in Road Transport Operations Management.

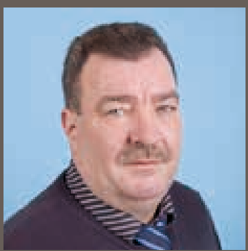


Frances Meenan

Frances Meenan is a barrister who practises in the area of employment, commercial and regulatory law. She is a CEDR accredited mediator and has acted in commercial and employment mediation. She is a member of the Institute of Arbitrators and acts as an arbitrator in employment disputes. She has advised the European Commission on discrimination law and has published many books and papers on employment law. She was appointed to the CIÉ Board in July 2012 and was educated at University College, Dublin (B.Comm., M.B.S. and Dip. Arb.), the Law Society of Ireland (having previously practised as a solicitor) and the Kings' Inns.

Bill McCamley

Bill McCamley was first appointed to the CIÉ Board in December 1997 under the Worker Participation (State Enterprises) Acts, 1977. 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 presently 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 CIÉ 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 NBRU and represents bus workers. Willie retired from the Board on 30th November, 2013.

Members of the Board and Group Management (continued)

Aebhric McGibney

Aebhric McGibney was appointed to the Board of CIÉ in October 2011. He is the Policy and Communications Director with the Dublin Chamber of Commerce with responsibility for Government and international affairs, public relations and member communications. Previously he worked as a lecturer, economic consultant and as Senior Economist with IBEC. He holds an M.Litt. (Economics) from Trinity College Dublin and was awarded the Dean's List Award from University College Dublin for his MBA in 2001.

John Moloney

John Moloney was appointed to the CIÉ Board in December 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. John joined Bus Éireann in 1978 and works in Capwell Garage in Cork as a bus driver. He is a member of the NBRU.

Tom O'Connor

Thomas was appointed to the Board of CIÉ in December 2013 under the Worker Participation (State Enterprises) Acts 1977 to 2001.

Thomas works 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.

Tommy Wynne

Tommy Wynne was first appointed to the Board on 1st December 2013 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Tommy joined Iarnród Éireann as a depot man in 1991 and became a train driver in 1994. He is currently the Chairman of the Transport Sector and Utilities and Construction Division of SIPTU.

Corporate Governance Statement

The Code of Practice for the Governance of State Bodies sets out principles of corporate governance which State Bodies are required to adopt. Córas Iompair Éireann supports the principles and provisions of the Code of Practice.

The Board

The Board is comprised of twelve Members appointed by the Government. Included in the twelve are four Worker Members who are appointed by the Government for a four-year term following elections by the staff of the Group.

The Board meets monthly and on other occasions as necessary. It has a formal schedule of matters specifically reserved for its review including the approval of the annual financial statements, budgets, the corporate plan, significant acquisitions and disposals, investments, significant capital expenditure, senior management appointments and major Group policies. The Group has a comprehensive process for reporting management information to the Board, on a monthly basis.

All Board Members have access to the advice and services of the Group Secretary.

Board Committees

Committees are established to assist the Board in the discharge of its responsibilities. The committees comprise of an Audit and Risk Committee (see below), Finance Committee (see below), Safety Committee, Remuneration Committee and Strategy Committee. Their members are listed on pages 44.

Audit and Risk Committee (ARC)

The ARC has written terms of reference and is composed of up to four non-executive Board Members. The Committee met 6 times in 2013.

During 2013 the Terms of Reference of the Committee were expanded to include responsibility for Risk, which was moved from the Finance Committee.

Among the main duties of the ARC is to oversee the Group's relationship with the external auditor, including consideration of the appointment and performance of the external auditor, audit fees and any question of independence, resignation or dismissal.

The ARC 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 Group.

In addition, the ARC keeps under review the effectiveness of the Group's internal controls and risk management systems by meeting periodically with the Group's senior management and the Head of Group Internal Audit. The ARC also approves the internal audit work programs for the Group and considers the results of the various internal audits undertaken and their implications.

During 2013 the Committee reviewed Terms of Reference and evaluated itself.

The external auditors, PricewaterhouseCoopers, were appointed during the year ended 31st December 2013 for a three-year period following a competitive tender process. Therefore the ARC recommended to the Board that they be formally reappointed for the year ended 31st December, 2013.

There were no contractual commitments that acted to restrict the ARC in making this recommendation. In addition to the audit services provided by PricewaterhouseCoopers the firm also provided non-audit professional services to the Group in 2013 valued at €417k. Having considered all relationships between the Group and the external audit firm, the ARC does not consider that the nature or extent of additional work undertaken in any way impairs the auditor's judgment or independence.

The external auditors and the Head of Group Internal Audit have full and unrestricted access to the ARC. The external auditors attend meetings of the ARC and annually meet the Committee without management present to ensure that there are no outstanding issues of concern.

Finance Committee

The Finance Committee is composed of four Board Members and has written terms of reference.

During 2013 Risk was transferred to the ARC.

The process by which the committee operates includes meeting with the Chief Financial Officer and senior management from the subsidiary companies every month to review the funding of the Group's capital programme, the prioritisation of the subsidiary companies' capital expenditure proposals, annual operating and capital budgets and the Group's treasury, procurement and disposal policies.

The Committee also reviews the Group's insurance and finance strategies. It is also charged with ensuring that the Group's management information systems enable the effective implementation of the Board's finance strategies.

Internal Financial Controls

The Board has overall responsibility for the Group's systems of internal financial control. These systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's overall control systems include:

- A clearly defined organisational structure with written authority limits, appropriate segregation of duties and reporting mechanisms to higher levels of management, the Boards of the subsidiary companies, board committees and to the Board. Detailed policies on key areas of financial risk including treasury risk are maintained.
- A comprehensive budgeting and planning system whereby actual performance is compared to the pre-approved budget at the end of each financial period and any significant trends or variances are investigated. These reports are circulated to the Board on a monthly basis for review.
- The establishment of clear guidelines for the approval and control of capital expenditure. These include the preparation of annual capital budgets that are approved by the Board in consultation with the Department of Transport, Tourism and Sport, and detailed feasibility studies and appraisals of individually significant capital projects prior to approval by the appropriate level of authority (including the Department of Transport, Tourism and Sport for larger projects). For major capital projects, regular progress reports to management and the relevant subsidiary Board are prepared and all significant capital projects require the completion of a formal close-out paper.
- Within Iarnród Éireann, the Infrastructure Advisory Group, which is composed of both Iarnród Éireann Directors and senior management, reviews on a monthly basis project proposals, tendering and evaluation processes adopted and progress of major capital projects against project timetables and budgets.

Internal controls are reviewed systematically by Group Internal Audit, which has a group wide role. In these reviews, Group Internal Audit place emphasis on areas of greater risk as identified by their risk analysis framework. The role and responsibilities of the Group Internal Audit department are defined by a Board approved charter. The Head of Group Internal Audit formally reports to the ARC.

The Board, through the ARC, has reviewed the effectiveness of the systems of internal financial control by:

- A review of the programme of internal audit (prepared following their audit risk assessment process) and consideration of their major findings.
- A consideration of the major findings of any internal investigations.
- A review of the report of the external auditor, which contains details of any material control issues identified as a result of their audit of the financial statements.

An Enterprise Wide Risk Management (EWRM) process is in place to address the implications of major business risks including financial, operational, strategic, hazard and compliance risks. This process would provide the assurance that material risks will be identified and appropriate actions undertaken. Documented risk registers are in place.

Board Members' Remuneration

The remuneration of Board Members in relation to their duties as Board Members is determined by the Minister for Transport, Tourism and Sport. They do not receive pensions for their duties as Board Members.

Board Members appointed under the Worker Participation (State Enterprises) Act, 1977 are also remunerated in accordance with their contracts of employment.

Attendance at Board/Committee Meetings

Listed below is Board Members' attendance at Board/ Committee meetings held during 2013.

Going Concern

The Board Members are satisfied that the Group 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. Your attention is drawn to Note 1 in this regard.

On behalf of the Board

Vivienne Jupp *Chairman*

Helen Keelan *Board Member*

3rd April, 2014

Board Member	CIÉ Board	Finance Committee	Audit Committee	Remuneration Committee	Safety Committee	Strategy Committee
V. Jupp	11/13			5/6		3/3
K. Bonner*	12/13	9/10				
P.J. Drudy	13/13		5/6			3/3
P. Gaffney	12/13		4/6	6/6	3/3	
V. Green	11/11					
H. Keelan*	12/13		6/6			3/3
P. Mallee*	13/13	10/10				
F. Meenan	13/13	10/10		2/2	3/3	
B. McCamley	13/13					
W. McDermott	10/12					
A. McGibney	11/13	10/10				
J. Moloney	9/13					
T. O'Connor	1/1					
T. Wynne	1/1					

* Mr. Bonner and Mr. McGibney joined one CIÉ Board meeting by telephone, Ms Keelan joined two CIÉ Board meetings by telephone and Mr. Mallee joined five CIÉ Board meetings by telephone. They were not included in the quorum for the purposes of the meeting.

Statement of the Board's Responsibilities

The Transport Act, 1950 and subsequent amendments determine the responsibilities of the Members of the Board of Córas Iompair Éireann. This legislation requires the Members of the Board to ensure that financial statements are prepared for each financial year that, in accordance with applicable Irish law and accounting standards, give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that period.

In preparing those financial statements, the Members of the Board are required to ensure that:

- suitable accounting policies are selected and consistently applied;
- any judgements or estimates made are reasonable and prudent; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Members of the Board are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Transport Act, 1950 and all regulations to be construed as one with the Act.

They are also responsible for taking steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The measures taken by the Board to secure compliance with its obligations to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept in Heuston Station, Dublin 8.

The responsibilities of the Directors of the subsidiaries of the Group are determined by the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986 and applicable company law.

Independent Auditor's Report to the Minister for Transport, Tourism and Sport

As auditors appointed by Córas Iompair Éireann under Section 34 (2) of the Transport Act, 1950, with your consent, we have audited the financial statements of Córas Iompair Éireann for the year ended 31st December 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Group and Company Reconciliation of Movements in Reserves, 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 the Members of the Board and the Auditors

As explained more fully in the 'Statement of the Board's Responsibilities' set out on page 45, the Members of the Board are responsible for the preparation of 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 these opinions, has been prepared for and only for the Minister for Transport Tourism and Sport in accordance with Section 34 (2) (a) of the Transport Act, 1950 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 Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Members of the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and 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 Group's and the parent company's affairs as at 31st December 2013 and of the Group's loss and cash flows for the year then ended.

Opinion on Other Matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company's balance sheet is in agreement with the books of account.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Code of Practice for the Governance of State Bodies (“the Code”) we are required to report to you if the statement regarding the system of internal financial control required under the Code as included in the Corporate Governance Statement on pages 42 to 44 does not reflect the Group’s compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

3rd April, 2014

- The maintenance and integrity of the Córas Iompair Éireann 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.
- 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 Group are as follows:

(A) Basis of Preparation

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Transport Act, 1950 and the Companies Acts, 1963 to 2013. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

The financial statements have been prepared under the historical cost convention.

(B) Basis of Consolidation

The Group financial statements are a consolidation of the financial statements of Córas Iompair Éireann and its subsidiaries:

- Iarnród Éireann – Irish Rail.
- Bus Éireann – Irish Bus.
- Bus Átha Cliath – Dublin Bus.

CIÉ Tours International Incorporated is treated as a branch of Córas Iompair Éireann for accounting purposes.

(C) Revenue

Revenue comprises the gross value of services provided.

(D) Tangible Assets and Depreciation

The bases of calculation of depreciation are as follows:

Railway Lines and Works

Railway lines and works comprise a network of systems. Expenditure on the existing network, which maintains the operating capability in accordance with defined standards of service, is treated as an addition to tangible fixed assets and included at cost after deducting grants. Tangible assets include capitalised employee and other costs that are directly attributable to the asset.

The depreciation charge for existing railway lines and works is the estimated level of annual expenditure required to maintain the operating capability of the network which is based on the Iarnród Éireann – Irish Rail asset management plan.

Expenditure on the network, which increases its capacity or enhances its operating capability, is treated as an addition to tangible fixed assets at cost and depreciated over its useful life.

i. Railway Rolling Stock

Locomotives (other than those fully depreciated or acquired at no cost) are depreciated, by equal annual instalments, on the basis of their historical costs spread over their expected useful lives.

Railcars, coaching stock and wagons are also depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

ii. Road Passenger Vehicles

The historical costs of road passenger vehicles other than school buses are depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives. The historical costs of school buses are depreciated in equal annual instalments over their expected useful lives.

iii. Road Freight Vehicles

These assets are depreciated on the basis of historical costs spread over their expected useful lives using the sum of the digits method.

iv. Docks, harbours and wharves; plant and machinery; catering services equipment

The above classes of assets are depreciated, by equal annual instalments, on the basis of historical costs spread over their expected useful lives.

v. Land and Buildings

Buildings are depreciated, by equal annual instalments, on the basis of historical costs spread over a fifty-year life. The book value of land and buildings that are available for sale and likely to be disposed of in the next twelve months is included in current assets as appropriate.

(E) Leased Assets

i. Finance Leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital costs of such assets are included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital elements of the outstanding lease obligations are included in creditors. Finance charges are charged to the consolidated profit and loss account over the primary period of the lease.

ii. Operating Leases

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

(F) Stocks

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value.

Stocks that are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks that may become obsolete in the future.

(G) European Union and Public Service Obligations and Other Exchequer Grants

i. Grants for Existing Railway Lines and Works

Grants received for existing railway lines and works are deducted from the costs of the related assets.

This policy is not in accordance with the Companies (Amendment) Act, 1986 which requires tangible fixed assets to be shown at cost and hence grants and contributions as deferred income. This departure from the requirements of the Companies (Amendment) Act, 1986 is in the opinion of the Board, necessary for the financial statements to show a true and fair view as these railway lines and works do not have determinable lives and therefore no basis exists on which to recognise grants and contributions and deferred income.

Grants for other capital expenditure

Grants for other capital expenditure are credited to deferred income as they become receivable. They are amortised to the consolidated profit and loss account on the same basis as the related assets are depreciated.

ii. Revenue Grants

Revenue grants are taken to the consolidated profit and loss account in the year in which they become receivable.

iii. Safety Investment Grants

Safety investment grants are amortised to the consolidated profit and loss account by reference to the Safety Investment Programme.

(H) 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 currencies are translated at the exchange rates ruling at the balance sheet date or at contract rates where applicable.

Long-term foreign currency borrowings, including that portion payable within one year of the balance sheet date, are translated at the rates of exchange ruling at the balance sheet date (closing rates) with the resulting gains or losses included in the consolidated profit and loss account.

(I) Pensions

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability. The pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income. Actuarial gains and losses arising from the changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

(J) Railway Infrastructure Costs

In accordance with EU Council Directive 91/440 Iarnród Éireann – Irish Rail is required to ensure that the accounts for the business of transport services and those for the business of management of the railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70.

(K) Intercompany Balances

Transactions between CIÉ and its subsidiaries 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 the cash inflows and outflows from:

a) Intergroup financing activities.

b) The servicing of finance on intergroup financing activities.

ii. Short-Term Trading Account

Represents the aggregate of:

a) Net surplus generated/deficit incurred by the subsidiaries in the two years to the balance sheet date.

b) Increase/reduction in working capital of the subsidiaries in the two years to the balance sheet date.

iii. Long-Term Financial Liability

Represents the aggregate of:

a) Cash flow generated from subsidiary operations up to two years prior to the balance sheet date.

b) Net investment in fixed assets of the subsidiaries from the date of incorporation to the balance sheet date.

Consolidated Profit and Loss Account

Year Ended 31st December		Notes	2013 €000	2012 €000
Revenue				
Passenger and Commercial Revenue			**764,946**	724,946
Public Service Obligations		*10*	**225,933**	278,069
Other Exchequer Grants		*10*	**15,563**	14,710
Revenue and State Grants		*2*	**1,006,442**	1,017,725
Costs				
Payroll and related costs		*4*	**(527,203)**	(521,508)
Materials and services		*5*	**(420,659)**	(405,913)
Total operating costs			**(947,862)**	(927,421)
EBITDA before restructuring and other charges			**58,580**	90,304
Profit on disposal of tangible assets		*8*	**2,798**	21,689
Depreciation net of amortisation		*6*	**(58,978)**	(58,713)
Surplus before interest and exceptional costs			**2,400**	53,280
Interest receivable			**1,198**	590
Interest payable	– Operational	*9*	**(4,237)**	(74)
	– Railway Undertaking	*9*	**(309)**	(1,810)
	– Rail Freight	*9*	**(5)**	(28)
	– Railway infrastructure	*9*	**(169)**	(990)
Other finance cost		*23*	**(5,278)**	(5,070)
Total Interest Costs			**(8,800)**	(7,382)
(Deficit)/surplus before exceptional costs			**(6,400)**	45,898
Exceptional Costs		*7*	**(5,208)**	(34,230)
(Deficit)/surplus for the year			**(11,608)**	11,668

Movements in reserves are shown in Note 21 to the financial statements.

All figures relate to the continuing activities of the Group.

On behalf of the Board

Vivienne Jupp *Chairman*
Helen Keelan *Board Member*

Statement of Total Recognised Gains and Losses

Year ended 31st December	Notes	2013 €000	Restated 2012 €000
(Deficit)/surplus for the year		**(11,608)**	11,668
Actuarial gain/(loss) in respect of pension schemes	*23*	**71,219**	(351,437)
Total recognised gain/(loss) relating to the year		**59,611**	(339,769)

Consolidated Balance Sheet

Year ended 31st December	Notes	2013 €000	2012 €000
Fixed Assets			
Tangible assets	*12*	**2,686,888**	2,793,367
Financial assets	*13*	**20**	20
		2,686,908	2,793,387
Current assets			
Stocks	*14*	**61,170**	57,812
Debtors	*15*	**50,331**	59,463
Cash at bank and in hand		**25,814**	11,019
		137,315	128,294
Creditors (amounts falling due within one year)	*16*	**(454,020)**	(515,565)
Net current liabilities		**(316,705)**	(387,271)
Total assets less current liabilities		**2,370,203**	2,406,116
Creditors (amounts falling due after more than one year)	*17*	**(81,491)**	(7,250)
Provisions for liabilities and charges	*19*	**(151,319)**	(165,710)
Retirement benefits obligation	*23*	**(417,745)**	(491,854)
Deferred income	*20*	**(2,021,883)**	(2,103,148)
		(302,235)	(361,846)
Financed by:			
Reserves			
Capital reserve		**28,556**	28,556
Profit and loss account	*21*	**(343,302)**	(402,913)
Non-repayable State advances		**12,511**	12,511
	21	**(302,235)**	(361,846)

On behalf of the Board

Vivienne Jupp *Chairman*
Helen Keelan *Board Member*

Company Balance Sheet

As at 31st December	Notes	2013 €000	Restated 2012 €000
Fixed Assets			
Tangible assets	*12*	**790,748**	797,918
Financial assets	*13*	**640,684**	641,269
		1,431,432	1,439,187
Current assets			
Debtors	*15*	**107,549**	120,762
Cash at bank and in hand		**24,355**	8,463
		131,904	129,225
Creditors (amounts falling due within one year)	*16*	**(88,143)**	(108,466)
Net current assets		**43,761**	20,759
Total assets less current liabilities		**1,475,193**	1,459,946
Creditors (amounts falling due after more than one year)	*17*	**(602,041)**	(583,181)
Deferred income	*20*	**(561,028)**	(565,680)
		312,124	311,085
Financed by:			
Reserves			
Capital reserve		**28,556**	28,556
Profit and loss account	*21*	**271,057**	270,018
Non-repayable State advances		**12,511**	12,511
	21	**312,124**	311,085

On behalf of the Board

Vivienne Jupp *Chairman*
Helen Keelan *Board Member*

Consolidated Cash Flow Statement

Year ended 31st December	Notes	2013 €000	2012 €000
Net cash inflow from operating activities	*22(A)*	**21,705**	12,200
Return on investments, servicing of finance and other finance income	*22(B)*	**(3,522)**	(2,312)
Capital expenditure and financial investment	*22(B)*	**(33,109)**	(23,564)
Cash outflow before use of liquid resources and financing		**(14,926)**	(13,676)
Financing – Increase in debt	*22(B)*	**41,212**	8,299
Increase/(decrease) in cash in the year		**26,286**	(5,377)
Reconciliation of net cash flow to movement in net debt	*22(C)*		
Increase/(decrease) in cash in the year		**26,286**	(5,377)
Cash movement from increase in debt and lease financing		**(41,212)**	(8,299)
Change in net debt resulting from cash flows		**(14,926)**	(13,676)
Movement in net debt in the year		**(14,926)**	(13,676)
Net debt at 1st January		**(87,901)**	(74,225)
Net debt at 31st December		**(102,827)**	(87,901)

Notes to the Financial Statements

1 Going Concern

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 €160 million have been secured up to July 2016.

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 the CIÉ Group will continue to meet the covenant targets set out in the facility agreement.

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 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 Iarnród Éireann, Bus Éireann and Bus Átha Cliath.
- 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 dated 31st March, 2014.

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 Profit and Loss for Year Ended 31st December

	Consol. FRS 17 €000	CIÉ €000	Iarnród Éireann €000	Bus Éireann €000	Bus Átha Cliath €000	Total 2013 €000	Total 2012 €000
Revenue:							
Railway undertaking			176,954			**176,954**	168,269
Freight division			4,942			**4,942**	4,811
Rosslare Harbour			9,670			**9,670**	9,722
Other rail services			3,580			**3,580**	4,014
Road passenger services:							
– Dublin City					204,128	**204,128**	191,054
– received from CIÉ						**0**	(1,000)
– provincial cities				26,166		**26,166**	23,922
– other services				263,769		**263,769**	262,406
Tours		67,917				**67,917**	50,125
Central business activities		7,820				**7,820**	11,623
Public Service Obligation Contracts							
– operational *(note 10)*			116,268	34,364	64,540	**215,172**	229,908
– infrastructure *(note 10)*			26,324			**26,324**	62,871
Total revenue		**75,737**	**337,738**	**324,299**	**268,668**	**1,006,442**	1,017,725
Expenditure:							
Railway undertaking:							
Operational costs			259,787			**259,787**	250,661
Infrastructure costs			79,037			**79,037**	88,303
Track access allocation			(42,630)			**(42,630)**	(34,208)
			296,194			**296,194**	304,756
Freight division			6,510			**6,510**	6,143
Rosslare Harbour			6,329			**6,329**	6,480
Other rail services			3,348			**3,348**	2,953
Road passenger services:							
– Dublin City					259,643	**259,643**	256,770
– provincial cities				35,377		**35,377**	35,690
– other services				281,980		**281,980**	287,747
Tours		64,481				**64,481**	47,425
Central business activities	(8,168)	2,168				**(6,000)**	(20,543)
Total expenditure	**(8,168)**	**66,649**	**312,381**	**317,357**	**259,643**	**947,862**	927,421
EBITDA before restructuring and other charges	**8,168**	**9,088**	**25,357**	**6,942**	**9,025**	**58,580**	90,304

2 Profit and Loss for Year Ended 31st December (continued)

	Consol. FRS 17 €000	CIÉ €000	Iarnród Éireann €000	Bus Éireann €000	Bus Átha Cliath €000	Total 2013 €000	Total 2012 €000
EBITDA before restructuring and other charges by activity							
Railway undertaking			(119,240)			**(119,240)**	(136,487)
Freight division			(1,568)			**(1,568)**	(1,332)
Rosslare Harbour			3,341			**3,341**	3,242
Other rail services			232			**232**	1,061
Road passenger services:							
– Dublin City					(55,515)	**(55,515)**	(66,716)
– provincial cities				(9,211)		**(9,211)**	(11,768)
– other services				(18,211)		**(18,211)**	(25,341)
Tours		3,436				**3,436**	2,700
Central business activities	8,168	5,652				**13,820**	32,166
Public Service Obligation Contracts			142,592	34,364	64,540	**241,496**	292,779
EBITDA before restructuring and other charges	**8,168**	**9,088**	**25,357**	**6,942**	**9,025**	**58,580**	90,304
Net depreciation		(4,957)	(36,995)	(7,435)	(9,591)	**(58,978)**	(58,713)
Interest (payable)/receivable		(4,047)	(544)	836	233	**(3,522)**	(2,312)
Other finance income *(note 23)*	(5,278)					**(5,278)**	(5,070)
Profit on disposal of tangible assets *(note 8)*		1,246	713	54	785	**2,798**	21,689
(Deficit)/Surplus for the year before exceptional items	**2,890**	**1,330**	**(11,469)**	**397**	**452**	**(6,400)**	45,898
Exceptional operating costs		(291)	(4,946)		29	**(5,208)**	(34,230)
(Deficit)/Surplus for the year	**2,890**	**1,039**	**(16,415)**	**397**	**481**	**(11,608)**	11,668

3 Railway Infrastructure Costs

In compliance with EU Council Directive 91/440 these costs have been computed as follows:

	2013 €000	2013 €000	2012 €000	2012 €000
Maintenance of railway lines and works		**52,761**		58,882
Renewal of railway lines and works		**83,510**		77,276
Operating (signalling) and other expenses		**26,276**		29,421
Depreciation		**46,950**		41,413
Amortisation of capital grants		**(40,752)**		(34,765)
Total railway infrastructure costs		**168,745**		172,227
Infrastructure subvention	**(18,470)**		(55,448)	
Track Access Charges	**(42,630)**		(34,208)	
Exchequer safety funding	**(7,854)**		(7,423)	
Renewals funding *(note 12(a))*	**(83,510)**		(77,276)	
Total railway infrastructure funding		**(152,464)**		(174,355)
Deficit/(Surplus) for the year		**16,281**		(2,128)

4 Payroll and Related Costs

	2013 €000	2012 €000
Staff costs		
Wages and salaries	**477,713**	491,640
Social welfare costs	**44,531**	45,400
Other pension costs	**37,680**	21,884
	559,924	558,924
Own work capitalised	**(33,173)**	(37,848)
Net staff costs	**526,751**	521,076
Board Members' remuneration and emoluments		
– for services as Board Members	**219**	208
– for executive services	**233**	224
Total Board Members' remuneration and emoluments	**452**	432
Total payroll and related costs	**527,203**	521,508

4 Payroll and Related Costs (continued)

Included in Board Members' remuneration is €31,500 (2012 – €31,500) Director's fees paid to Vivienne Jupp non-executive Chairman.

The Board Members excluding the Chairman were paid Directors fees during 2012/13 as follows:

	2013 €	2012 €
Board Member		
Kevin Bonner	**21,600**	21,600
P. J. Drudy	**15,750**	7,000
Phil Gaffney	**21,600**	21,600
Vincent Green	**13,969**	–
Helen Keelan	**15,750**	15,750
Paul Mallee	**19,080**	21,600
Frances Meenan	**15,750**	7,000
Bill McCamley	**15,750**	15,750
William McDermott	**14,438**	15,750
Aebhric McGibney	**15,750**	15,750
John Moloney	**15,750**	15,750
Tom O'Connor	**1,313**	–
Tommy Wynne	**1,313**	–

Staff Numbers

The average number of persons employed by company was as follows:

	2013	2012
CIÉ	**241**	243
Iarnród Éireann – Irish Rail	**3,792**	4,053
Bus Éireann – Irish Bus	**2,486**	2,551
Bus Átha Cliath – Dublin Bus	**3,172**	3,236
	9,691	10,083

5 Materials and Services

Included in Materials and Services are:

	2013 €000	2012 €000
Auditors' remuneration	**665**	742
Operating Lease rentals	**4,114**	4,406
Expenses reimbursed to Directors	**2**	4
Revenue grants *(note 20)*	**(1,683)**	(1,669)

Included in Auditors' Remuneration is:

	2013 €000	2012 €000
Statutory audit services	**223**	242
Other assurance services	**25**	27
Tax advisory services	**183**	156
Other non audit services	**234**	317
	665	742

Included in Expenses Reimbursed to Directors are:

	2013 €000	2012 €000
Subsistence/accommodation	**2**	3
Foreign travel	**–**	–
Consultancy fees	**–**	–
Other	**–**	1
	2	4

6 Depreciation

	2013 €000	2012 €000
Depreciation *(note 12)*	**230,523**	232,685
Amortisation of capital grants *(note 20)*	**(171,545)**	(173,972)
	58,978	58,713

7 Exceptional Operating Costs

	2013 €000	2012 €000
Business restructuring	**(5,208)**	(34,230)
	(5,208)	(34,230)

As part of the Group's 5-year plan, Iarnród Éireann continued with a voluntary severance and early retirement programme. The cost in 2013 including severance payments and other costs associated with the programme is €4.9 million. In addition, Córas Iompair Éireann (the holding company) incurred €0.3 million in business restructuring during the year.

8 Profit on Disposal of Tangible Assets

	2013 €000	2012 €000
Net gain on sale of land and buildings	**1,246**	21,093
Profit on disposal of rolling stock, vehicles, plant and machinery	**1,552**	596
	2,798	21,689

9 Interest Payable

	2013 €000	2012 €000
On loans and leases wholly repayable within five years	**4,309**	2,464
On loans and leases not wholly repayable within five years	**411**	438
	4,720	2,902
Interest apportioned:		
Group operational costs	**4,237**	74
Railway Undertaking	**314**	1,838
Railway infrastructure costs	**169**	990
	4,720	2,902

10 Public Service Obligations and Other Exchequer Grants

The grants payable to Córas Iompair Éireann are in accordance with the relevant EU Regulations governing State aid to transport undertakings.

Particulars of the State grants of €241,496 million received in 2013 – €225,933 million under Sub-Head C1 of Vote 32 of Dáil Éireann and €15,563 million under the Railway Safety Investment Programme are given in the following table:

State grants relating to 2012/2013 activities	2013 €000	2012 €000
Public Service Obligation		
Iarnród Éireann – Irish Rail	**127,029**	166,418
Bus Átha Cliath – Dublin Bus	**64,540**	74,768
Bus Éireann – Irish Bus	**34,364**	36,883
	225,933	278,069
Add:		
Railway Safety Investment Programme	**15,563**	14,710
State grant for National Development Plan (NDP)	**164,378**	153,212
Other Exchequer grants	**2,079**	2,041
Total other State funding	**182,020**	169,963
Total State funding	**407,953**	448,032
The total State funding was applied as follows:		
Consolidated Profit and Loss account	**241,496**	292,779
Less: infrastructure	**(26,324)**	(62,871)
Subvention and railway safety grants – operational	**215,172**	229,908
Infrastructure subvention and railway safety grants	**26,324**	62,871
NDP – credit against renewals of railway lines and works	**83,504**	77,276
Infrastructure subvention	**109,828**	140,147
Deferred income – capital grants	**81,365**	76,358
Other Exchequer revenue grants	**1,588**	1,619
Total	**407,953**	448,032

10 Public Service Obligations and Other Exchequer Grants (continued)

The amount and term of the capital grants are amortised over the useful lives of the assets. Revenue grants are brought to the Consolidated Profit and Loss Account in full in the relevant year received.

	Department of Transport, Tourism and Sport 2013 €000	National Transport Authority 2013 €000	Total 2013 €000	Department of Transport, Tourism and Sport 2012 €000	National Transport Authority 2012 €000	Total 2012 €000
Vote C2 Capital	103,037	78,211	**181,248**	109,589	60,374	169,963
Vote C2 Accessibility	–	772	**772**	–	–	–
Total	103,037	78,983	**182,020**	109,589	60,374	169,963

Source of NDP Funds received during the calendar year 2012/2013 are restricted to particular projects.

11 Holding Company Net Result for the Year

A summary of the financial results of the holding company and its divisions is shown in Note 2. The holding company's net surplus for the year, after profit on disposal of tangible assets, amounted to €1.0 million.

12 Tangible Fixed Assets

Group

	1st Jan 2013 €000	Reclass €000	Additions €000	Scrappings and Disposals €000	31st Dec 2013 €000
Cost					
Railway lines and works	1,952,567	(235)	89,485	–	**2,041,817**
Funding received for railway lines and works	(1,339,341)	–	(83,510)	–	**(1,422,851)**
Railway rolling stock	1,465,391	–	46,623	(53,235)	**1,458,779**
Road passenger vehicles	575,099	–	31,179	(33,133)	**573,145**
Road freight vehicles	2,908	–	–	(14)	**2,894**
Land and buildings	912,323	–	9,834	–	**922,157**
Plant and machinery	1,210,675	235	30,452	(2,150)	**1,239,212**
Docks, harbours and wharves	56,198	–	255	–	**56,453**
Total	**4,835,820**	**–**	**124,318**	**(88,532)**	**4,871,606**

12 Tangible Fixed Assets (continued)

Group

	1st Jan 2013 €000	Reclass €000	Additions €000	Scrappings and Disposals €000	31st Dec 2013 €000
Depreciation					
Railway lines and works	1,574,471	–	94,362	–	**1,668,833**
Funding received for railway lines and works	(1,339,341)	–	(83,510)	–	**(1,422,851)**
Railway rolling stock	706,149	–	99,976	(53,235)	**752,890**
Road passenger vehicles	388,395	–	37,504	(32,876)	**393,023**
Road freight vehicles	2,908	–	–	(14)	**2,894**
Land and buildings	112,953	–	16,180	–	**129,133**
Plant and machinery	576,787	–	64,696	(2,133)	**639,350**
Docks, harbours and wharves	20,131	–	1,315	–	**21,446**
Total	**2,042,453**	**–**	**230,523**	**(88,258)**	**2,184,718**

Group

	2013 €000	2012 €000
Net book amounts		
Railway lines and works	**372,984**	378,096
Railway rolling stock	**705,889**	759,242
Road passenger vehicles	**180,122**	186,704
Land and buildings	**793,024**	799,370
Plant and machinery	**599,862**	633,888
Docks, harbours and wharves	**35,007**	36,067
Total	**2,686,888**	2,793,367

12 Tangible Fixed Assets (continued)

Company

	1st Jan 2013 €000	Additions €000	Scrappings and Disposals €000	31st Dec 2013 €000
Cost				
Land and buildings	909,066	8,998	–	**918,064**
Plant and machinery	32,730	234	–	**32,964**
Total	**941,796**	**9,232**	**–**	**951,028**

Company

	1st Jan 2013 €000	Additions €000	Scrappings and Disposals €000	31st Dec 2013 €000
Depreciation				
Land and buildings	111,934	16,067	–	**128,001**
Plant and machinery	31,944	335	–	**32,279**
Total	**143,878**	**16,402**	**–**	**160,280**

Company

	2013 €000	2012 €000
Net book amount		
Land and buildings	**790,063**	797,132
Plant and machinery	**685**	786
Total	**790,748**	797,918

(a) In compliance with FRS 15, Tangible Fixed Assets, the basis of accounting for renewals of railway lines and works is to credit the grant against the cost of additions to the railway network.

12 Tangible Fixed Assets (continued)

Renewals expenditure and related grants were as follows:

	2013 €000	2012 €000
Renewals expenditure	**83,510**	77,276
State grants	**83,504**	77,276
Other grants	**6**	–
	83,510	77,276

(b) Road passenger vehicles at a cost of €86,236,719 (2012 – €99,635,403) were fully depreciated but still in use at the balance sheet date.

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

	Lives (Years)
Buildings	50
Bus shelters	3 to 15
Catering equipment	5 to 10
Railway lines and works	10 to 40
Railway rolling stock	4 to 20
Road passenger vehicles	7 to 14
Road freight vehicles	1 to 10
Plant and machinery	3 to 30
Docks, harbours and wharves	50

12 Tangible Fixed Assets (continued)

(d) Included in tangible fixed assets are amounts, as stated below, in respect of rail locomotives which are held under finance leases, whereby the company has substantially all the risks and rewards associated with the ownership of an asset, other than the legal title:

	2013 €000	2012 €000
Cost	**89,414**	89,038
Accumulated depreciation	**(82,104)**	(79,710)
Net book value at 31st December	**7,310**	9,328
Depreciation for year	**(2,394)**	(2,387)

(e) Included in the additions above are payments on account in respect of assets as set out below which were not yet in service:

	2013 €000	2012 €000
Railway rolling stock	**526**	13,853
Road passenger vehicles	**647**	1,044
	1,173	14,897

(f) Tangible fixed assets include railway infrastructure assets as follows:

	2013 €000	2012 €000
Cost	**1,407,572**	1,326,780
Accumulated depreciation	**(567,429)**	(511,280)
Net book value at 31st December	**840,143**	815,500

13 Financial Assets

Group

	Listed Shares		Unlisted Shares		Total	
	2013	2012	2013	2012	2013	2012
	€000	€000	€000	€000	€000	€000
Cost or Valuation	**97**	97	**13**	13	**110**	110
Provision for permanent diminution in value	**(77)**	(77)	**(13)**	(13)	**(90)**	(90)
Net Book Amounts at 31st December	**20**	20	**–**	–	**20**	20

Company

	Subsidiary Companies		Trade Investments		Amounts Due from Subsidiary Companies *(note 16(a))*	Total
	Unlisted Shares	Finance Leases	Listed Shares	Unlisted Shares	Restated	Restated
	€000	€000	€000	€000	€000	€000
Restated Cost of Valuation at 1st January	293,309	11,894	34	13	336,066	641,316
Reduction in finance leases	–	(4,545)	–	–	–	(4,545)
Inter-company cash flow	–	–	–	–	3,960	3,960
At 31st December, 2013	**293,309**	**7,349**	**34**	**13**	**340,026**	**640,731**
Provision for permanent diminution in value at 31st December, 2013	–	–	(34)	(13)	–	(47)
Net Book Amounts at 31st December, 2013	**293,309**	**7,349**	**–**	**–**	**340,026**	**640,684**
Net Book Amounts at 31st December, 2012	293,309	11,894	–	–	336,066	641,269

14 Stocks

Group

	2013 €000	2012 €000
Maintenance materials and spare parts	**30,288**	27,941
Infrastructure stocks	**17,693**	17,120
Fuel, lubricants and other sundry stocks	**13,189**	12,751
	61,170	57,812

These amounts include parts and components necessarily held to meet long-term operational requirements.

Change in estimation technique for Iarnród Éireann in 2013

During the year, there were changes in the calculation of the stock provisions within Iarnród Éireann which resulted in a net write-back to the Profit and Loss account of €4.1 million during 2013.

The changes were as follows.

- CCE/SET stock, a change in the estimation technique used to compute certain aspects of the inventory provision was applied. The provision is now calculated using the excess element of the stock only rather than to the entire inventory balance.
- CME stock, a number of items of stock which had previously been considered to be “strategic” stock have now been re-designated as “programme” stock. Different provision formulae are used in calculating the provisions for strategic and programme stocks.

15 Debtors

Group

	2013 €000	2012 €000
Trade debtors	**25,014**	23,924
Department of Education and Science	**7,781**	8,522
EU grants receivable	**4,508**	9,755
Other debtors and accrued income	**13,028**	17,262
	50,331	59,463

15 Debtors (continued)

Company

	2013 €000	Restated 2012 €000
Trade debtors	**2,083**	2,142
Amounts due from subsidiary companies *(note 16(a))*	**98,806**	113,294
Other debtors and accrued income	**6,660**	5,326
	107,549	120,762

16 Creditors (Amounts Falling Due within One Year)

Group

	2013 €000	2012 €000
Bank overdraft	**3,364**	14,855
Bank loans *(note 18)*	**40,000**	74,000
Finance lease obligations *(note 27)*	**4,174**	3,930
Trade creditors	**106,920**	119,492
Income tax deducted under PAYE	**9,693**	13,174
Pay related social insurance	**5,452**	5,064
Value added tax and other taxes	**8,583**	8,973
Other creditors	**24,661**	21,197
Restructuring provisions *(note 19)*	**13,025**	17,135
Third party and employer's liability claims *(note 19)*	**22,300**	19,905
Deferred income *(note 20)*	**160,497**	167,793
Accruals	**55,351**	50,047
	454,020	515,565
Creditors for taxation and social welfare included above	**23,728**	27,211

16 Creditors (Amounts Falling Due within One Year) (continued)

Company

	2013 €000	Restated 2012 €000
Bank overdraft	**–**	1,812
Bank loans *(note 18)*	**40,000**	74,000
Finance lease obligations *(note 27)*	**4,174**	3,930
Trade creditors	**9,819**	7,811
Amounts owed to subsidiary companies *(note 16(a))*	**6,493**	–
Income tax deducted under PAYE	**792**	890
Pay related social insurance	**228**	117
Value added tax and other taxes	**891**	1,124
Other creditors	**8,990**	3,553
Deferred income *(note 20)*	**11,449**	11,545
Accruals	**5,307**	3,684
	88,143	108,466
Creditors for taxation and social welfare included above	**1,911**	2,131

16(a) Intercompany Balances

During the year, management reviewed the components of the intercompany balance due to/from CIÉ Group companies, 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 restated. A new accounting policy on inter-company balances has been included on page 50 of the financial statements.

Company

	2013 €000	Restated 2012 €000
Long-Term financial asset		
Amounts due from subsidiary companies *(note 13)*	**340,026**	336,066
Short-term trading account		
Amounts due from subsidiary companies *(note 15)*	**98,806**	113,294
Amounts owed to subsidiary companies *(note 16)*	**(6,493)**	–
Long-term financial liability		
Amounts owed to subsidiary companies *(note 17)*	**(520,550)**	(575,931)
Net intercompany balance payable	**(88,211)**	(126,571)

17 Creditors (Amounts Falling Due After more than One Year)

Group

	2013 €000	2012 €000
Bank Loans *(note 18)*	**79,142**	–
Finance lease obligations *(note 27)*	**1,961**	6,135
Irrecoverable value added tax on finance leases	**388**	1,115
	81,491	7,250

Creditors (Amounts Falling Due After more than One Year)

Company

	2013 €000	Restated 2012 €000
Bank loans *(note 18)*	**79,142**	–
Finance lease obligations *(note 27)*	**1,961**	6,135
Irrecoverable value added tax on finance leases	**388**	1,115
Amounts owed to subsidiary companies *(note 16(a))*	**520,550**	575,931
	602,041	583,181

18 Bank Loans

Group and Company

These loans are repayable as follows:

	2013 €000	2012 €000
Within one year *(note 16)*	**40,000**	74,000
Between 2 and 5 years *(note17)*	**79,142**	–
Total bank borrowings	**119,142**	74,000

The presentation of the maturity analysis of loans and other debt above complies with the provisions of FRS 25, Capital Instruments. The standard requires that the maturity of debt should be determined by reference to the earliest date on which the lender can require repayment.

19 Provisions for Liabilities and Charges

Group

	Restructuring Provisions €000	Third Party and Employer's Liability Claims €000	Total €000
Balance at 1st January, 2013	17,135	185,615	**202,750**
Utilised during year	(9,044)	(14,977)	**(24,021)**
Transfer from Profit and Loss account	4,934	2,981	**7,915**
Balance carried forward 31st December, 2013	**13,025**	**173,619**	**186,644**
Apportioned:			
Current liabilities *(note 16)*	13,025	22,300	**35,325**
Amounts falling due after more than one year	–	151,319	**151,319**
	13,025	**173,619**	**186,644**

Any losses not covered by external insurance are charged to the Consolidated Profit and Loss account and unsettled amounts are included in provisions for liabilities and charges.

Provisions coming forward from previous years have been transferred to the consolidated profit and loss account based on recent claims history.

(A) External Insurance Cover

The Board has the following external insurance cover:

i. Iarnród Éireann – Irish Rail

Third Party Liability in excess of

a) €5,000,000 on any one occurrence or series of occurrences arising out of any one rail transport event and

b) €1,500,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US$3,300,000.

ii. Bus Átha Cliath – Dublin Bus

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 claims subject to United States jurisdiction where the excess is US$3,300,000.

19 Provisions for Liabilities and Charges (continued)

iii. Bus Éireann – Irish Bus

Third Party Liability in excess of

a) €2,000,000 for school buses and

b) €2,000,000 for other road transport on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US$3,300,000.

iv. Group

Third Party Liability in excess of €250,000 on any one occurrence or series of occurrences arising out of Other Risks events, except

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

(b) Ossary Road where each and every occurrence excess is €1,000,000 and

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

v. In addition, each of the subsidiary companies within the Group has aggregate cover in the twelve month period, April 2013 to March 2014, for rail and road transport third party liabilities in excess of a self insured retention of:

Iarnród Éireann – Irish Rail	€11,000,000
Bus Átha Cliath – Dublin Bus	€15,000,000
Bus Éireann – Irish Bus	€11,000,000

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.

vi. 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.

vii. All Risks, 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.

viii. 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).

ix. Iarnród Éireann has the following external cover in respect of its operations at Rosslare Europort:

(a) Marine Third Party Liability cover of €12,500,000 any one incident but unlimited during the currency of the policy, subject to an excess of €150,000 per incident.

(b) Removal of Wreck cover of €5,000,000 any one incident, subject to an excess of €12,500 any one incident and 3 days excess in respect of Loss of Revenue claims any one incident.

(c) Loss of Revenue cover €25,500 per day for a maximum of 30 days any one incident, subject to an excess of seven days any one incident.

(d) Marine Impact cover for itemised structures totalling €38,575,000, subject to an excess of €25,000 for each and every loss.

19 Provisions for Liabilities and Charges (continued)

(e) Excess Marine Third Party Liability cover of €25,600,000 any one incident in excess of €12,500,000 any one incident.

(f) Unaccompanied Trailers cover of €5,000,000 any one location, subject to an excess of €25,000 each and every loss.

(g) Unaccompanied motor vehicles of €635,000 any one vessel or conveyance, €4,450,000 any one incident, and €127,500 any one vehicle, subject to an excess of €625 each and every loss.

(h) Unaccompanied mechanically propelled vehicles not owned by CIÉ/Iarnród Éireann being driven by Iarnród Éireann personnel within the Europort area, subject to third party property damage limits of €2,600,000 in respect of commercial vehicles and €30,000,000 in respect of private cars.

(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 Group. The estimated cost of claims includes expenses to be incurred externally in managing claims but excludes the internal overhead of claims management fees. The Group 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 Group 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 Group 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 Group, 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 Group's brokers of any re-insurers in run off.

20 Deferred Income

Group

	1st Jan 2013 €000	Reclassi-fication €000	Received and Receivable €000	Grant Aided Asset Disposals €000	Profit and Loss A/C €000	31st Dec 2013 €000
Capital grants						
Railway lines and works	359,997	(189)	3,931	–	(10,230)	**353,509**
Railway rolling stock	664,134	–	15,239	–	(74,838)	**604,535**
Plant and machinery	534,490	168	27,364	–	(49,998)	**512,024**
Docks, harbours and wharves	9,907	–	–	–	(311)	**9,596**
Land and buildings	578,414	–	7,314	–	(11,488)	**574,240**
Road passenger vehicles	123,984	–	29,361	(202)	(24,680)	**128,465**
	2,270,926	**(21)**	**83,209**	**(202)**	**(171,545)**	**2,182,367**
Other deferred income	15	–	–	–	(2)	**13**
	2,270,941	**(21)**	**83,209**	**(202)**	**(171,547)**	**2,182,380**
Revenue grants	–	–	1,683	–	(1,683)	**–**
Total	**2,270,941**	**(21)**	**84,892**	**(202)**	**(173,230)**	**2,182,380**

	2013 €000	2012 €000
Apportioned:		
Deferred income – amounts falling due within one year *(note 16)*	**160,497**	167,793
Deferred income – amounts falling due after one year	**2,021,883**	2,103,148
	2,182,380	2,270,941

20 Deferred Income (continued)

Company

	1st Jan 2013 €000	Received and Receivable €000	Profit and Loss A/C €000	31st Dec 2013 €000
Capital grants				
Land and buildings	577,210	6,698	(11,444)	**572,464**
Other deferred income	15	–	(2)	**13**
Total	577,225	6,698	(11,446)	**572,477**

	2013 €000	2012 €000
Apportioned:		
Deferred income – amounts falling due within one year *(note 16)*	**11,449**	11,545
Deferred income – amounts falling due after one year	**561,028**	565,680
	572,477	577,225

21 Reconciliation of Movements in Reserves

Group

	Capital Reserve €000	Profit and Loss A/C €000	Non-repayable State Advances €000	2013 Total Reserves €000	2012 Total Reserves €000
Balance at 1st January	28,556	(402,913)	12,511	**(361,846)**	(22,077)
(Deficit)/Surplus for the year	–	(11,608)	–	**(11,608)**	11,668
Actuarial gain/(loss) in respect of pension schemes	–	71,219	–	**71,219**	(351,437)
Balance at 31st December	**28,556**	**(343,302)**	**12,511**	**(302,235)**	(361,846)

21 Reconciliation of Movements in Reserves (continued)

Company

	Capital Reserve €000	Profit and Loss A/C €000	Non-repayable State Advances €000	2013 Total Reserves €000	2012 Total Reserves €000
Balance at 1st January	28,556	270,018	12,511	**311,085**	285,678
Profit for the year	–	1,039	–	**1,039**	25,407
Balance at 31st December	**28,556**	**271,057**	**12,511**	**312,124**	311,085

22 Cash Flow Statement

(A) Reconciliation of Operating Deficit to Operating Cash Flows

	Year ended 31st December 2013 €000	2012 €000
EBITDA before restructuring and other charges	**58,580**	90,304
Exceptional costs – restructuring	**(5,208)**	(34,230)
(Increase)/reduction in stocks	**(3,359)**	859
Decrease in debtors	**3,886**	1,934
Decrease in creditors and provisions	**(32,194)**	(46,667)
Net cash inflow from operating activities	**21,705**	12,200

22 Cash Flow Statement (continued)

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

	Year ended 31st December 2013 €000	2012 €000
Returns on investments and servicing of finance		
Interest received	**1,198**	590
Interest paid	**(4,494)**	(2,748)
Interest element of finance lease rental payments	**(226)**	(154)
Net cash outflow for returns on investments and servicing of finance	**(3,522)**	(2,312)
Capital expenditure and financial investment		
Purchase of tangible assets	**(207,829)**	(199,034)
Disposal of tangible assets	**2,775**	22,102
State and EU capital grants	**171,945**	153,368
Net cash outflow for capital expenditure and financial investment	**(33,109)**	(23,564)
Financing		
Repayment of debt	**–**	–
New Loans	**45,142**	12,000
Capital element of finance lease rental payments	**(3,930)**	(3,701)
Net cash inflow from financing	**41,212**	8,299

(C) Analysis of Net Debt

	1st Jan 2013 €000	Cash Flow €000	31st Dec 2013 €000
Cash at bank and in hand	11,019	14,795	**25,814**
Bank overdrafts	(14,855)	11,491	**(3,364)**
	–	26,286	**–**
Debt due within one year	(74,000)	34,000	**(40,000)**
Debt due after one year	–	(79,142)	**(79,142)**
Finance leases	(10,065)	3,930	**(6,135)**
	–	(41,212)	**–**
Total	**(87,901)**	**(14,926)**	**(102,827)**

23 Pensions

The majority of the Group's employees participate in the defined benefit pension schemes based on final pensionable pay. Contributions by the Board, its subsidiaries and the employees are invested in trustee administered funds.

The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

An actuarial review was carried out as at 31st December 2011, and the market value of the assets of the schemes at that date was €1,332,000,000 which amounted to 77.7% of the benefits which had accrued to members based on service to and pensionable pay at the review date. Actuarial reports are available to scheme members but are not provided for public inspection.

Composition of the Scheme

The Group operates two defined benefit schemes in Ireland. Actuarial valuations were carried out at 31st December 2013 by a qualified independent actuary.

The amounts recognised in the Balance Sheet are as follows:

	2013 €000	2012 €000
Fair value of scheme assets	**1,538,389**	1,452,968
Present value of scheme liabilities	**(1,956,134)**	(1,944,822)
Pension deficit	**(417,745)**	(491,854)

No deferred tax asset has been recognised in respect of the above pension deficit as it is unlikely that the Group will have taxable profits in the foreseeable future.

The amounts recognised in the Profit and Loss account are as follows:

	2013 €000	2012 €000
Charged to operating profit		
Current service cost	**36,654**	19,680
Past service cost	**–**	4,489
Total operating charge	**36,654**	24,169
Credited to other finance income		
Expected rate of return on pension scheme assets	**67,231**	70,988
Interest on pension scheme liabilities	**(72,509)**	(76,058)
Net return	**(5,278)**	(5,070)

23 Pensions (continued)

The amounts recognised in the Statement of Total Recognised Gains and Losses are as follows:

	2013 €000	2012 €000
Actual return less expected return on pension scheme assets	**32,495**	56,352
Experience gains/(losses) arising on the scheme liabilities	**4,669**	(952)
Changes in assumptions underlying the present value of the scheme liabilities	**34,055**	(406,865)
Actuarial gain/(loss) recognised in STRGL	**71,219**	(351,465)

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses up to and including the financial year ended 31st December 2013 is €527.9 million (2012: €599.1 million). Based on current contribution ratios, the expected members and employer contributions for the year ended 31st December 2014 are €63 million.

Movement in Schemes' Assets and Liabilities

	Schemes' Assets €000	Schemes' Liabilities €000	Schemes' Deficit €000
At 1st January, 2012	1,338,070	(1,497,241)	(159,171)
Current service cost	–	(19,680)	(19,680)
Interest costs	–	(76,058)	(76,058)
Expected return on scheme assets	70,987	–	70,987
Actual less expected return on scheme assets	56,352	–	56,352
Experience losses on liabilities	–	(407,817)	(407,817)
Past service costs	–	(4,489)	(4,489)
Net benefit paid out	(79,336)	79,336	–
Members contributions	18,873	(18,873)	–
Employer contributions paid	48,022	–	48,022
At 31st December, 2012	1,452,968	(1,944,822)	(491,854)
Current service cost	–	(36,654)	(36,654)
Interest costs	–	(72,509)	(72,509)
Expected return on scheme assets	67,231	–	67,231
Actual less expected return on scheme assets	32,495	–	32,495
Experience gains on liabilities	–	38,724	38,724
Past service costs	–	–	–
Curtailment gain	–	–	–
Net benefit paid out	(76,988)	76,988	–
Members contributions	17,861	(17,861)	–
Employer contributions paid	44,822	–	44,822
At 31st December, 2013	**1,538,389**	**(1,956,134)**	**(417,745)**

All of the schemes' liabilities above arise from schemes that are wholly funded.

23 Pensions (continued)

Risks and Rewards Arising from the Assets

At 31st December 2013 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the assets at year end was €1,542.8 million. The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	2013 %	2012 %
Equities	**48.6**	48.4
Property	**6.6**	6.9
Bonds	**33.3**	35.1
Other	**11.5**	9.6
Total	**100**	100

The schemes' assets do not include any ordinary shares issued by the Group. In addition, schemes' assets do not include property occupied by, or other assets used by the Group.

Basis of Expected Rate of Return on Scheme Assets

The Group employs a building block approach in determining the rate of return on pension scheme assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. For equities the expected return is 6.9% and is expected to exceed that of bonds by on average 4.3%. The expected rate of return for property assets is 5.6% and for other assets is 4.6%. Thus the overall expected rate of return on schemes' assets at 31st December 2013 is 4.4% (2012: 4.7%).

Financial Assumptions

The principal actuarial assumptions used in the valuations were:

	31st Dec 2013 % p.a.	31st Dec 2012 % p.a.
Discount Rate	**3.9**	3.8
Inflation	**2.0**	2.0
Pension increases**	**2.0**	2.0
Salary increases**	**2.0**	2.0

** Pay Pause i.e. 0% increase for 2014-2017 reverting to long-term assumptions thereafter.

23 Pensions (continued)

Mortality Assumptions

Assumptions regarding future mortality experience are set based on information from published statistics and are selected to reflect the characteristics and experience of the membership of the relevant schemes. The mortality rates used are based on standard mortality tables derived from UK experience adjusted with effect from 31st December 2013 to allow for future improvements in mortality consistent with the approach adopted by the CSO in carrying out population projections.

The average life expectancy, in years, of a member retiring at age 65 is as follows:

	31st Dec 2013 Male	31st Dec 2013 Female	31st Dec 2012 Male	31st Dec 2012 Female
Currently aged 45 years	**25.1**	**26.1**	25.0	26.0
Currently aged 65 years	**22.7**	**24.0**	22.5	23.9

History of Asset Values, Present Value of Liabilities, Deficit in the Schemes and Experience Gains and Losses for Year Ended 31st December

	2013 €000	2012 €000	2011 €000	2010 €000	2009 €000
Fair value of scheme assets	**1,538,389**	1,452,968	1,338,070	1,344,359	1,247,740
Present value of funded liabilities	**(1,956,134)**	(1,944,822)	(1,497,241)	(1,693,051)	(1,794,755)
Deficit in scheme	**(417,745)**	(491,854)	(159,171)	(348,692)	(547,015)
Experience gains/(losses) on scheme assets:	**32,495**	56,352	(77,245)	30,570	24,255
Percentage of the present value of the scheme assets	**2.1%**	3.9%	(5.8)%	2.3%	1.9%
Experience gains/(losses) on scheme liabilities**	**4,669**	(952)	(14,609)	32,340	25,913
Percentage of the present value of the scheme liabilities	**0.2%**	(0.1)%	(1.0)%	1.9%	1.4%

*** This item consists of gains/(losses) in respect of liability experience only and excludes any changes in liabilities in respect of changes to the actuarial assumptions used.*

24 Capital Commitments

	2013 €000	2012 €000
Contracted for	**28,980**	37,018
Authorised by Board but not contracted for	**234,318**	220,708
	263,298	257,726

Capital grants totalling €85.5 million have been approved in respect of the above expenditure (2012 – €113.4 million).

25 Foreign Exchange, Oil Commitments and Interest Rate Swaps

At 31st December 2013, Córas Iompair Éireann was committed to buying STG£8.5 million and buying US$37 million under forward currency contracts expiring during 2014 and 2015. The fair value of these contracts at 31st December 2013 was a loss of €0.8 million.

At 31st December 2013, Córas Iompair Éireann was also committed to buying oil under commodity swap contracts to the value of US$ 95.8 million expiring during 2014 and 2015. The fair value of these contracts at 31st December 2013 was a profit of €6.0 million.

At 31st December, Córas Iompair Éireann had interest rate hedge contracts in place to cover at least 50% of the interest rate exposure on its €80 million term loan facility. These contracts run from January 2015 and expire in July 2017. The fair value of these contracts at 31st December 2013 was a profit of €0.2 million.

26 Contingent Liabilities

Pending litigation

The Group, from time to time, is party to various legal proceedings. It is the opinion of the Board that losses, if any, arising in connection with these matters will not be materially in excess of provisions in the financial statements.

Finance leases

Under the terms of the finance leases there are contingent liabilities whereby material tax changes affecting the lessors' tax liabilities on lease income will be offset by appropriate adjustments to lease rentals.

Letters of credit

Under lease agreements relating to railway rolling stock the Board has certain obligations to the lessor that could arise in the event of early termination of the agreements. These obligations are covered by letters of credit that are indemnified by the Board of Córas Iompair Éireann. No liability is expected to arise in respect of this indemnity.

26 Contingent Liabilities (continued)

Grants receivable

All grant applications made to the EU are subject to a stringent audit process. The Group is confident it is compliant with EU procedures and conditions but until the final report is available there exists a possibility that some elements of expenditure due to be claimed or claimed to date may be deemed ineligible. Under these circumstances some or all of the funding for certain projects may not be receivable and some grants received to date could become repayable.

27 Lease Obligations

(A) Finance Leases

Net obligations under finance leases fall due as follows:

	2013 €000	2012 €000
Within one year *(note 16)*	**4,174**	3,930
Between one and five years *(note 17)*	**1,961**	6,135
After five years	**–**	–
	1,961	6,135
Total	**6,135**	10,065

The Minister for Finance has fully guaranteed the above finance leases.

(B) Operating Leases

Commitments under non-cancellable operating leases payable expire as follows:

	On plant and equipment/ motor vehicles 2013
Within one year	**2,357**
Between one and five years	**1,447**
	3,804

28 Related Party Transactions

(A) The Ownership of the Company

CIÉ is a statutory body set up under the Transport Act, 1950.

The Members of the Board are appointed by the Minister for Transport, Tourism and Sport.

(B) Provision of Services to Entities Owned by the Irish Government

The Group provides rail and road transport services in the ordinary course of its business to Government departments and to entities controlled by the Irish Government, the principal of these being the Department of Education and Science, the Department of Social and Family Affairs, Coillte, An Post and the various county councils. The Group also uses the services of Bank of Ireland/Allied Irish Bank for the sale of foreign currency during its ordinary course of business. Revenue from these services amounted to €247.3 million in 2013 and amounts due from these entities to the Group at 31st December 2013 for these services totalled €25.4 million.

(C) Purchase of Services from Entities Owned by the Irish Government

In the ordinary course of its business the Group purchases services from entities controlled by the Irish Government, the principal of these being ESB, Bord Gáis and the various county councils. The Group also uses the services of Bank of Ireland/Allied Irish Bank for the purchase of foreign currency and day to day banking facilities. Expenditure on these services amounted to €68.4 million in 2013 and amounts due to these entities by the Group at 31st December 2013 for these services totalled €21.7 million.

29 Group Membership

Name	Principal activity
Holding company:	
Córas Iompair Éireann	– Public transport services
Subsidiary companies *(all wholly owned)*	
Iarnród Éireann – Irish Rail	– Public rail (passenger and freight) services
Bus Éireann – Irish Bus	– Public bus passenger services
Bus Átha Cliath – Dublin Bus	– Public bus passenger services
CIÉ Tours International Incorporated	– Tours

Iarnród Éireann – Irish Rail, Bus Éireann – Irish Bus and Bus Átha Cliath – Dublin Bus are incorporated and operate principally in the Republic of Ireland. These three companies are incorporated under the provisions of the Companies Acts, 1963 to 2013, as wholly owned subsidiaries of Córas Iompair Éireann in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986. All of the Group's interests in the subsidiary companies consist of ordinary share capital.

29 Group Membership (continued)

CIÉ Tours International is incorporated in New York and operates in North America.

The registered offices of the subsidiary companies are as follows:

Iarnród Éireannnn – Irish Rail	Connolly Station, Dublin 1.
Bus Éireann – Irish Bus	Broadstone, Dublin 7.
Bus Átha Cliath – Dublin Bus	59 Upper O'Connell Street, Dublin 1.
CIÉ Tours International Incorporated	10 Park Place, Suite 510, P.O. Box 1965, Morristown NJ 07962-1965.

30 Approval of Financial Statements

The Board approved the financial statements on 3rd April, 2014.

CIE