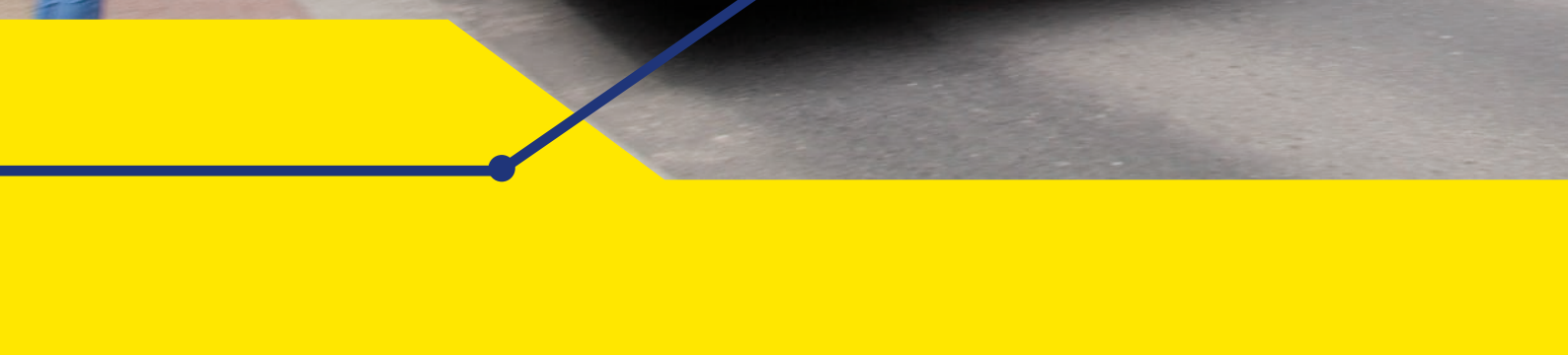


Bus Átha Cliath Annual Report and Financial Statements 2018



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Financial and Operating Highlights

Revenue Growth

| | | | |
|-------------|---------------|-------------|--------------|
| 2018 | €11.6m | 2018 | +4.6% |
| 2017 | €15.5m | 2017 | +6.6% |

Surplus – PSO

| | |
|-------------|--------------|
| 2018 | €0.3m |
| 2017 | €0.0m |

Surplus – Commercial Services

| | |
|-------------|--------------|
| 2018 | €3.4m |
| 2017 | €1.0m |

New Buses

| | |
|-------------|------------|
| 2018 | 141 |
| 2017 | 100 |

Customer Journeys

| | |
|-------------|---------------|
| 2018 | 143.5m |
| 2017 | 139.4m |

Number of Employees

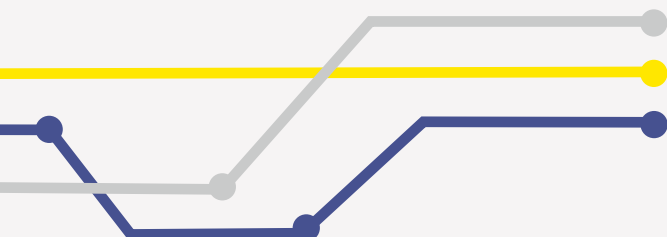
| | |
|-------------|--------------|
| 2018 | 3,424 |
| 2017 | 3,506 |

Number of KMs Travelled

| | |
|-------------|--------------|
| 2018 | 57.1m |
| 2017 | 58.4m |

Number of Buses

| | |
|-------------|--------------|
| 2018 | 1,010 |
| 2017 | 1,016 |



A Bus Service For All



We are proud to transport all our customers across the city. We offer priority spaces and seating to customers with buggies, older people, pregnant women and people with disabilities. We're always working to ensure that everyone has a safe and comfortable journey with us. All of our buses have a wheelchair bay and almost half of our buses also have a designated buggy space.

In 2018, the Travel Assistance Scheme assisted 1,047 people in learning to travel independently on the Dublin public transport system. This consisted of 506 people with learning difficulties, 372 with mobility difficulties and 169 people with sensory difficulties.

Our diverse workforce is proud to serve a diverse community in the Dublin area.

Number of Assists in 2018
1,047 customers

Lower Floor Accessible Fleet
100% of fleet

Audio and Visual Announcements
99% of fleet

CCTV
100% of fleet

Our People

3,424 people work here, in many different roles

**17% of our people come from countries other than Ireland,
with 70 countries represented in our workforce**

Our Work in the Community

We awarded grants to 85 community groups, ranging from €1,000 to €5,000

Since 2004, we have supported over 1,800 grassroots community and voluntary groups, across the Greater Dublin Area, through our Community Spirit Awards

Over 2,000 school children entered our Schools Art Competition in 2018 and a selection of winning artwork featured in our Children's Art Calendar

Our two dedicated Community Spirit Initiative buses made 370 trips, bringing thousands of children on school trips and to summer projects

Our Schools and Community Co-ordinators made 383 visits to schools across the Greater Dublin Area as part of our Schools Education Programme

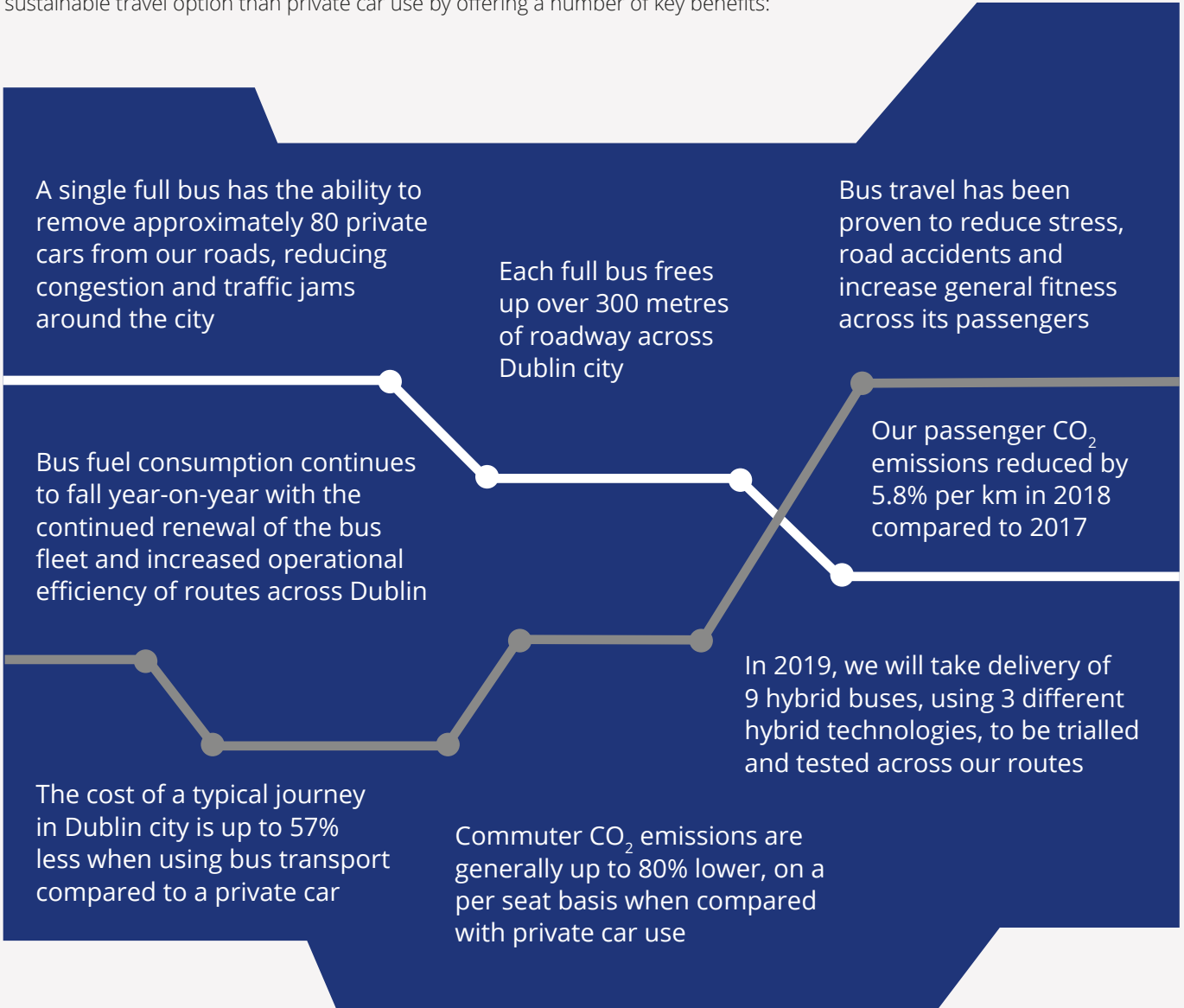
We were winners of the Diversity and Inclusion category at the CIPD awards for our Workplace Gender Transition Policy and Guidelines

We are a proud supporter of cultural initiatives and events across the community, including Experience Japan Festival, Darkness Into Light Festival, Africa Day, UCD Festival, Dublin LGBTQ+ Pride and Culture Night



The Environment and Carbon Emissions

Bus Átha Cliath is Dublin's largest public transport provider. Over 60% of all public transport trips taken into Dublin city centre are by bus. As the principal bus operator of urban buses in Dublin, we covered 120 routes and 57.1 million kilometres in 2018. We offer a more sustainable travel option than private car use by offering a number of key benefits:



Energy Used in Gigawatt Hours

2018 283 GWH
2017 295 GWH

Fuel Consumption per 100km

2018 46.9 litres
2017 47.2 litres

Recycling Rate

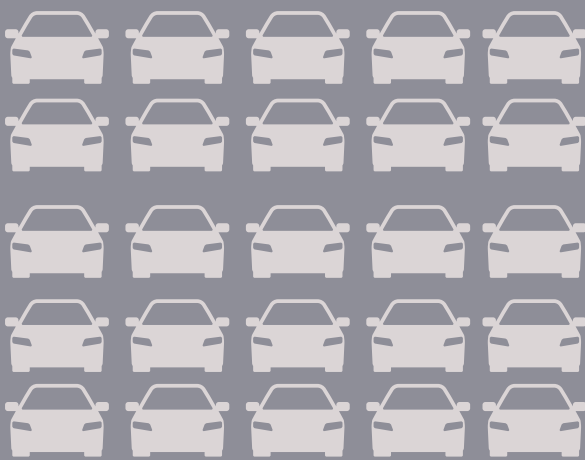
2018 78%
2017 79%

Hybrid Buses

**9 Hybrid buses
 being trialled in 2019**

Emissions decrease through use of a Bus Átha Cliath bus

Comparison: CO₂ emissions per seat km of average Irish car with our buses



167g CO₂e/km



23g CO₂e/km

The more people that choose to travel with public transport, the better it is for the environment. To reduce our environmental impact we work towards optimising our fleet and driving, which impacts positively on fuel consumption and emissions.

Chairman's Statement



The 2018 results will enable Bus Átha Cliath to continue to reinvest in further service improvements.

We are proud to remain the largest transport provider in the Greater Dublin Area.

2018 Review

I am pleased to present the Annual Report of Bus Átha Cliath for the year ended 31 December 2018 and to report an overall profit during a year of significant change for the company.

Bus Átha Cliath remains fully committed to the operation of a profitable Public Service Contract under which high quality services are delivered in line with the contract terms. The company has delivered strong growth in customer numbers during 2018, particularly when exceptional events are excluded, and has responded to this increased demand with a number of significant service enhancements aimed at improving our customers' experience. The improvement in profitability levels during 2018 on both our Public Service Obligation (PSO) routes and Commercial Services is encouraging and while we must continue our move towards a more sustainable cost base, the 2018 results will enable Bus Átha Cliath continue to reinvest in further service improvements. Customers travelling on our services have increased by 2.9% over 2017 levels. Passenger journeys of 143.5 million were achieved in 2018 compared to 139.4 million passenger journeys in 2017. The passenger journeys in 2018 reflect two severe weather events during the first half of the year, the operation of an extended Luas Cross City line as well as the phased transition of 10% of the PSO routes to a new operator over the period October to December 2018.

The surplus reported for the year is €3.7 million compared to a surplus of €1.0 million in 2017. These results reflect the improved profitability of Commercial Services and a small increase in the overall surplus on PSO services. The PSO result reflects increased rates of customer satisfaction, strong growth in core passenger journeys and continued delivery of cost efficiencies across all key cost categories as well as adjusted customer fare levels. 2018 was also the third and final year of the 2016 pay agreement with employees. Strong financial results are the means by which the company can continue to invest in and contribute towards the development of the public transport system for Dublin. A profitable performance on both PSO and Commercial Services is essential to ensure a viable future for Bus Átha Cliath. Customer revenue ended the year at €263.3 million, an increase of €11.6 million on the 2017 figures. Bus Átha Cliath is proud to remain the largest transport provider in the Greater Dublin Area.



During 2018, the company successfully worked in partnership with all stakeholders to ensure a smooth transition of the PSO routes, tendered by the National Transport Authority (NTA) in 2017, to a new PSO operator. Bus Átha Cliath focused during this period on ensuring that the needs of customers remained the priority during the transition process and the professionalism and co-operation of our employees during this period was key to the smooth migration of these services. The company is committed to further strengthening our performance in both the PSO and Commercial Services businesses.

The company welcomed the announcement by the NTA of their proposal to enter into a further direct award contract with Bus Átha Cliath for the provision of bus services in the Dublin metropolitan region for the period 2019-2024. This proposal followed on from a detailed review of all aspects of the company's performance, cost and quality, over the lifetime of the current direct award contract. The company was especially pleased to note that we received a very high satisfaction rating in the customer survey conducted by the NTA. The overall satisfaction rate at 95%, was up three points from the 2017 survey.

The company also continued to assist the NTA during 2018 in relation to "BusConnects"; a major programme of investment, including a redesign of the bus network for the city and a parallel series of projects to enhance the performance of the network, such as bus priority and infrastructure improvements. The company also played a key role in the successful planning and provision of transport services for key events, such as the visit of Pope Francis in August. An additional 141 new double deck buses were added to our fleet during 2018, a mix of additional capacity and replacement of older vehicles. Extra capacity on routes were added to our network alongside multiple service frequency increases particularly at weekends. Additional resources were also added to counteract the impact of increasing congestion on our streets.

Bus Átha Cliath continues to play a pivotal role in the provision of safe, efficient and reliable public transport within the capital. The company is justifiably proud of its long tradition of supporting the social and economic life of the city itself and while 2019 will undoubtedly bring new challenges, the company is well placed to meet these challenges and looks forward to continued growth over this period.



Chairman's Statement (continued)

Governance

The Board remains committed to the highest standard of corporate governance to manage risks and drive both innovation and growth within Bus Átha Cliath. We continued to focus attention during 2018 on ensuring that the company has appropriate measures in place to comply with the 2016 Code of Practice for the Governance of State Bodies.

People

As we reflect on the 2018 achievements and the challenges presented by events such as the severe weather experienced in early 2018, the outstanding contribution of our employees in meeting and exceeding customer expectations cannot be overestimated. I would again like to acknowledge all our employees for the professionalism, energy and commitment with which they continue to serve our customers and ensure that Bus Átha Cliath remains part of the fabric of sustainable community life in Dublin.

On behalf of the board, I would like to acknowledge the continued positive partnership with the NTA, as we work towards the shared objectives of increasing public transport usage and enhancing public transport services. I would also like to note the support of our shareholder, the Minister for Transport, Tourism and Sport, Mr Shane Ross TD and the officials of his Department during 2018.

Outlook

Bus Átha Cliath successfully faced many challenges during 2018 and has laid the groundwork for emerging opportunities and challenges in 2019. These include:

- preparation for the signing of a new 5 year PSO direct award contract in December 2019 to deliver a sustainable basis for profitable growth.
- monitoring economic indicators and prepare for any shocks to the economy which may arise from Brexit and other general economic conditions.
- continued reduction of emissions by continuing to keep pace with new technologies and fleet developments.

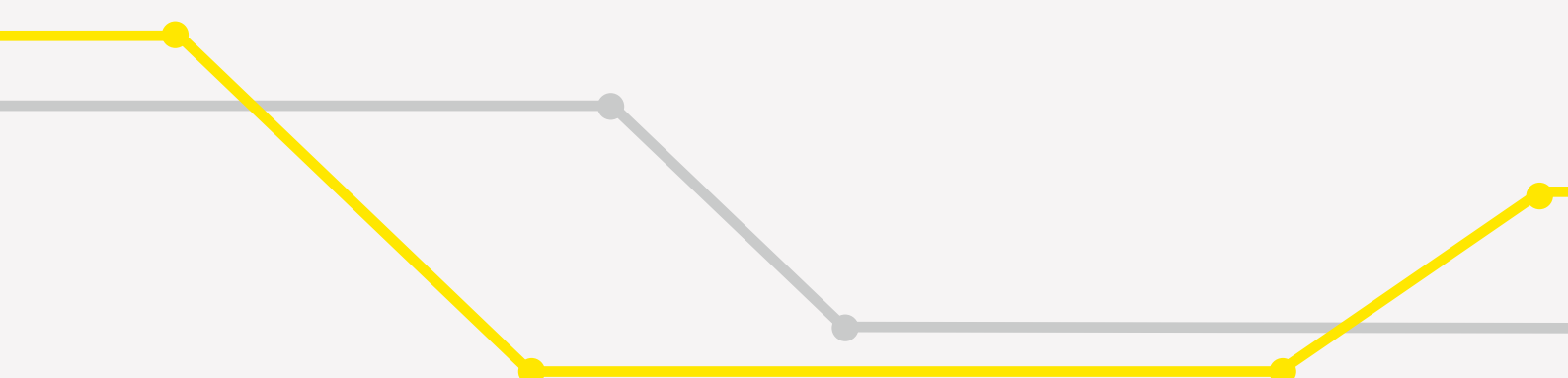
The BusConnects programme will continue in 2019 and offers significant growth potential and considerable investment in bus services in the Dublin region. The focus of Bus Átha Cliath to date in relation to this project has been to ensure that our network experience is reflected in the project discussions so as to best meet the needs of our entire customer base.

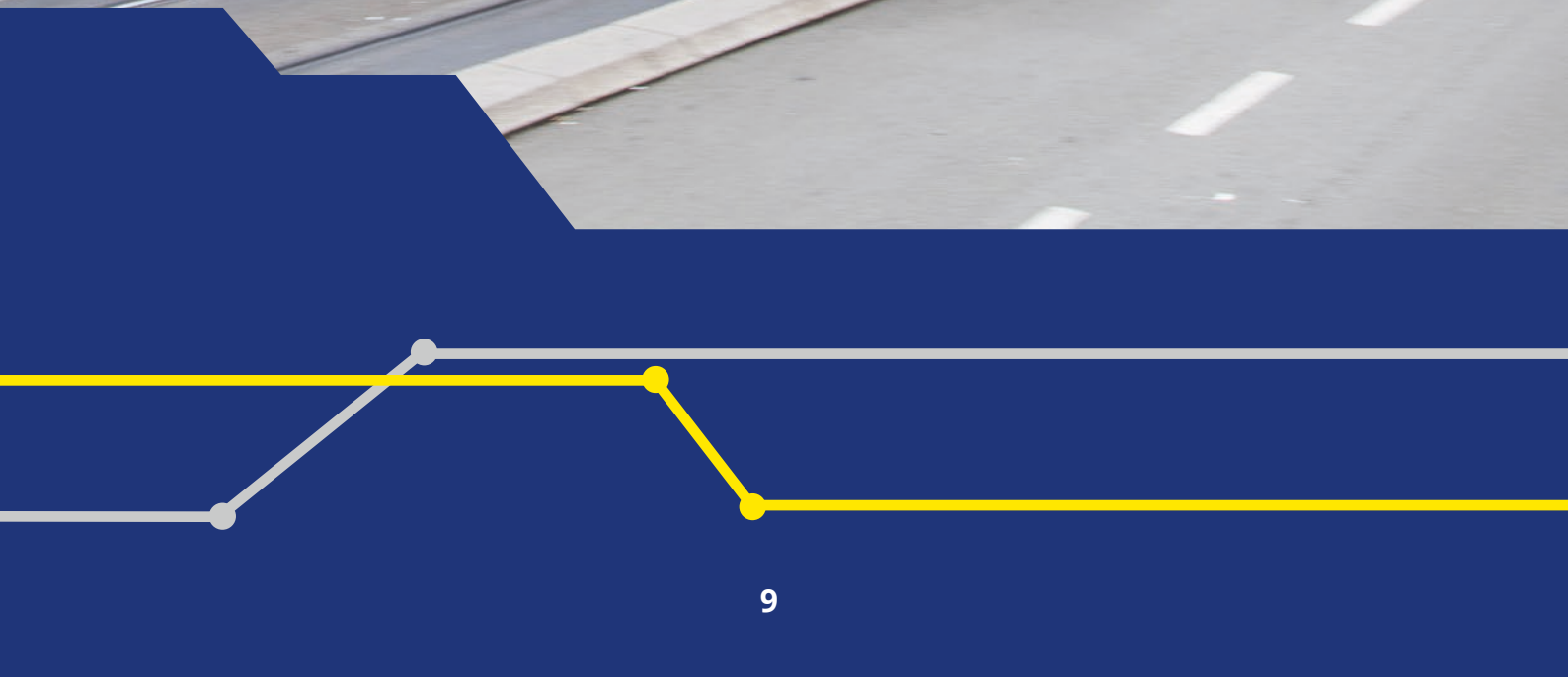
The company has set out its strategy for the next five years in order to ensure that Bus Átha Cliath will continue to address emerging opportunities and challenges in respect of both PSO and Commercial Services in order to provide a viable long term future for the company. This includes the achievement of challenging targets that deliver financial stability for the company as well as providing funds for ongoing investment.

The Board and I have every confidence that the company will continue to grow and develop. The company has a strong strategic vision for the future, which, supported by its culture and values, will ensure Bus Átha Cliath continues to be Ireland's largest public transport provider.

Ultan Courtney

*Chairman
Bus Átha Cliath*









Operations Review

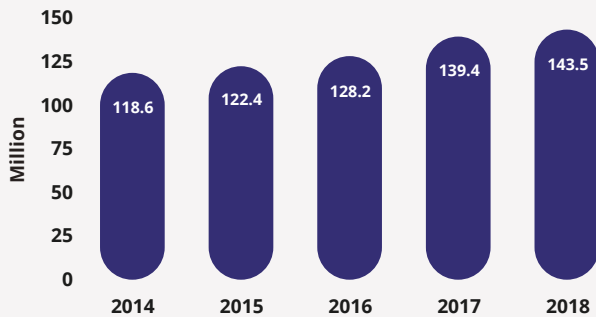
Overview

Bus Átha Cliath saw strong growth in demand for both Public Service Obligation (PSO) and Commercial Services in 2018 as the company continued to deliver efficient, reliable and safe services for our customers. Customer numbers on our PSO routes and Commercial Services grew to 143.5 million. The growth rate of 2.9% came in a year of significant change for the company and reflects strong satisfaction with services provided by Bus Átha Cliath. The company introduced a significant range of enhanced services and increased frequency on existing services, particularly on weekends, in response to continued strong demand. The profitability of both PSO and Commercial Services in 2018 has allowed Bus Átha Cliath to continue to focus on enhancing our customer experience and remain committed to meeting and exceeding customer expectations. The increase in our overall customer satisfaction ratings in 2018 underlines our continued focus on this area. This commitment to constant improvement and innovation was at the heart of key projects during 2018.

The company was pleased to introduce an additional 141 buses to its fleet in 2018, a mix of additional capacity and replacement of older vehicles. The new buses are another significant development in the provision of convenient, comfortable and sustainable public transport for the people of Dublin. Bus Átha Cliath continued to operate a fully low floor accessible fleet and is proud of its long tradition of serving the entire community.

The company achieved a €0.3 million surplus from the operation of PSO services and recorded a surplus of €3.4 million in respect of Commercial Services. The company remains focused on providing high quality, safe and efficient services for all customers. To enhance our value for money proposition, the company remains committed to delivering cost efficiencies across all expenditure categories.

Customer journeys

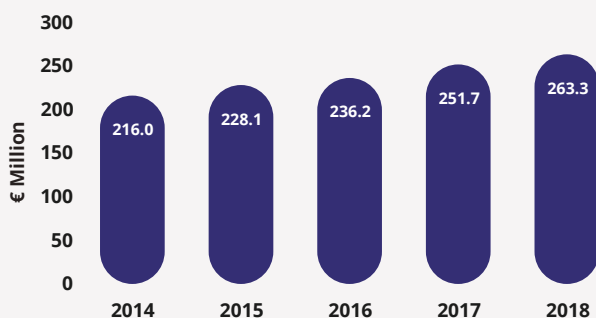


2018 Operating Result and Financial Position

Bus Átha Cliath earned a surplus of €3.7 million in 2018 compared to a surplus of €1.0 million in 2017. This result, as set out below, shows a surplus of €0.3 million for PSO services and a surplus of €3.4 million for Commercial Services.

| | 2018 €m | 2017 €m |
|---------------------|--------------|--------------|
| PSO | 0.300 | 0.035 |
| Commercial Services | 3.387 | 0.968 |
| Total | 3.687 | 1.003 |

Operating revenue



PSO

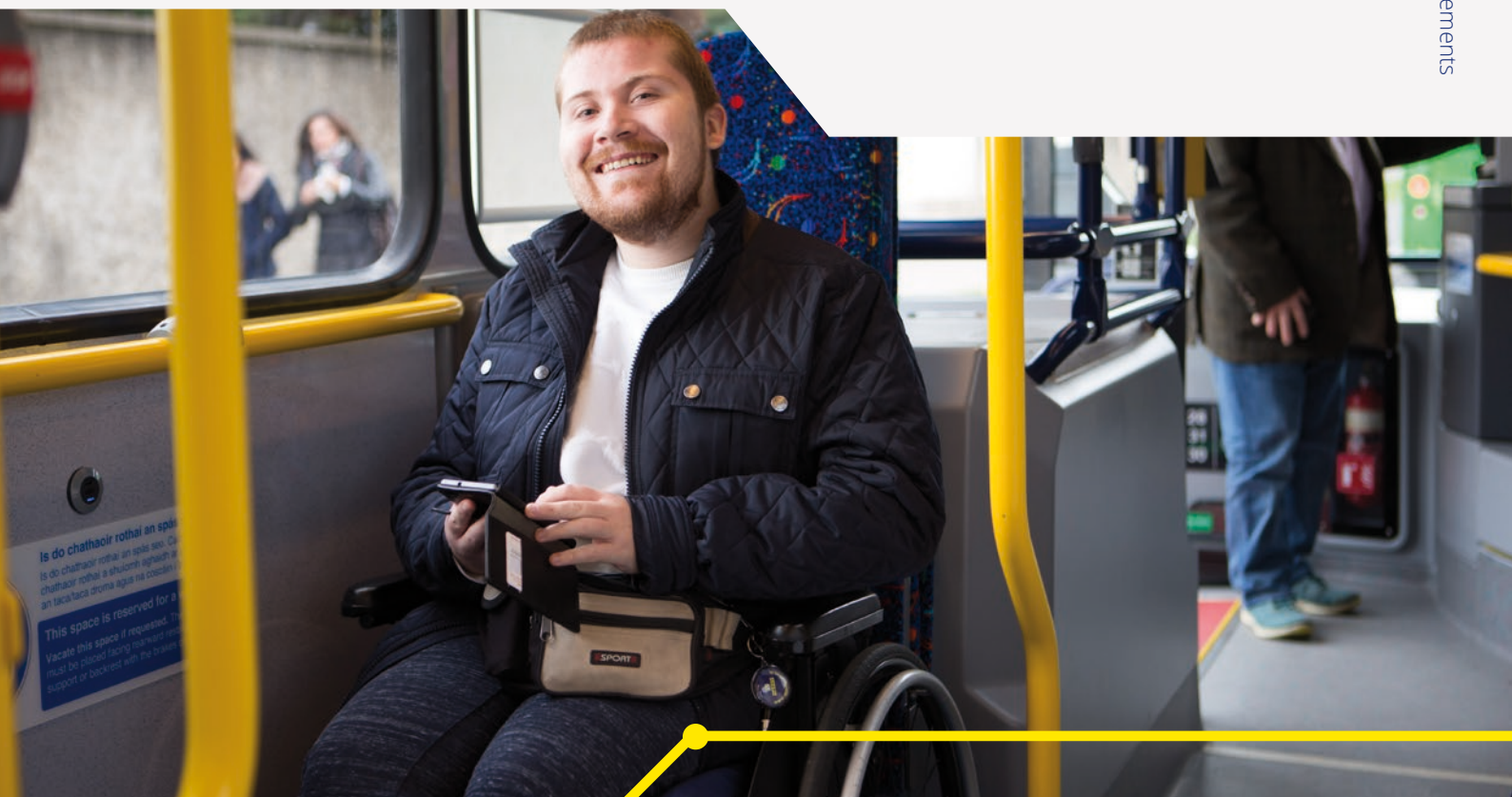
The net cost of operating PSO services reduced from €47.4 million in 2017 to €40.8 million in 2018, a reduction of €6.6 million. This reflects increased PSO revenue of €9.1 million offset by increased expenditure of €2.5 million. This strong financial performance resulted in a reduction in the level of PSO subvention required to operate the network of PSO services. The level of PSO subvention reduced from €47.5 million in 2017 to €41.1 million in 2018, a reduction of €6.4 million. PSO services achieved a surplus of €0.3 million in 2018, after including all operating costs, compared to a breakeven position in 2017.

Bus Átha Cliath continues to work closely with the National Transport Authority (NTA) to deliver an enhanced network of services and to improve the quality of our service offering to customers. It is recognised by all stakeholders that a reasonable surplus on the PSO contract is critical if the company is to continue its progress towards financial stability which in turn will generate cash for essential investment and provide greater security around provision of transport services. The company is continuing its discussions with the NTA with regard to the overall level of surplus required on PSO services.

The PSO contract provided an initial profit of €5 million in 2018 but the allowable costs under the contract do not include the full pay rate increase provided as part of the WRC 2016 pay agreement. This pay agreement provided for an increase of 3.75% per annum for a three year period, commencing on 1 January 2016. The agreement provided for 1% of this increase to be funded via internal efficiency measures. The net payroll increase requiring funding was therefore 2.75%. The contract payroll indexation increase over this period is lower than the 2.75% required. When these costs are taken into account the net position for PSO services is a surplus of €0.3 million.

The following table sets out the change in PSO subvention in 2018, compared to 2017:

| | 2018 €m | 2017 €m |
|-------------------------------------|------------|---------------|
| Subvention required in 2017 | | 47.482 |
| PSO revenue growth in 2018 | (9.131) | |
| PSO expenditure increase in 2018 | 2.518 | |
| Net change in subvention required | | (6.613) |
| Increase in net PSO surplus in 2018 | | 0.265 |
| Subvention required in 2018 | | 41.134 |



Operations Review (continued)

Commercial Services

Commercial Services continued to perform strongly in 2018 on both Airlink Services and City Tours. Commercial Services achieved a surplus of €3.4 million in 2018 building on from a surplus of €1.0 million in 2017, an improvement of €2.4 million. This was achieved through a combination of revenue growth and targeted cost management. Revenue increased from €17.9 million to €20.3 million, an increase of €2.4 million. Expenditure was held at 2017 levels under a targeted cost management plan. The continuing profitability of Commercial Services is providing a basis for further growth and investment in 2019.

Total Company Operating Revenue

Total company operating revenue grew by €11.6 million or 4.6% from €251.7 million to €263.3 million in 2018. This increase in revenue is particularly encouraging during a year in which revenue was impacted by two severe weather events early in the year, the operation of an extended Luas Cross City line and the phased transition of 10% of PSO routes to a new operator over the period October to December. Revenue reflects the 2.9% overall increase in customer demand which is supported by high quality PSO services and an expanded network of Commercial Services.

Total Company Operating Costs

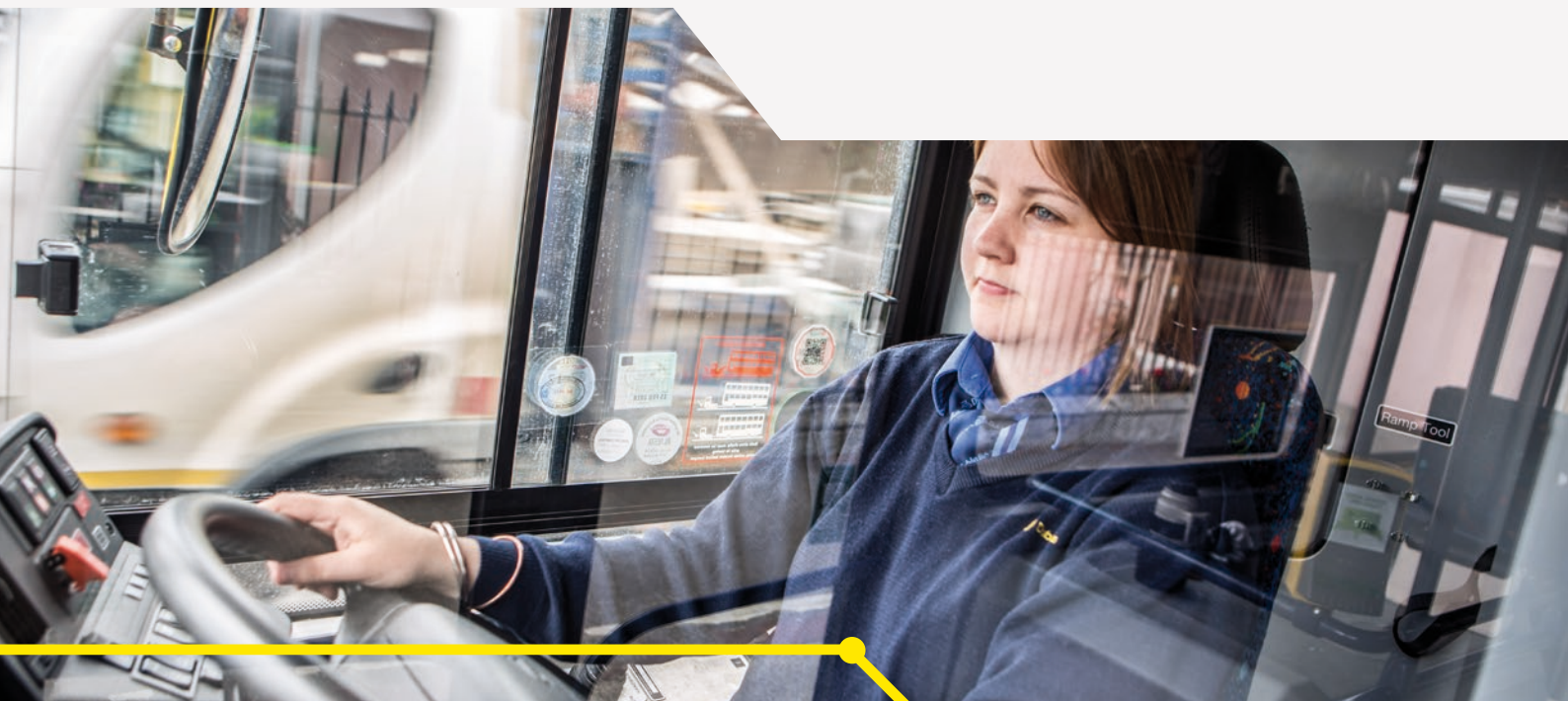
Total company operating costs have increased from €287.3 million in 2017 to €292.9 million in 2018, a net increase of €5.6 million. The company incurred additional costs associated with providing additional services for customers in response to increased demand arising from the recovering economy. These demand-led cost increases, and the associated revenue increases, are reflected in the financial results for 2018.

The increase in operating costs also reflects the third and final year of the 2016 pay agreement and includes a pay increase of 3.75%, implemented from 1 January 2018. 1% of this increased pay rate is funded through internal efficiencies resulting in a net payroll increase of 2.75%.

Expenditure on materials and services for the year increased by €0.3 million or 0.3% on 2017. Expenditure reductions on fuel, maintenance materials and claims were matched by increases in Integrated Ticketing System (ITS) costs and other services.

Bus Átha Cliath remains committed to the operation of a profitable Public Service Contract under which high quality services are delivered in line with the contract terms. The company is also committed to developing its range of Commercial Services.

Bus Átha Cliath continues to serve as a strong contributor to the delivery and development of safe, reliable, customer-focused, public transport services within the Dublin area.



Bus Market Opening

During 2018, Bus Átha Cliath successfully worked in partnership with all our stakeholders to ensure a smooth transition of the PSO routes, tendered by the NTA in 2017, to a new PSO operator. We focused during this period on ensuring that the needs of our customers remained the priority during the transition process and the professionalism and co-operation of our employees during this period was key to the smooth migration of these services. We are committed to further strengthening our performance in both the PSO and Commercial Services businesses. The assumption in Budget 2019 and the Company's Five Year Plan 2019-2023 is that Bus Market Opening is cost neutral for the company and we continue to work with all our stakeholders to deliver value for money in its operation of the Public Service Contract.

The Importance of a Safe Workplace

The health and safety of employees and customers is one of the core values of Bus Átha Cliath. In line with our business strategy, the company's vision is to provide a transport service where people feel safe and to build on the experiences of our customers and employees to continuously improve their working and commuting environments.

Bus Átha Cliath's Safety Management System provides the framework for addressing hazards and risks in the workplace and sets out the structures, responsibilities and arrangements for the effective management of health and safety. Underpinning this framework is a comprehensive range of safety policies, systems and procedures to help minimise the risk of accident or injury to employees, customers and anyone affected by the company's activities.

As part of its ongoing commitment to further ensuring the safety of our customers, Bus Átha Cliath officially launched a new customer safety video, "Be Aware, Be Safe" on 17 May 2018. The video highlights the key areas for customers to be mindful of when travelling by bus, including safe queuing at bus stops, moving up and down the stairs, using handrails and being more aware of the surroundings when standing and moving through the bus. The video also includes important messages for older people and customers with mobility needs, and highlights various features which customers may not be aware of including front door accessibility ramps and the ability of all buses to lower their front suspension.

As part of the initial launch, the video was shared with a wide variety of stakeholders including government agencies, business associations, parent associations, older people's groups, disability groups, student unions and many more. A large number of stakeholders also shared the video on their websites and social media channels resulting in positive feedback. Company representatives attended various events for older people's groups throughout the year, providing them with on-board safety demonstrations, copies of the new Bus Átha Cliath video and other relevant safety literature. In the overall context, it was extremely positive to note that the number of customer accidents per million customers carried in 2018 had decreased by 17% on the previous year.

During the first half of 2018, we continued our work in promoting cyclist safety by visiting a number of third level colleges throughout the city. These included visits to University College Dublin, Dublin City University and Dublin Institute of Technology. The initiative followed from promotional work already completed in 2017 which culminated in Bus Átha Cliath being awarded a "Leading Light in Road Safety" award from the Road Safety Authority.

Following the introduction of Luas Cross City in December 2017, Bus Átha Cliath continued to engage closely with Luas operator Transdev and Dublin City Council throughout the year. This was to ensure that all safety protocols and procedures were operating correctly in the context of shared running between buses and trams.

In December 2018, our Environmental, Health and Safety Department was delighted to achieve certification to the newly-introduced ISO 45001:2018 – Occupational Health and Safety Management Standard. It is now intended that the scope for certification to this Standard be extended in the coming years to include company-wide operations.

Developments in Commercial Services

2018 has seen strong growth for our Commercial Services. The company focused on its core products, managing costs and growing customer numbers on Airlink and City Tours with considerable success.

Commercial Services carried 3.4 million customers in 2018 which is an increase of 9.7% on 2017. This was driven by a focus on customer services and operational improvements, with the Airlink 757 service in its 2nd full year of operation and City Tours achieving significant growth.

Operations Review (continued)

DoDublin continued to develop and mature into a recognised and trusted tourism brand among stakeholders, business partners and visitors to Dublin. Continued investment in digital activities has positioned DoDublin well to capitalise on changing consumer habits.

The challenges for 2019 are to deliver continued growth amid a backdrop of increased competition and market uncertainty surrounding Brexit.

Public Service Contract

Bus Átha Cliath remains focused on achieving the performance target obligations under the Direct Award of Public Services Contract 2014-2019. The contract outlines the standards of operational performance and customer services that we must maintain. The targets centre on Lost Kilometres, Reliability, Punctuality and Customer Information. We are focused on ensuring a high quality service is provided for all customers and compliance with all performance targets. In 2018, we strove to balance the dual priorities of minimising disruption to customers while also ensuring that driver numbers were managed so as to avoid additional costs to the Exchequer during the post Bus Market Opening period.

We welcomed the announcement by the NTA of their proposal to enter into a further direct award contract with Bus Átha Cliath for the provision of bus services in the Dublin metropolitan region for the period 2019-2024. This proposal followed on from a detailed review of all aspects of our performance, cost and quality, over the lifetime of the current direct award contract. We were especially pleased to note that we received a very high satisfaction rating in the customer survey conducted by the NTA. The overall satisfaction rate at 95%, was up three points from the 2017 survey.

We also continued to assist the NTA during 2018 in relation to "BusConnects"; a major programme of investment, including a redesign of the bus network for the city and a parallel series of projects to enhance the performance of the network, such as bus priority and infrastructure improvements. The company also played a key role in the successful planning and provision of transport services for key events, such as the visit of Pope Francis in August.

Accessibility – A Bus Service for All

Bus Átha Cliath continues to provide a fully accessible service. In providing a public transport service we take into account the accessibility needs of all of our customers. We held 4 user group meetings in 2018 attended by disability groups, where we listened to their concerns and subsequently improved our service accordingly. In 2018 the Travel Assistance Scheme supported 1,047 people in learning to travel independently on the Dublin public transport system. This consisted of 506 people with learning difficulties, 372 with mobility difficulties and 169 people with sensory difficulties. The requirements of the people needing assists differ; some people need help going to and from college or work while others need assistance for social reasons such as meeting friends or visiting family. The assistance given to each person depends on their needs; most people require training from their home to the bus stop, on/off the bus and once off the bus, assistance to their destination.

Our travel assistants also gave 24 talks to older people's groups and held 50 information meetings with disability and other organisations.

The Blind Tennis World Championships took place in Shankill Tennis Club with thirteen countries taking part. In addition to the 1,047 travel assists in 2018, over the four day tennis tournament our travel assistance team assisted the competitors to travel from Dun Laoghaire to Shankill and back.

Technological Advancements

The Automatic Vehicle Location (AVL) system is the key tool for control and regulation of services; it delivers real time data to various Real Time Passenger Information (RTPI) systems and provides statistical data to the NTA for monitoring of service delivery key performance indicators.

Independent surveys carried out by the NTA record an accuracy of 97% for the RTPI displayed at bus stop signs; RTPI accuracy on our website and mobile phone app is greater. The number of RTPI signs at bus stops was 606 at the end of 2018. NTA, with our assistance, plans to increase this by a further 30 during 2019.

Audio and visual announcements of next stop information is standard on all new buses. All buses in the Bus Átha Cliath fleet have audio announcements. Next stop visual displays are on 997 buses.

Leap Card

A total of 3.7 million Leap cards had been issued by the end of 2018, up from 2.8 million at the end of 2017. Total active cards (i.e. used in last six months of 2018) was 1.2 million. Our prepaid tickets, including Airlink, Nitelink, Travel 90 and Tours, continue to be available on disposable smart cards, mainly to serve the tourist market. Leap cards accounted for approximately 81% of passenger boarding numbers for 2018, having risen from 76% at the start of the year.

Through 2018, the Department of Employment Affairs and Social Protection continued to issue Public Service Cards with Free Travel entitlements for use on our services. Total active Public Service Cards with travel entitlements was 418,000 at the end of 2018, up from 370,000 at the end of 2017.

The popularity of the Leap card app continues to increase. By the end of 2018 electronic top-ups of approximately €4.5 million per month were being added to Leap cards using the app. This compares to approximately €3.0 million per month in 2017.

Market Research

We conducted our annual brand tracker research in June 2018. Fieldwork consisted of 50% face-to-face interviews and 50% online surveys. The use of and satisfaction with our services has been consistent over the last number of years, but a weakness remains amongst the 35-54 year old demographic. The long term trend shows general positivity towards the Bus Átha Cliath brand. Journey satisfaction remains very strong with a strong increase in Leap card usage. Over both longer and medium term, we are showing strong improvements and performing well in a competitive environment. Research remains an annual activity and new yearly results will be available in June 2019.

Support of Dublin Pride

Bus Átha Cliath has been a proud sponsor of Pride for many years. In 2018, we created the 'Proudest Bus' in the Pride parade campaign – one full of Proud Dads.

There were three phases involved with this campaign.

For Phase 1, "Proudest Bus", we commissioned 2 full bus wraps along with 50 t-sides 'Get On Board With Pride' on buses across the fleet for four weeks of the campaign.



Operations Review (continued)

Phase 2, "Proudest People", focussed on creating a community. Our Media and Communications team ran a competition on social media inviting customers to join us on board our bus in the Pride Parade, wearing Bus Átha Cliath branded Pride badges. 5,500 badges were available for customers and employees to wear in the build up to Pride and on the day itself.

Phase 3, "Proudest Bus in Pride", the main element of the campaign was a video which was shared on digital channels including YouTube, Twitter, Facebook, Instagram and LinkedIn after the parade. The video captured moments during the parade of customers and employees bursting with pride and wearing our Pride badges.

In July, we unveiled our 'Proud Dads' video for Pride 2018. Our main aim was to illustrate how we, as an inclusive and diverse organisation, support the LGBTQ+ community and the Pride Festival.

The campaign was a huge success, earning appreciation and recognition on a global scale. The global reaction is summarised below:

Value for Money Campaign

Bus Átha Cliath undertook research and found that there is a general public perception that Leap card is complicated to use and many people are unaware of the cost saving benefits when using Leap cards. We launched our "Leap & Save" campaign during 2018 to drive awareness among the general public that using your Leap card saves you money and also offer advice on how customers can make these savings.

Education is always easier when it's also entertaining, and we encompassed both in this campaign. We used a recognisable character as the mechanic to relay the steps and rules to achieving the best savings on Leap card. This allowed us to communicate various messages directly to our customers, whilst being entertaining and keeping our unique Bus Átha Cliath tone. We teamed up with Ireland's most iconic saver, former Irish goalkeeper Shay Given, to inform our customers on how to save money by getting the most from their Leap card.

Our 'Leap & Save' campaign was hugely successful and the digital reaction is summarised opposite:

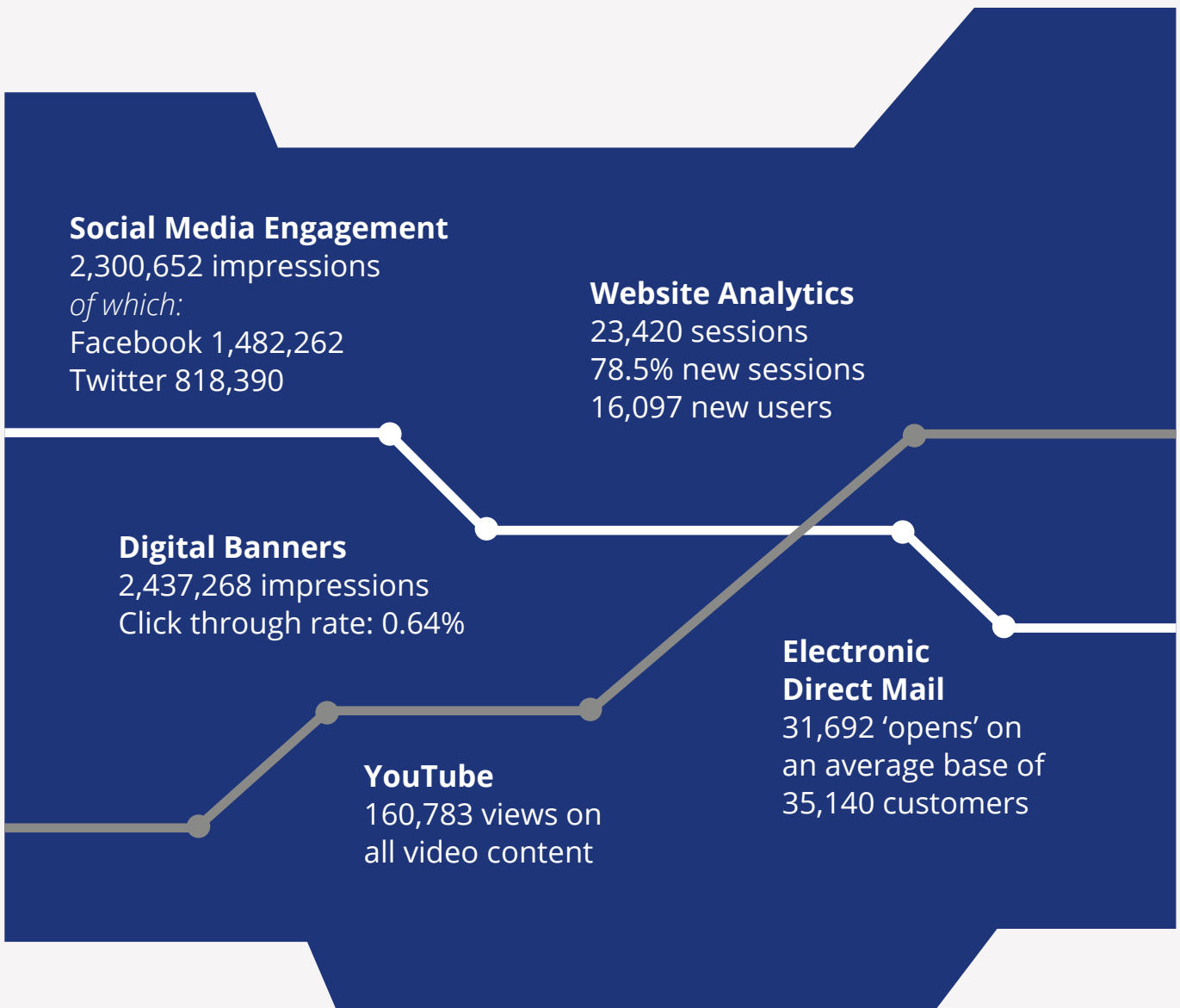
Over 108 million
impressions

7.5 million views
of 'Proud Dads' video



285,937 shares
on social media including
BBC News World
and An Taoiseach

90 articles in **70** publications
Editorial coverage in **17** countries



Highlights

Chairman's Statement

Review

Financial Statements

Digital Strategy

Bus Átha Cliath continues to invest in digital and social media advertising in order to communicate on all levels with our customers. Unlike traditional marketing, social media allows for interaction directly and immediately with our customers.

Downloads of our App amounted to 1,993,719 as at 31 December 2018. Android downloads account for 52% of all downloads with iOS at 48%. The volume of customers accessing the website from a mobile device amounted to 74% of the overall traffic coming to the website.

The company continues to use social media as a tool to build brand advocates, promote the community work it currently does and develop partnerships and alliances. To achieve this, the company implemented an engagement plan consisting of a content calendar to promote services and products in line with events taking place in Dublin.

Another key channel is Electronic Direct Mail (EDM). This channel allows the company to send campaigns on a regular basis to update customers on business news and marketing campaigns. EDM keeps loyal customers engaged and informed throughout the year.

It is important to note that the General Data Protection Regulation (GDPR) came into force in May 2018.

To ensure compliance with GDPR, all customers on our EDM database were asked to re-subscribe to receive our email communications. This involved emailing our full subscriber list and requesting them to re-sign up to receive emails updates. Inevitably, this has decreased our subscriber base significantly. There were 35,140 customers signed up to receive EDM communications as at 31 December 2018. These subscribers are engaged and active.

Operations Review (continued)

Social Media and EDM



Energy and Sustainability

We operated a fleet of 1,010 buses covering 57.1 million kilometres in 2018. The primary energy consumption is the fuel usage associated with running the fleet of buses. The quantity of diesel fuel used in 2018 was 26.7 million litres. The other main energy consumers include our seven depots and our office buildings. Our energy usage consists of fuel usage by our fleet (94.5% of consumption), electricity usage at our premises (1.5% of consumption) and gas consumption at our premises (4% of consumption). The majority of electricity consumed at our depots is associated with lighting the buildings and the external yard areas as well as office equipment. Gas consumption is primarily associated with heating of premises. Lighting, office equipment and air conditioning units account for the majority of the office energy consumption.

In 2018, the company consumed 283,160 MWh of energy, a decrease of 12,070 MWh compared to 2017:

| | 2018 MWh | 2017 MWh |
|-------------------------|----------------|----------------|
| Bus fleet diesel | 267,592 | 280,716 |
| Electricity | 4,457 | 4,517 |
| Natural gas | 11,111 | 9,997 |



Operations Review (continued)

Actions Undertaken in 2018

In 2018, Bus Átha Cliath undertook a range of initiatives to improve energy performance, including:

- Delivery of 141 new buses which are fitted with Euro 6 standard engines – a smaller and more efficient engine combined with lighter chassis providing reduced fuel consumption.
- Continued Vigil Vanguard training for drivers.
- Training on Eco-driving techniques through Driver Certificate of Professional Competence (CPC).
- Continued replacement-on-failure of internal and external light fittings with LED variants.
- Installation of fuel management systems at all depots across the city and on the complete vehicle fleet.
- Enhanced energy monitoring and energy capacity rationalisation.

Actions Planned for 2019

In 2019, Bus Átha Cliath intends to further improve energy performance by undertaking the following initiatives:

- Continued fleet renewal utilising buses fitted with Euro 6 standard engines. The new vehicles will replace less efficient older vehicles.
- Commence the trial of 9 hybrid buses with regenerative braking for improved fuel consumption.
- Trials of eco-driving technology for the fleet using on-board telematics.
- Utilisation of data from the fuel management system in each depot to monitor and control fuel usage.
- Continuing LED lighting retrofits.
- Implementation of ISO 50001 – Energy Management System.
- Continued identification of further energy saving opportunities throughout the company through our Energy Management System (EMS).

Fleet Replacement Programme

During 2018, Bus Átha Cliath took delivery of 141 new double deck buses with Volvo B5TL chassis and Wrightbus bodywork. 61 of these vehicles were to replace buses transferred to the new operator under the Bus Market Opening transition. The fleet transferred was aged from 1 to 5 years. The remainder of the new fleet acquired replaced overage vehicles removed from the fleet.

These new vehicles are designed to the latest Euro 6 emissions standard and will contribute to a significant improvement in nitrogen oxide and particulate emissions. The bodywork on the vehicles is significantly lighter than previous models making them more fuel efficient which will also improve CO₂ emissions. In addition, the new buses are equipped with a number of features which will enhance the customer experience and improve satisfaction. These include a separate wheelchair and buggy space, next stop passenger information, Wi-Fi capability and USB charging sockets for use by customers. The vehicles are fitted with centre doors for customer exit, which enhance boarding efficiency and reduce wait times at stops. All replacement vehicles were funded by the NTA. The Fleet Refurbishment Programme progressed steadily during 2018 on VG and EV type buses and a total of 69 buses were completed.

Corporate Responsibility Strategy

Bus Átha Cliath's Corporate Responsibility (CR) vision is "To drive Dublin life forward by supporting, improving and enhancing the lives of the people and communities that we proudly serve." We are a member of Business in the Community Ireland (BITCI), a group of companies committed to continually improving their positive impact on society. We are working to develop a new CR Strategy with Business in the Community Ireland (BITCI) to enhance our commitment to being a responsible organisation with an active role in the sustainability of the environment and community life. The strategy focuses on five areas of responsible business:

- Community
- Workplace
- Marketplace
- Environment
- CR Governance and Communications

A CR steering group has also been established which includes internal experts in each area to provide advice, ensure delivery of the CR strategy and guide and review all of our future CR programmes and activities. This will ensure that CR has a presence at all levels of the business.

Community Spirit Initiative

Through the Community Spirit Initiative, we continue to play an active role in the communities in which we operate. The overall initiative is comprised of three main elements:

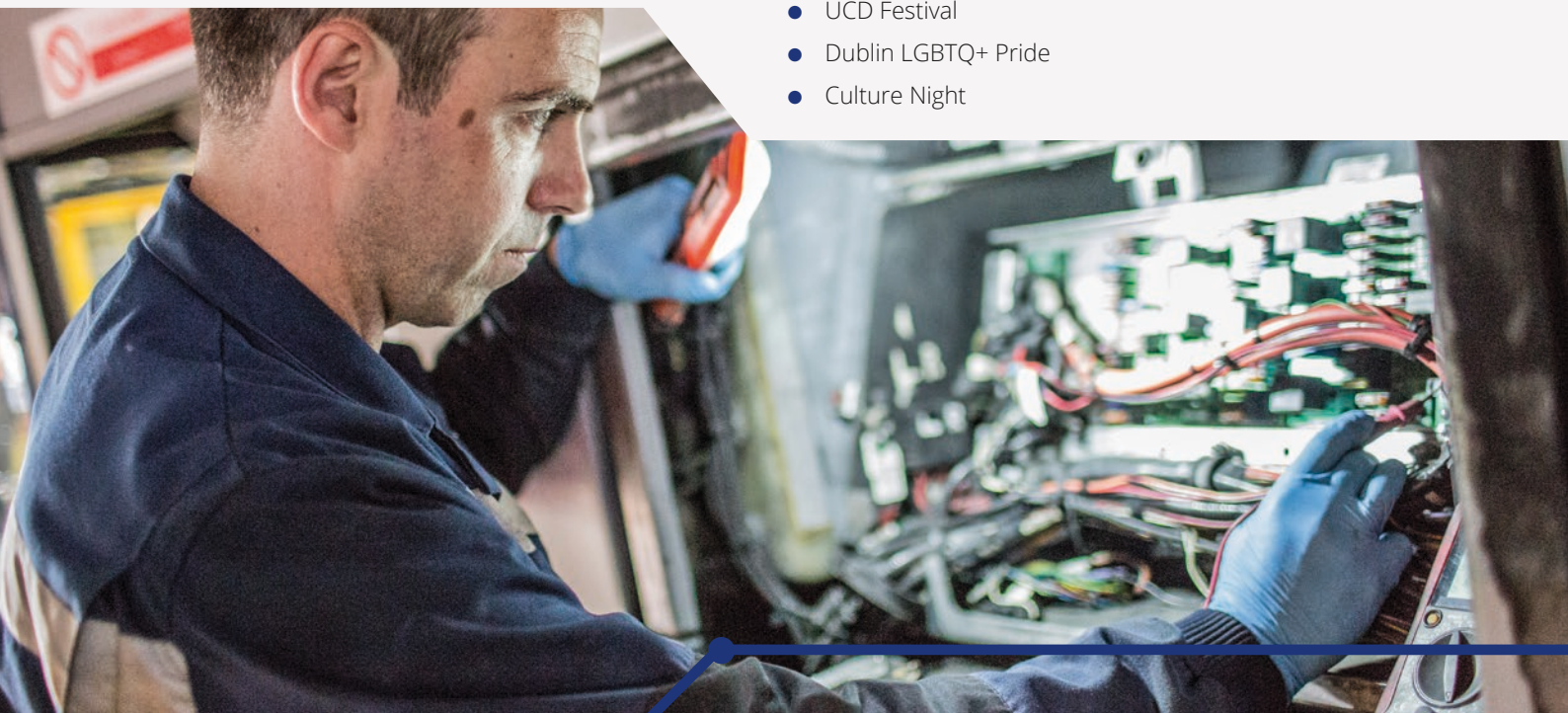
- The Community Spirit Awards
- The Schools Education Programme
- Support of local and cultural events

Since the Community Spirit Awards began in 2004, we have provided grants to over 1,800 grassroots voluntary and community groups across the Greater Dublin Area. This year, a total of 85 groups were awarded grants of €1,000, €2,000 or €5,000, which will allow them to develop new projects, improve their locality and help raise community spirit. Winners of the top awards were: Acquired Brain Injury Ireland, CARI, Children in Hospital Ireland, Cooking for Freedom and Genesis Psychotherapy and Family Therapy Service.

Bus Átha Cliath employs dedicated School and Community Co-ordinators who promote the concept of respecting public transport amongst school children through the Schools Education Programme. In 2018, the Co-ordinators made 383 visits to national schools. Each year, a different selection of schools are invited to participate in the Schools Art Competition with a selection of winning artwork featuring in a new calendar produced annually. This year, over 2,000 children from 26 schools entered the competition. Our two Community Spirit Initiative buses bring thousands of children on school trips and to and from summer projects each year. In 2018 the Community Spirit Initiative buses made 370 trips. This year, for the first time 11 pieces of artwork from the Schools Art Competition featured on a specially wrapped Community Spirit Initiative bus. In addition to appearing on the bus the artwork, alongside 30 others which appear in the Children's Art Calendar 2019, was on display at a special exhibition at The Dublin City Gallery, The Hugh Lane on 22 November 2018 to launch the 2019 calendar.

We are proud to support cultural initiatives and events throughout the city. It is an opportunity for us to assist and partner with projects that benefit local communities. This year we supported the following events:

- Experience Japan Festival
- Darkness into Light Festival
- Africa Day
- UCD Festival
- Dublin LGBTQ+ Pride
- Culture Night



Senior Management Team

The senior management team is based at 59 Upper O’Connell Street, Dublin 1 under the leadership and direction of Chief Executive Ray Coyne.

Our experienced senior management team covers roles across all the key functions of our business in areas such as operations, finance, human resources, business development and engineering.



Chief Executive Officer

Ray Coyne was appointed Chief Executive of Bus Átha Cliath in 2015. Ray has over 25 years’ experience with the company and before taking up his current role, he spent time as the Human Resources’ Services Manager.

Throughout his career, Ray has developed a deep understanding of the public transport sector from the viewpoint of all stakeholders. As Project Manager for Network Direct, the largest revision of a public transport network in Europe, he was responsible for the strategic redesign and implementation of the main public transport network in Dublin. He also held a number of operational roles earlier in his career including Area Operations Manager, at both Harristown and Conyngham Road Depots. Ray holds a Master of Business Administration (MBA) from University College Dublin and an honours degree in Management and Information Systems from Dublin Business School.



Head of Operations

Dónal Keating was appointed Head of Operations in 2011. He graduated from University College Cork with an Engineering Degree and began his career in Bus Átha Cliath in 1980 in the Service Planning Department. He has since held several senior management positions throughout his career in the company. Dónal holds an MSc in Transportation, an MBA and a Certificate of Professional Competence in Road Transport Operations Management. He is a member of both the Chartered Institute of Logistics and Transport (CILT) Ireland and the Institute of Engineers Ireland (IEI), and is a member of the current Council of CILT.



Chief Financial Officer and Company Secretary

Andrea Keane is Chief Financial Officer and Company Secretary of Bus Átha Cliath, joining the company in September 2016. Andrea previously worked as Chief Financial Officer and Company Secretary for Bus Éireann, a role that she held since 2006. Andrea has responsibility for all financial matters within the company and as Company Secretary is responsible for advising the Board, through the Chairman, on governance matters. Andrea is a member of the Chartered Institute of Management Accountants. Andrea worked in Iarnród Éireann as Manager Management Accounts between 1997 and 2006, and has also worked in the private sector in a number of Financial and Management Accounting roles.



Chief Engineer

Frank Kerr was appointed Chief Engineer of Bus Átha Cliath in December 2018. His role includes responsibility for the technical, safety, maintenance and performance of the fleet. Previously, he was Senior Engineer in the Chief Engineer's Department from 1990 and Maintenance Manager Ringsend from 1987 to 1990. Prior to that, he was Maintenance Manager for CIÉ in Cork from 1984 to 1987 with responsibility for maintenance of buses and road freight vehicles operating in the Southern region. He holds a Bachelor of Mechanical Engineering degree from University College Dublin and is a member of the Institute of Engineers Ireland.



Head of Human Resources and Development

Phil Donohue was appointed Head of Human Resources and Development in 2010. Prior to this he was Employee Relations Manager. In his current position he is responsible for leading and managing the human resources function and for creating, implementing and nurturing the overall HR strategy which is central to ensuring the continued success of Bus Átha Cliath. Phil joined Bus Átha Cliath in 1984 and has worked in a variety of operational roles including Divisional Manager in Area West, Area North West and Area South.



Head of Commercial and Business Development

Ciarán Rogan joined Bus Átha Cliath in 2017. In his role he is responsible for quality and customer experience; commercial performance and business development; marketing, communications and public affairs; regulatory affairs; customer information and digital activity. Ciarán has extensive experience in public transport with Translink in Northern Ireland and through the International Association of Public Transport (UITP). He has also worked in the higher education, tourism, agri-food and consultancy sectors. He is a graduate of University College Dublin and holds postgraduate qualifications from Université Catholique de Louvain and Ulster University.





Directors and Other Information

Board of Directors at 3 April 2019

Mr U. Courtney (Chairman)

Mr S. Hannan

Ms E. Howley

Ms S. Madden

Mr T. O'Connor

Mr J. Quinn

Chief Executive

Mr R. Coyne

Secretary and Registered Office

Ms A. Keane

59 Upper O'Connell Street

Dublin 1

Registered Office:

Bus Átha Cliath

59 Upper O'Connell Street

Dublin 1

Telephone: +353 1 872 0000

Website: www.dublinbus.ie

Registered No: 119569

Company limited by shares and registered as a Designated Activity Company under the Companies Act 2014

Independent Auditors

Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House

Earlsfort Terrace

Dublin 2



Directors' Report

The directors present their annual report in accordance with their obligations under the Irish Companies Act 2014, the Transport Act 1950 and the Transport (Re-organisation of Córas Iompar Éireann) Act 1986 for the year ended 31 December 2018.

Directors' Compliance Statement

For the purposes of Section 225 of the Companies Act 2014 (the "Act"), we, the directors:

1. Acknowledge that we are responsible for securing the company's compliance with its relevant obligations as defined in Section 225 (1) of the Act (the "relevant obligations"); and
2. Confirm that each of the following has been done:
 - (i) a compliance statement (as defined in Section 225 (3) (a) of the Act) setting out the company's policies (that in our opinion, are appropriate to the company) respecting compliance by the company with its relevant obligations has been drawn-up;
 - (ii) appropriate arrangements or structures, that are, in our opinion, designed to secure material compliance with the company's relevant obligations, have been put in place; and
 - (iii) during the financial year to which this report relates, a review of the arrangements or structures referred to in paragraph (ii) above has been conducted.

A detailed process was undertaken by both Bus Átha Cliath and other CIÉ Group companies to comply in full with the requirements of the Companies Act 2014 in relation to Directors' Compliance Statements. In order to provide assurance a review was carried out. This review was commissioned by CIÉ Group for all CIÉ Group operating companies and carried out by CIÉ Group Internal Audit Department. A comprehensive report was issued to and reviewed in detail by the Bus Átha Cliath Audit, Finance and Risk Committee. The report confirmed that Bus Átha Cliath was in full compliance with the requirements relating to Directors Compliance Statements.

Accounting Records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records in accordance with Section 281 to 285 of Companies Act 2014 are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Bus Átha Cliath, 59 Upper O'Connell Street, Dublin 1.

Share Capital

Details of the company share capital are set out in note 18. There were no movements in share capital during the year.

The company has no subsidiaries and no investments in other companies and this is consistent with the prior year.

Shareholders' Meetings

An annual general meeting of the company is held once every calendar year at such time (not being more than fifteen months after the holding of the last preceding annual general meeting) and place as may be prescribed by the directors. The directors may either whenever they think fit or on requisition of Córas Iompair Éireann convene an extraordinary general meeting of the company.

Going Concern

The members of the board of directors are satisfied that the company will have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis for the preparation of the financial statements. Further details are set out in note 2 to the financial statements.

Principal Activities and Financial Review

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

Directors' Report (continued)

Córas Iompair Éireann (CIÉ), a statutory body wholly owned by the Government of Ireland and reporting to the Minister for Transport, Tourism and Sport holds 100% of the issued share capital of the company.

Total operating revenues increased by 4.6% to €263.3 million in 2018 from €251.7 million in the previous year. Passenger demand in 2018 showed sustained growth through the year. Bus Átha Cliath carried 143.5 million customers, representing an increase of 2.9% on 139.4 million in 2017.

In 2018, Bus Átha Cliath earned a surplus of €3.7 million. This compares with a surplus of €1 million in 2017. Commercial Services recorded a surplus of €3.4 million while PSO services achieved a surplus of €0.3 million.

The key aspects of the financial results include operating revenue growth of €11.6 million and an increase of €5.6 million in operating costs.

Bus Átha Cliath continues to work closely with the National Transport Authority (NTA) to deliver an enhanced network of services and to improve the quality of our service offering to customers. It is recognised by all stakeholders that a reasonable surplus on the PSO contract is critical if the company is to continue its progress towards financial stability which in turn will generate cash for essential investment and provide greater security around provision of transport services. The company is continuing its discussions with the NTA with regard to the overall level of surplus required on PSO services. The PSO contract provided an initial PSO profit of €5.0 million in 2018 but the contract does not cover all of the payroll costs of the 2016 Pay Agreement. When these costs are taken into account the net position for Bus Átha Cliath is a surplus of €0.3 million for its PSO operations.

Commercial Services continued to perform strongly in 2018 on both Airlink Services and City Tours. Commercial Services achieved a surplus of €3.4 million in 2018, an improvement of €2.4 million from the surplus of €1.0 million achieved in 2017. This was achieved through a combination of revenue growth and targeted cost management. Revenue increased from €17.9 million to €20.3 million, an increase of €2.4 million. Expenditure was held at 2017 levels under a targeted cost management plan. The continuing profitability of Commercial Services is providing a basis for further growth and investment in 2019.

The company's net assets have strengthened to €47.2 million in 2018, an increase of 8.5% on the prior year. Bus Átha Cliath's liquidity is in a positive position with a current asset to current liability ratio of 2.3.

The directors review the periodic management accounts, financial accounts, financial and non-financial KPIs and budgets at the scheduled Bus Átha Cliath board meetings.

The company is reliant upon funding from the NTA for the provision of socially desirable but economically unviable public transport services.

Dividends

There were no dividends paid or declared in 2018 or 2017.

Principal Risks and Risk Management

The company is committed to managing risk in a systematic and disciplined manner. The key risks facing the company are identified through a company-wide risk management process. Risk Management Framework and a Risk Management Information System, implemented in 2016, allows for the real time reporting of risks which are evaluated and reviewed on a monthly basis by management and on a quarterly basis by the board. An objectives driven risk prioritisation system was in place throughout the year which focuses the board on the identified risks.

CIÉ enters into fuel and currency forward purchasing arrangements where it deems there is value and reduced risk to the group. CIÉ is the counter party in respect of these transactions.

Liquidity is carefully managed on a CIÉ Group basis by a dedicated professional team which coordinates day to day cash and treasury management together with annual and multi-annual planning and the securing of sufficient corporate bank funding to allow the CIÉ Group to continue to operate.

Capital Investment

Investment in improving services continued with the assistance of the NTA. During 2018, fleet investment also continued and Bus Átha Cliath took delivery of 141 new buses to replace older vehicles and to increase capacity. Other significant expenditure included fleet refurbishment programmes to maintain quality and reliability for the benefit of the customer.

Consultancy Expenditure

The 2016 Code of Practice for the Governance of State Bodies requires disclosure in the Annual Report of details of expenditure on external consultants/advisors in the financial year. The company adopted the following definition of consultancy expenditure:

"Consultancy is where a person, organisation or group is engaged to provide intellectual or knowledge-based services (e.g. expert analysis and advice) through delivering reports, studies, assessments, recommendations, proposals, etc. that contribute to decision-making or policy-making in a contracting authority. The engagement should be for a limited time period to carry out a specific finite task or set of tasks involving expert skills or capabilities that would not normally be expected to reside within the contracting authority. The information sought by this disclosure is to reflect the level of consultancy expenditure incurred by the State body in the financial year. It is not intended to include expenditure on processes which have been outsourced under 'business as usual'."

In line with the 2016 Code of Practice for the Governance of State Bodies, consultancy costs incurred in 2018 by the company included in materials and services (see note 6) are set out in the table below:

| Category | 2018 €000 |
|-------------------------|--------------|
| Building design fees | 20 |
| Customer charter | 95 |
| Industrial relations | 31 |
| Organisational strategy | 184 |
| Regulatory | 102 |
| Safety | 12 |
| Stakeholder engagement | 111 |
| Talent development | 33 |

The Board

The company is controlled through its board of directors. The board met ten times during 2018 (ten times in 2017) and has a schedule of matters reserved for its approval.

Directors

The directors of the company are appointed by the Minister for Transport, Tourism and Sport. The names of persons who were directors during the year ended 31 December 2018 or who have since been appointed are set out below. Except where indicated they served as directors for the entire period up to the date of the approval of these financial statements.

| | |
|-----------------|-----------------------------------|
| Mr U. Courtney | <i>(chairman)</i> |
| Prof. P. Barker | <i>(retired 10 February 2019)</i> |
| Mr S. Hannan | |
| Ms E. Howley | <i>(appointed 3 August 2018)</i> |
| Ms G. Joyce | <i>(retired 29 July 2018)</i> |
| Ms S. Madden | |
| Mr T. O'Connor | |
| Mr J. Quinn | |
| Prof. K. Rafter | <i>(retired 22 January 2019)</i> |

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

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

Audit, Finance and Risk Committee

At 3 April 2019, the Audit, Finance and Risk Committee (AFRC) comprises the following non-executive members of the Board: Mr J. Quinn (Chairman) and Ms S. Madden. Mr C. Maybury and Mr K. Kelly are external members of the AFRC. Ms G. Joyce retired from the board on 29 July 2018. Prof. K. Rafter retired from the board on 22 January 2019. Prof. P. Barker retired from the board on 10 February 2019. Ms S. Madden was appointed to the committee on 29 August 2018. Mr J. Quinn was appointed as Chairman of the committee on 11 February 2019. Due to the number of retirements from the committee, the board appointed two external members, Mr C. Maybury and Mr K. Kelly, to the committee effective 26 February 2019.

Directors' Report (continued)

While all directors have a duty to act in the interests of the company, the AFRC has a particular role, acting independently from the executive, to ensure that the interests of the shareholders are properly protected in relation to the financial reporting oversight, internal control, internal and external audit, risk management and corporate governance.

During the year ended 31 December 2018, the committee monitored the budgetary process, and kept under review the effectiveness of the company's internal controls and risk management systems. In particular, the committee:

- engaged with the external auditor to ask such questions as to satisfy itself as to their independence,
- engaged with the CFO and the external auditor to assure itself as to the accounting judgements applied to the financial statements,
- received regular reports on the development of the Integrated Ticketing System (ITS) and engaged with the CFO on the measures being taken to protect the integrity of this revenue stream. In particular, reviewed the ISAE 3402 report prepared by the NTA's Auditors and ISAE 3000 report produced by our own auditors,
- held a private discussion, without management, with the external auditors to ensure that there were no issues of concern and to receive matters arising from their audit,
- communicated clearly to the external auditors that they may request a meeting with the committee at any time if they consider that one is necessary to discuss a specific item or items,
- engaged with the internal auditor to assess the committee's reliance on his team's work output and conclusions, and held a private discussion, without management, with the internal auditor to ensure that there were no issues of concern and to receive matters arising from their audits,
- met with the Procurement Officer to satisfy itself as to the rigour of the policies and procedures for procurement and contract management,
- conducted regular reviews of the 2018 operating results and satisfied itself with regard to the reasonableness of the 2019 Budget and Business Plan 2019-2023,
- monitored implementation of recommendations arising from Internal Audit reports,
- engaged with the CFO, at least twice yearly, to receive a statement of assurance that no matters relating to fraud have come to her attention which have not, in the ordinary course of reporting to the AFRC, been drawn to the committee's attention,
- monitored the Risk Management System (RMS) including the results of an external review of the RMS,
- engaged with the Risk Manager on a regular basis regarding the major risks and uncertainties impacting on the company,
- dedicated significant time and attention to the requirements of the Companies Act, 2014 and the Companies (Statutory Audits) Act 2018 and in particular provided oversight for the board in relation to the Directors' Compliance Assurance Process,
- monitored the application of the company's Protected Disclosure Policy where complaints were received,
- conducted an internal review of our performance during the year under review,
- facilitated an external review of our performance as required under the 2016 Code of Practice for the Governance of State Bodies and implemented the recommendations arising,
- monitored and reviewed the company's compliance with the requirements of the General Data Protection Regulations (GDPR) implemented in May 2018,
- monitored and reviewed the company's assessment of the potential impact of Brexit and its preparations for a potential 'hard' or 'no deal' Brexit,
- monitored and reviewed the company's compliance with the requirements of the 2016 Code of Practice for the Governance of State Bodies, and
- engaged with management in relation to the ongoing promotion and strengthening of the company's Code of Ethics.

The Terms of Reference of the AFRC have been approved by the board and are reviewed on an annual basis and amended as appropriate. The Chairman of the committee met with the Chairman of the company to discuss matters arising from the conduct of the AFRC's business. The Committee met seven times in 2018 (seven times in 2017). The AFRC performs the role of the Audit Committee required to be established under Section 167 of the Companies Act 2014.

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

Board Safety Committee

At 3 April 2019, the Bus Átha Cliath Board Safety Committee (BSC) comprises the following members of the board: Ms S. Madden (Chairman), Mr S. Hannan, Ms E. Howley and Mr T. O'Connor. Mr J. Quinn retired from the committee on 23 January 2019. Mr S. Hannon was appointed to the committee on 24 October 2018. Ms E. Howley was appointed to the committee on 23 January 2019.

Ensuring the safety of employees and customers is Bus Átha Cliath's core value. The company embraces this value by providing a transport service where people feel safe and where the experiences of customers and employees are built on a continuous commitment to safe practices.

In this context, BSC is central to ensuring that safety remains at the core of the business, and that key safety objectives and priorities are effectively managed and delivered.

The Terms of Reference of the BSC are as follows;

- preparation and annual update of Safety Plans by management,
- annual report from management on Safety Management Systems Review,
- liaison and co-operation by management as appropriate with the relevant statutory safety authorities, including the Department of Transport, Tourism and Sport, the Road Safety Authority and the Health and Safety Authority,
- key safety performance indicators as prepared and reported on by management, and
- any other health and safety matters as referred to the committee by the board or management of Bus Átha Cliath.

The committee is authorised, by the Bus Átha Cliath board, to investigate any activity within its terms of reference, to obtain the resources it needs to do so and to gain full access to information. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee. The committee is authorised by the board to obtain outside professional advice and, if necessary, to invite external consultants with relevant experience to attend meetings.

The committee met on a total of four times during 2018 (four times in 2017) in accordance with the planned schedule for BSC meetings. Some of the key items reviewed during the year included the following:

- launch of a new customer safety video, "Be Aware, Be Safe", to improve overall customer safety awareness and behaviour
- completion of various fleet improvement modifications arising from a review of 2017 customer accidents
- introduction of a zero tolerance policy which prohibits employees from engaging in conversation whilst a bus is being driven
- review of recommendations and actions arising from Vehicle Safety incidents
- procurement of Automatic External Defibrillators (AEDs) for all Bus Átha Cliath locations
- certification of the Bus Átha Cliath EHS Department to ISO 45001, and
- adoption of key safety initiatives for 2019, to include the following;
 - implementation of a drug and alcohol testing policy
 - investigating additional safety features for buses with reference to TfL's new Bus Safety Standard
 - further enhancing the overall safety culture in Bus Átha Cliath.

Board Remuneration and Succession Committee

At 3 April 2019, the Remuneration and Succession Committee comprises the following non-executive members of the Board; Mr U. Courtney. Ms G. Joyce retired from the board on 29 July 2018. Prof. K. Rafter retired as Chairman of the committee and from the board on 22 January 2019. Prof. P. Barker retired from the board on 10 February 2019.

Recognising the position of Bus Átha Cliath as determined by Section 14(1) of the Transport Act, 1986 the functions of the Committee are:

- To ensure implementation of government policy in relation to the remuneration of the Chief Executive Officer (CEO) and managers who report directly to him, and to ensure that the arrangements put in place by the Department of Finance, Department of Public Expenditure and Reform and the Department of Transport, Tourism and Sport for determining and approving the remuneration of the CEO, are implemented and adhered to.

Directors' Report (continued)

- To ensure that any government guidelines and Bus Átha Cliath/CIÉ Group policies regarding the remuneration of senior managers are adhered to.
- To approve the remuneration package and the appointment/re-appointment of the CEO and all senior managers who report directly to the CEO.
- To determine performance criteria against which the performance of the CEO will be measured, which are consistent with the corporate plan approved by the board.
- In line with government policy, to approve any performance-related policy in respect of the CEO and managers who report directly to him. The CEO's review shall be undertaken by the Chairman of the board.
- To approve and regularly update succession plans covering the CEO and to also consider any proposals from the CEO regarding skills, succession planning or headcount issues.
- Where special arrangements are proposed in relation to specific appointments, to approve such arrangements and to ensure the approval of such arrangements by the Department of Finance, Department of Public Expenditure and Reform and the Department of Transport, Tourism and Sport.
- To review and approve the section of the Chairman's annual letter to be sent to the Minister for Transport, Tourism and Sport relating to the affirmation that the government guidelines in relation to the payment of fees to the directors of the board are being complied with (which is required to be delivered pursuant to the 2016 Code of Practice for the Governance of State Bodies).
- To review and approve the sections of the Annual Report and Financial Statements to be published by the company which relate to details of fees to be paid to each board director, the expenses paid to the directors and the salary of the CEO.
- To ensure adequate plans are in place to take account of an unforeseen absence of the CEO.
- To perform any other functions appropriate to a Remuneration and Succession Committee or assigned to it by the board from time to time.

The Remuneration and Succession Committee was formally established by a decision of the Bus Átha Cliath board in 2014. The committee's Terms of Reference were subsequently approved by the board and are reviewed on an annual basis and amended as appropriate. In line with its agreed work programme the Committee met twice in 2018 (three times in 2017). During 2018, the committee, on behalf of the board, devoted considerable attention to board succession planning in order to ensure the board continues to have the requisite skills and experience to both discharge its statutory responsibilities and fully address the key strategic issues facing Bus Átha Cliath.

Board Strategy Review Group

At 3 April 2019, the Strategy Review Group (SRG) comprises the following non-executive members of the Board; Mr U. Courtney (Chairman), Ms E. Howley, Ms S. Madden and Mr J. Quinn. Ms G. Joyce retired from the board on 29 July 2018. Prof. K. Rafter retired from the board on 22 January 2019. Prof. P. Barker retired from the board on 10 February 2019. Ms E. Howley was appointed to the committee on 24 October 2018.

The mandate from the board for the SRG is:

- To review the main strategic assumptions which guide the company's five year rolling business plan and make recommendations to management.
- To review the updated plan prior to it being submitted to the Bus Átha Cliath board for approval.
- To review the key assumptions which inform the preparation of the annual budget in the context of the approved business plan.
- To consider any event which would have a major effect on the prospects of achieving the annual budget or business plan targets.

During the year ended 31 December 2018, the SRG undertook a detailed review of the company's five-year plan 2019-2023 as well as conducting a review of the key strategic issues facing the company in the coming years. The SRG continues to monitor key strategic performance indicators.

The Terms of Reference of the SRG have been approved by the board and are reviewed on an annual basis and amended as appropriate. The committee met twice in 2018 (twice in 2017).

Attendance at Board and Committee Meetings

Listed below is the attendance of board directors at board and committee meetings during 2018.

| Director | Board | Safety Committee | Audit Finance and Risk Committee | Remuneration and Succession Committee | Strategy Review Group |
|---------------------------|-------|------------------|----------------------------------|---------------------------------------|-----------------------|
| Ultan Courtney (Chairman) | 10/10 | | | 2/2 | 2/2 |
| Professor Patricia Barker | 10/10 | | 7/7 | 2/2 | 2/2 |
| Stephen Hannan | 10/10 | 1/1 | | | |
| Elaine Howley | 4/4 | | | | |
| Gary Joyce | 5/7 | | 4/4 | 1/1 | 1/2 |
| Siobhán Madden | 9/10 | 4/4 | 3/3 | | 1/2 |
| Thomas O'Connor | 10/10 | 4/4 | | | |
| Joe Quinn | 9/10 | 3/4 | 7/7 | | 2/2 |
| Professor Kevin Rafter | 9/10 | | 7/7 | 2/2 | 2/2 |

Employee Development

Bus Átha Cliath is committed to ensuring that the necessary skills and knowledge are identified and developed so that all employees have the opportunity to develop and make a positive contribution. A competency framework is used to identify the behaviours, skills and abilities essential to the successful performance of the various roles of employees in delivering a quality service to the required standard.

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

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

its innovative approach to driver skills training. The Training Centre also provides induction programmes for new bus drivers, driving instruction for category C, D and E driving licences, and a customer care training programme.

In 2018, a group of our Do-Dublin tour drivers commenced tour guide training which will provide them with a FETAC Level 6 Tour Guiding (Regional Tour Guide) qualification.

All employees are attending ongoing local communications workshops to establish a stronger communications network between employees and management. The purpose of the workshops is to engage with employees, update them on all the challenges facing Bus Átha Cliath and allow for dialogue to take place between both sides with the ultimate goal of creating greater awareness and support of the Bus Átha Cliath future business strategy.

As part of our talent management process a number of development programmes for managers and administrative employees continued in 2018. These included third level studies, an induction programme for newly appointed managers, and specific training on commercial acumen, stakeholder engagement, data protection/GDPR, customer experience, and Lean Six Sigma. Other role specific training continued for engineering, supervisory and administrative employees.

Directors' Report (continued)

Health and Safety

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

Diversity and Inclusion

Bus Átha Cliath is committed to creating an environment where employees and customers are treated with dignity and respect and where differences are respected, accommodated and valued. We also aim to create an environment in which everyone can achieve their full potential and where a broad range of individual abilities, talents and perspectives are valued and supported.

The company has a Diversity and Inclusion Strategy in place which reflects our continuing commitment to equality, diversity and non-discrimination for our employees, our customers and the wider community we seek to serve. It is designed to ensure an efficient and fulfilling work environment for our employees, to meet the changing needs of our customers and underpin the quality of their experience of our services, and to deepen our connection to the diversity of the communities that we serve. It includes an annual action plan which sets out the specific steps and commitments that we take each year to progress these objectives across each of the business functions in Bus Átha Cliath.

Bus Átha Cliath continues to work in partnership with the Irish Human Rights and Equality Commission, the Immigrant Council of Ireland, Transgender Equality Network Ireland and the National Disability Authority on a number of initiatives to promote diversity and inclusion. Bus Átha Cliath also worked in partnership with the Immigrant Council of Ireland, the NTA and other public transport providers on the national "Say No To Racism" campaign.

Bus Átha Cliath supported Dublin Pride in 2018. A video entitled 'Proud Dads' was produced to demonstrate our support of our LGBTQ+ employees, customers and the wider LGBTQ+ community.

In 2018, Bus Átha Cliath won the Diversity and Inclusion award at the CIPD Ireland HR Awards for our Workplace Gender Transition Policy and Guidelines. At the Legal Island Irish HR Awards 2018 we received a highly commended award under the Best Diversity and Inclusion category for our work in the area of diversity and inclusion.

2016 Code of Practice for the Governance of State Bodies

Details of the policies and procedures implemented by the company following publication of the 2016 Code of Practice for the Governance of State Bodies are provided in the Córás Iompair Éireann Annual Report. The code provides minimum standards and the board endeavours to ensure compliance with best practice in Corporate Governance in the conduct of its business. The requirements of the 2016 Code of Practice for the Governance of State Bodies have been fully reflected in the 2018 financial statements and the Statement on Internal Control is set out below.

Payment Practices

Bus Átha Cliath acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Amendment Regulation 2013. The company payment policy is to comply with the requirements of the Regulation.

Post Balance Sheet Events

There have been no significant post balance sheet events which require adjustment to the financial statements.

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Disclosure of Information to Auditors

So far as each of the directors in office at the date of approval of the financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Internal Control

Scope of Responsibility

Bus Átha Cliath acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the 2016 Code of Practice for the Governance of State Bodies (the Code).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in Bus Átha Cliath for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Bus Átha Cliath has an Audit, Finance and Risk Committee (AFRC). The Charter and Terms of Reference of the AFRC provides for a number of directors to be appointed to the committee, one of whom is the Chair. The AFRC met seven times in 2018.

Bus Átha Cliath, as part of the CIÉ Group, has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the AFRC.

Bus Átha Cliath, as part of the CIÉ Group, has developed a Risk Management Policy (the Policy) which delegates responsibility for risk management to the company's Chief Risk Officer, and she has established a reporting structure. The board has responsibility for and approves the Risk Management Frameworks, tailored to address the specific strategic objectives, and to manage the specific risk exposures efficiently and effectively, within the context of the Policy.

The Policy is designed to ensure that appropriate procedures are in place within Bus Átha Cliath to identify, assess and manage the key risks facing all areas of the business. The key risks are those that can damage its reputation, operational and/or financial capability or cause hazards or prevent it from achieving its objectives in a risk averse manner.

Risk and Control Framework

Risk assurance is provided by way of the three lines of defence. The key differentiating factor between these three lines of defence is their levels of independence.

The three lines of defence governance model distinguishes between risk ownership, supervision and oversight as follows:

- Risk Ownership i.e. functions owning and managing risks as part of their day-to-day activities (first line of defence);
- Risk Supervision i.e. functions overseeing risks and providing robust challenge to the management teams (second line of defence); and
- Risk Oversight, i.e. functions providing independent assurance (third line of defence).

Risk Ownership is aligned with business ownership. As the heads of the departments are responsible for achieving business objectives, they are ultimately responsible, as Risk Owners, for identifying and managing risks associated with their areas of responsibility. They exercise this responsibility by ensuring that risk identification is fully incorporated into the day-to-day activities of those working within their departments.

Newly identified risks are assigned to a Risk Owner, that is, Head of the Department. This individual may delegate the management of the risk to a Risk Manager who will be responsible for the further analysis, evaluation and treatment of the risk in question.

Bus Átha Cliath has implemented a risk management system via an auditable risk software system, OpRiskControl, which has been designed to ensure that Risk Owners and other department resources, adopt a consistent, robust approach at every stage of the risk management process, from risk identification through to escalation. In accordance with ISO 30000 Risk Management, it is policy that risks be defined at a level that can be managed, that is, they are sufficiently articulated so that the possible extent and likelihood of the event can be appraised and mitigating actions put in place.

Risks are evaluated by the responsible Risk Owner using risk criteria tables which have been developed so that risks which are outside of risk appetite, are assigned the appropriate risk rating, and are escalated to the appropriate level of oversight.

Statement of Internal Control (continued)

Ongoing Monitoring and Review

All newly identified risks and principal risks and decisions and details of any emerging risks are subject to peer review by the executive team.

Periodic reports will incorporate the following as standard:

- Principal risks
- Changes in principal risk ratings
- Newly identified risks
- Emerging risks
- Overview of risk universe
- Risks in breach of risk appetite and mitigating actions

A report of all risks, status as against risk appetite and performance as against KPI's is thereafter escalated to the AFRC, quarterly, with supporting risk detail reports.

In addition to the above, all top group principal risks and emerging risks are escalated to the CIÉ executive board for assessment by the CIÉ executive board on a group-wide basis. A report of top group principal risks, status as against risk appetite and performance as against KPI's with supporting risk detail reports is escalated to each sitting of the AFRC and to the CIÉ Board quarterly.

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the board, where relevant, in a timely way. Bus Átha Cliath confirms that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

Bus Átha Cliath confirms it has procedures in place to ensure compliance with current procurement rules and guidelines. CIÉ Group previously advised the DTTaS that it is applying a threshold of €50,000 for procurement non-compliances due to the volume of purchases within the CIÉ Group and the additional cost of supplying information at the lower limit.

A small number of instances of non-compliances with procurement procedures were noted for 2018. The non-compliances primarily related to the timely and accurate submission of derogations and the extension of certain contracts beyond the procurement compliant period. The total value of the non-compliant transactions amounted to €1.2m. A comprehensive set of measures to ensure full compliance including a review of IT systems, is taking place to rectify such instances and prevent reoccurrence.

Review of Effectiveness

The Code published by the Department of Public Expenditure and Reform requires an external review of effectiveness of risk management framework of each State Body be completed "on a periodic basis". Mazars were engaged to perform a strategic review of the Company Risk Management Framework and Risk Register during 2018.

The company was found to be compliant with the Code.

Furthermore, Bus Átha Cliath confirms that it has procedures to monitor the effectiveness of its risk management and control procedures. The company's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the AFRC which oversees their work, and the senior management within Bus Átha Cliath responsible for the development and maintenance of the internal control framework.

Bus Átha Cliath confirms that the board conducted an annual review of the effectiveness of the internal controls for 2018.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.

Directors' Responsibility Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring the company's compliance with the 2016 Code of Practice for the Governance of State Bodies.

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

On behalf of the board

Mr U. Courtney

Chairman

Mr J. Quinn

Director

3 April 2019

Board of Directors



Ultan Courtney; *Chairman*

Ultan Courtney was appointed to the Board of ClÉ and as Chairman of Bus Átha Cliath in September 2014. He has wide experience in the Human Resources and Industrial Relations field. He is Managing Director of his own consultancy business and previously held positions in C&C Group Plc, Superquinn, Waterford Foods and IBEC. Ultan holds a Degree in Economics from Trinity College Dublin and has numerous qualifications in the areas of employment law, mediation, arbitration and corporate legal governance.



Patricia Barker

Patricia Barker was appointed to the board in February 2013. Patricia is a retired professor of accounting. She currently lectures part-time in Business Ethics in DCU. She is a Chartered Accountant and a Council Member of Chartered Accountants Ireland. Her PhD was in the disclosure of financial information to employees and she holds an MPhil from Trinity College in Gender Studies. Patricia is a director of Tallaght Hospital and of The Marine Institute and chairs their Audit and Risk Committees. She is a member of the Audit Committees of the Health Service Executive (HSE) and of The Court Services. She served as Chairman of the Blood Transfusion Services Board (BTSB) and works as a volunteer with the Rape Crisis Centre. Patricia retired from the board on 10 February 2019.



Stephen Hannan

Stephen Hannan was appointed to the board in December 2017 following his election to the ClÉ Board under the Worker Participation (State Enterprises) Acts 1977 to 2001. He works as a bus driver in the Ringsend garage. He is a member of SIPTU and has held a wide variety of positions within the trade union for almost 30 years. He is president of the Bus Drivers Committee, vice-chairman of the Transport Sector Committee, a member of the Divisional Committee and a depot representative.



Elaine Howley

Elaine Howley was appointed to the board in August 2018. Elaine has many years of experience advocating for the rights and full participation of people with disabilities. She has a particular interest in public transport and access to services, information and public places. She has led services for people who live with disability for over twenty-five years. She was the first Liaison Officer for students with disabilities and was a founder member of the Association for Higher Education Access and Disability, AHEAD. Elaine was Director of Advocacy and Policy in National Council for the Blind Ireland, NCBI and CEO of NCBI Services. Elaine is coordinator of the European Blind Union's Low Vision Network. Elaine's advocacy work has included international campaigns such as the campaign for ratification of the Marrakesh Treaty and the UN Convention on the Rights of Persons with Disabilities, UNCRPD. Elaine holds a Master's degree in Social Work, a National Qualification in Social Work and H.Dip. in Systemic Family Therapy. Elaine is a member of the Institute of Directors with a Professional Diploma in Company Direction, Human Rights and Equality.



Gary Joyce

Gary Joyce was appointed to the board in 2012 and reappointed for a further three year term in July 2015. She is Managing Partner of Genesis, a consulting firm that specialises in customer and market strategy. She has extensive non-executive director experience in the public, private and not-for-profit sectors and is currently Deputy Chair of the Child and Family Agency and is on the board of Sam McCauley Chemists and Galway International Arts Festival. She is a Fellow of the Institute of Management Consultants and Advisers and of the Marketing Institute of Ireland. Gary retired from the board on 29 July 2018.



Siobhán Madden

Siobhán Madden was appointed to the board in June 2015. Siobhán is a legal consultant and solicitor who worked for many years in international aircraft leasing, mainly in the International Financial Services Centre (IFSC), Dublin. She specialises in financial services, corporate governance and the law relating to aviation and other mobile transport equipment. She is also a tax consultant, a member of the New York Bar, and the International Bar Association. She studied in Trinity College, was a partner for 15 years in a leading Dublin law firm, and has gained international experience working in Dublin, New York and France for major international companies. Siobhán was reappointed to the board for a further three-year term in June 2018.



Joe Quinn

Joe Quinn was appointed to the board in June 2015. Joe is Managing Director at RGP; an international consulting firm that specialises in finance, governance, risk and compliance consulting. He trained as a Chartered Accountant with Ernst & Young and has held finance leadership positions in a number of multi-national companies, including Guinness, Diageo and Prudential. Joe is a Fellow of the Institute of Chartered Accountants in Ireland and holds a Bachelor of Commerce degree and a post-graduate Diploma in Professional Accounting from University College Dublin. He is currently a member of the board and chairman of the Finance and Audit Committee of Oxfam Ireland. Joe was reappointed to the board for a further three-year term in June 2018.



Thomas O'Connor

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



Kevin Rafter

Prof. Kevin Rafter was appointed to the board in January 2013 and was reappointed for a further three-year term in January 2016. He is an experienced non-executive director with senior-level communications and media expertise, and a strong track record in regulatory oversight. He is chairperson of the Compliance Committee of the Broadcasting Authority of Ireland and is a member of the Solicitors Disciplinary Tribunal. He has a BA (Mod) and MLitt in economics and a MA and PhD in political science, and a Diploma in Corporate Law and Governance. Kevin retired from the board on 22 January 2019.

Independent Auditors' Report

To the Members of Bus Átha Cliath

Report on the Audit of the Financial Statements

Opinion on the Financial Statements of Bus Átha Cliath (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of the surplus for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 27, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("the relevant financial reporting framework").

Basis for Opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

Opinion on Other Matters Prescribed by the Companies Act 2014

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

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

Matters on which we are Required to Report by Exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors' Report does not reflect the companies compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Ciarán O'Brien

For and on behalf of Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House,
Earlsfort Terrace,
Dublin 2

3 April 2019

Profit and Loss Account

For the Financial Year Ended 31 December 2018

| | Notes | 2018 €000 | 2017 €000 |
|--|-------|------------------|------------------|
| Revenues | | | |
| Operating revenue | | 263,280 | 251,674 |
| Public Service Obligation payment | | 41,134 | 47,482 |
| Revenue grants | | 125 | 162 |
| Total revenue | 4 | 304,539 | 299,318 |
| Costs | | | |
| Payroll and related costs | 5 | (198,079) | (192,780) |
| Materials and services | 6 | (94,821) | (94,532) |
| Total operating costs | | (292,900) | (287,312) |
| EBITDA before exceptional costs | | 11,639 | 12,006 |
| Exceptional operating costs | 7 | (76) | (866) |
| Depreciation and amortisation (net) | 8 | (8,155) | (10,385) |
| Gain on disposal of tangible assets | | 312 | 325 |
| Surplus before interest and tax | | 3,720 | 1,080 |
| Interest payable and similar charges | 9 | (33) | (77) |
| Surplus for the year | | 3,687 | 1,003 |
| Tax on surplus | 10 | - | - |
| Surplus for the year after tax | | 3,687 | 1,003 |

Highlights

Chairman's Statement

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Statement of Total Comprehensive Income

For the Financial Year Ended 31 December 2018

| | 2018 €000 | 2017 €000 |
|--|--------------|--------------|
| Surplus for the year | 3,687 | 1,003 |
| Total comprehensive income for the year | 3,687 | 1,003 |

All results derive from continuing activities.

Balance Sheet

As at 31 December 2018

| | Notes | 2018 €000 | 2017 €000 |
|--|-------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 11 | 495 | 855 |
| Tangible assets | 12 | 190,853 | 179,977 |
| | | 191,348 | 180,832 |
| Current assets | | | |
| Stocks | 13 | 3,344 | 5,044 |
| Debtors | 14 | 169,338 | 157,241 |
| Cash at bank and in hand | | 1,323 | 984 |
| | | 174,005 | 163,269 |
| Creditors (amounts falling due within one year) | 15 | (76,777) | (69,821) |
| Net current assets | | 97,228 | 93,448 |
| Total assets less current liabilities | | 288,576 | 274,280 |
| Provision for liabilities | 16 | (92,629) | (96,129) |
| Deferred income | 17 | (148,728) | (134,619) |
| Net assets | | 47,219 | 43,532 |
| Capital and reserves | | | |
| Called up share capital | 18 | 69,836 | 69,836 |
| Profit and loss account | | (22,617) | (26,304) |
| Equity | | 47,219 | 43,532 |

On behalf of the board

Mr U. Courtney

Chairman

Mr J. Quinn

Director

Date: 3 April 2019

Highlights

Chairman's Statement

Review

Financial Statements

Statement of Changes in Equity

For the Financial Year Ended 31 December 2018

| | Called up share capital €000 | Profit and loss account €000 | Total €000 |
|---|---|---|-----------------------|
| Balance at 1 January 2017 | 69,836 | (27,307) | 42,529 |
| Total comprehensive income for the year | – | 1,003 | 1,003 |
| Balance at 31 December 2017 | 69,836 | (26,304) | 43,532 |
| Balance at 1 January 2018 | 69,836 | (26,304) | 43,532 |
| Total comprehensive income for the year | – | 3,687 | 3,687 |
| Balance at 31 December 2018 | 69,836 | (22,617) | 47,219 |

Cash Flow Statement

For the Financial Year Ended 31 December 2018

| | Notes | 2018 €000 | 2017 €000 |
|---|-------|-----------------|-----------------|
| Net cash generated from operating activities | 19 | 15,698 | 16,660 |
| Cash flow from investing activities | | | |
| Purchase of intangible fixed assets | | (292) | (415) |
| Purchase of tangible fixed assets | | (4,953) | (6,504) |
| Proceeds from disposal of tangible fixed assets | | 601 | 326 |
| Capital grants received | 17 | 1,563 | 3,816 |
| Increase in receivable balance with parent company | | (12,245) | (13,637) |
| Interest paid | 9 | (33) | (77) |
| Net cash used in investing activities | | (15,359) | (16,491) |
| Cash flow from financing activities | | | |
| Net cash used in financing activities | | - | - |
| Net increase in cash and cash equivalents | | 339 | 169 |
| Cash and cash equivalents at beginning of year | | 984 | 815 |
| Cash and cash equivalents at end of year | | 1,323 | 984 |

Highlights

Chairman's Statement

Review

Financial Statements

Notes to the Financial Statements

1 Significant Accounting Policies

Statement of Compliance

The financial statements of Bus Átha Cliath have been prepared on a going concern basis in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2014.

Activities and Ownership

Córas Iompair Éireann (CIÉ), of which Bus Átha Cliath is a wholly owned subsidiary, is Ireland's national statutory authority providing land public transport within Ireland. CIÉ is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport.

Bus Átha Cliath is Dublin's leading provider of public transport.

Bus Átha Cliath, the company, is a Commercial State Company and is part of the CIÉ Group of companies. The company was re-registered as a Designated Activity Company effective from 1 February 2016, under the Companies Act 2014. The company is registered in Dublin. The company registration number is 119569 and the registered office is located at 59 Upper O'Connell Street, Dublin 1.

The financial statements of the company relate solely to the activities of Bus Átha Cliath.

Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are set out on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

As permitted by the Companies Act 2014, the directors have adapted the prescribed format of the profit and loss account in a manner appropriate to the nature of the company's business. EBITDA is company earnings before adjustment for interest and taxation charged, depreciation of fixed assets and amortisation of capital grants received.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimating uncertainty at the reporting date. It also requires directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out at (u) below, "Critical accounting estimates and assumptions".

FRS 102 allows a qualifying entity certain disclosure exemptions. Bus Átha Cliath has not taken advantage of any available exemption for qualifying entities for the year ended 31 December 2018.

(b) Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis. Further information is set out in note 2.

(c) Foreign currency*(i) Functional and presentation currency*

The functional currency and presentational currency of the company is the Euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands (€000).

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency using the spot exchange rates at the date of the transactions.

At the end of each financial year, foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account within 'materials and services costs'.

(d) Turnover

Turnover comprises the gross value of services provided. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered. Bus Átha Cliath recognises turnover in the period in which the service is provided.

Bus Átha Cliath recognises revenue through its different revenue streams as follows:

On bus cash

On bus cash revenue is recognised at point of sale which is the day the service is provided.

Integrated Ticketing System (ITS) e-purse revenue

On bus ITS e-purse revenue is recognised on the day in which the service is provided.

Taxsaver

Taxsaver annual tickets are recognised evenly over the periods in the year which the product relates to.

Bus shelter advertising revenue

Bus shelter advertising revenue is recognised over the period of the relevant contract. Revenue is earned monthly from the contract with the associated revenue receipts received in arrears.

Department of Employment Affairs and Social Protection (DEASP) revenue

DEASP revenue is received monthly and is recognised in the month to which it relates. The revenue receipts are received in arrears.

Notes to the Financial Statements (continued)

(e) Grant income – European Union and public service obligations and other Exchequer grants

Bus Átha Cliath recognise government grants in line with the accruals model under FRS 102.

Grants for capital expenditure

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

Public Service Obligation (PSO) payments

PSO payments received and receivable during the year are recognised in the profit and loss account in the period they become receivable.

Revenue grants

Grants in respect of expenditure are recognised in the profit and loss at the same time as the related expenditure and for which grant is intended to compensate is incurred.

(f) Materials and services costs

Materials and services costs, otherwise referred to as operating costs, constitute all costs associated with the day-to-day running of the operations of Bus Átha Cliath, excluding depreciation, amortisation and payroll costs which are disclosed separately in the profit and loss account, and set out in more detail in note 6 of the financial statements.

(g) Interest receivable/interest payable

Interest income or expense is recognised using the effective interest method.

(h) Exceptional costs

The Bus Átha Cliath profit and loss account separately identifies results before specific items. Specific items are those that in our judgement need to be disclosed separately by virtue of their size, nature or incidence. Bus Átha Cliath believes that this presentation provides additional analysis as it highlights exceptional items. Such items include significant business restructuring costs.

In this regard the determination of 'significant' as included in our definition, both qualitative and quantitative judgement is used by the company in assessing the particular items, which by virtue of their scale and nature, are disclosed in the profit and loss account and related notes as exceptional items.

(i) Taxation

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(j) Related parties

Bus Átha Cliath is a subsidiary of CIÉ Group. Bus Átha Cliath discloses transactions with related parties which are not wholly owned within the group. It does not disclose transactions with members of the same group that are wholly owned.

In the ordinary course of business the company purchases goods and services from entities controlled by the Irish Government, the principal of these being An Post, Bank of Ireland and the National Transport Authority. The directors are of the opinion that the quantum of these purchases is not material in relation to the company's business.

(k) Intangible fixed assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight-line basis. Software is not considered to have a residual value. Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances. Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(l) Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use and applicable decommissioning costs.

*(i) The bases of calculation of depreciation are as follows:**Road passenger vehicles*

Road passenger vehicles are depreciated on the basis of the historical cost of vehicles in the fleet, spread over their expected useful lives, on a reducing percentage basis which reflects the vehicles' usage throughout their lives. The expected useful life of assets in this category is between 3 and 12 years.

Bus stops and shelters

Bus stops and shelters are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives. The expected useful life of assets in this category is between 3 and 15 years.

Plant and machinery

Plant and machinery are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives. The expected useful life of assets in this category is between 3 and 10 years.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

Notes to the Financial Statements (continued)

(ii) Subsequent additions

Subsequent costs, including in respect of replaced components, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance costs are expensed as incurred.

(iii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

(m) Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss reverses (i.e. the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account.

(n) Leased assets

Operating leases do not transfer substantially the risk and rewards of ownership to the lessee. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(o) Stocks

Stocks consist of maintenance materials, spare parts and fuel and other sundry stock items. Stocks of materials and spare parts are valued at the lower of weighted average cost and net realisable value. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each financial year, stocks are assessed for impairment and provision is made for stocks considered to be impaired.

(p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(q) Financial instruments

The company has chosen to adopt the provisions of Section 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

The company has a number of basic financial assets which include trade and other debtors, amounts owed from group companies and cash and cash equivalents and which are recorded in current assets as due in less than one year.

Basic financial assets are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction, the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year, financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the profit and loss account. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Similarly, the company has a number of basic financial liabilities, including trade and other creditors, bank loans and overdrafts and loans from group companies, which are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans and overdrafts, loans from fellow group companies and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Notes to the Financial Statements (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(r) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when Bus Átha Cliath has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Restructuring provisions are recognised when Bus Átha Cliath has a legal or constructive obligation at the end of the financial year to carry out the restructuring. Bus Átha Cliath has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

Provision is made for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

Other provisions consist of provisions related to the operation of bus services, pay related provisions, environmental provisions, legal claims and pension related provisions.

Provisions are not made for future operating losses.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that Bus Átha Cliath will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(s) Employee benefits

The company provides a number of employees benefits to employees depending on their grade, seniority and statutory obligations. Benefits include the payment of salary or wages and the payment of premia for additional work undertaken. In addition employer contributions in respect of pension are made for eligible employees to the respective pension schemes.

Post-employment benefits

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan) for employees of the CIÉ Group.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

These schemes have been accounted for in the CIÉ Group financial statements. The defined benefit pension scheme assets are measured at fair value. Defined benefit pension schemes 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 of CIÉ as a liability.

All of the subsidiaries, as well as CIÉ itself, participate in the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan. The scheme rules do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit costs for the schemes, as a whole, are recognised in the separate financial statements of CIÉ, as in the absence of a formal contractual arrangement the directors believe that this is the entity that is legally responsible for the schemes. The other participating entities, including Bus Átha Cliath recognise a cost equal to their contribution for the period. Further details of these schemes are set out in note 20.

(t) Equity

Bus Átha Cliath equity shares are wholly owned by CIÉ. Ordinary called up share capital and revenue reserves are classified as equity and set out in note 18 of the financial statements.

(u) Critical accounting estimates and assumptions

Estimates and judgements made in the process of preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement and complexity and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of intangible and tangible assets

The annual amortisation charge for intangible assets and the depreciation charge for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The useful economic lives for each class of intangible and tangible assets are set out at (k) and (l) above. The carrying amount of intangible and tangible assets are set out in notes 11 and 12.

Notes to the Financial Statements (continued)

(ii) Defined benefit pension scheme

The ClÉ Group, of which the company is a member has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including assumptions in respect of life expectancy, salary increases and the discount rate on corporate bonds. Further details are set out in note 20.

(iii) Third party and employer liability claims provision and related recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Further details are set out in note 16 to the financial statements.

(iv) Road passenger vehicles received under the bus leasing agreement with the NTA

Additions to road passenger vehicles received under the bus leasing agreement with the National Transport Authority (NTA) are recognised in line with Significant Accounting Policy (l) above. Similarly, a corresponding grant for capital expenditure is recognised in line with Significant Accounting Policy (e) above.

The company has applied judgement to the recognition of an asset and corresponding grant in incidences where the NTA provide bus assets to the company under a lease agreement.

In substance there have been no significant changes to the rights and obligations of the company and NTA, as prescribed in the Direct Award of Public Services Contract 2014-2019. The company is getting the right to use the asset for what would appear to be the major part of the buses economic life for an annual rental charge that does not reflect the value of the asset under lease. Furthermore, substantially all the risks and rewards of ownership transfer to the company on receipt of the bus.

The cost applicable to the road passenger vehicles received under the bus leasing agreement is based on advice from the NTA on the cost the NTA incurred to acquire each bus from the supplier.

The company will review and consider the estimates and judgements related to the right to use the asset periodically for any contractual changes or a change in circumstance.

Further details are set out in note 12 to the financial statements.

2 Going Concern

The financial statements have been prepared on a going concern basis, which assumes that Bus Átha Cliath and the ClÉ Group ("the Group") will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Background

Company

At 31 December 2018 the company had net assets of €47 million (2017: €44 million) and net current assets of €97 million (2017: €93 million).

Net current assets include non-cash liabilities of €39 million (2017: €37 million) relating to deferred revenue and deferred income in respect of capital grants and revenue. Capital grants do not involve a cash commitment and are utilised in line with the depreciation of the asset. Therefore, excluding these non-cash items the company has net current assets of €136 million (2017: €131 million).

Net assets of the company include non-cash liabilities of €188 million (2017: €172 million) relating to deferred revenue and deferred income in respect of capital grants and revenue. Therefore, excluding these items the company has net assets of €235 million (2017: €216 million).

The Group operates a pooled treasury system. The Company relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The Group's financial position is set out in the following section.

Letter of Support

The ongoing support of CIÉ Group for Bus Átha Cliath is evidenced in the Letter of Support from CIÉ to Bus Átha Cliath dated 3rd April 2019.

The letter states: "it remains CIÉ policy that the Company is at all times in a position to meet its liabilities. CIÉ shall continue to exercise its shareholder rights and statutory obligations with a view to ensuring that the Company manages its operations, in accordance with its approved business plans, and in a manner which will enable it to meet all its obligations in a timely manner. CIÉ will provide the financial support necessary to permit the Company to continue operating and liquidating its liabilities in the normal course of business for at least a period of twelve months after the date of signing the financial statements. In the event of default by any CIÉ subsidiary undertaking who owe amounts to the Company, the Parent will compensate for losses incurred".

Group

At 31 December 2018 the Group had net liabilities of €410 million (2017: €636 million) and net current liabilities of €184 million (2017: €200 million). Net current liabilities include non-cash items of €261 million (2017: €264 million) relating to deferred income in respect of capital grants and deferred revenue. Therefore, excluding these non-cash items the Group has net current assets of €77 million (2017: €64 million). The net liabilities of the Group include liabilities in respect of defined benefit pension obligations of €547 million (2017: €784 million) and deferred income in respect of capital grants received of €2,421 million (2017: €2,494 million).

As of January 2018 the CIÉ Group secured an amendment and extension of its banking facility. The facility is a committed facility of €108 million for an initial period of 5 years with two one year extension options exercisable at the end of year 1 and year 2 of the facility. At 31 December 2018, the Group had drawn down €28 million under the term loan facilities. The undrawn amount available to the Group under the Group's revolving credit facilities was €80 million.

Nature of Uncertainties Facing Group

While trading performance improved considerably during 2018, the Group continues to face a challenging business environment which gives rise to uncertainties.

While management are confident that overall financial levels including those required for the Group to meet its financial covenants will continue to be met in the forthcoming year, the Group's future performance is based on a number of challenging targets and assumptions which require constant monitoring and oversight by management.

The principal uncertainties affecting the future outlook can be summarised under the following headings:

2.1 Revenue

The achievement of the revenue growth targets set out for the year are based on a combination of assumptions related to increases in nominal fares, increases in passenger journeys and the mix of fares between cash and other fares.

2.2 Operating Costs

Maintaining operating costs at appropriate levels as set out in the Group's plans remains critical. Assumptions used in preparing the plans 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.

Notes to the Financial Statements (continued)

2.3 Investment Costs

Achieving the appropriate level of investment in the maintenance, renewal and enhancement of public transport infrastructure is critical to underpinning the provision of safe, effective and reliable public transport services. Ensuring that necessary investment is appropriately funded is a continuing challenge for management so that the investment demand of the Group's operations does not undermine the financial sustainability of the Group.

The Group's plans for 2019 are subject to additional capital expenditure funding support from the Department of Transport, Tourism and Sport (DTTas) and the NTA, and also envisage funding investment from operating cash flows.

The Group's sustainability in the longer term is dependent on an appropriate level of government funding being in place to fund the public transport services that are required under the Group's Public Service Obligation contracts.

The Group's sustainability is particularly sensitive to uncertainty associated with funding future investment.

Funding of investment requirements in the longer term remains a significant challenge for all stakeholders. Should there be a shortfall in levels of funding; the risk that the Group may not generate sufficient cash flows to protect its financial stability during the life of the current 5-year business plan arises. In that event, working capital will become constrained requiring constant monitoring. Mitigating actions would be required to ensure that the overall financial covenant, to which the Group is committed, are not breached and that sufficient cash flow is generated after investment to meet obligations as they fall due.

As mitigation, the Group manages the authorization of material investments and seeks confirmation of appropriate funding being in place prior to the commencement of those investments.

In November 2018, the NTA decided to:

- Directly award a new contract for the provision of public bus services currently operated by Bus Átha Cliath in the Dublin Area from December 2019 to Bus Átha Cliath for a period of five years.
- Directly award a new contract for the provision of public bus services outside the Dublin Area to Bus Éireann for a period of five years, with the exception of a selection of services, (approximately 5%), where the direct award contract shall be for a period of no longer than two years, expiring in 2021.
- The NTA is proposing to directly award a public service contract to Iarnród Éireann for the provision of public passenger transport services by rail with a commencement date of 1 December 2019, following the expiry of the current direct award contract on 30 November 2019. It is envisaged that the new direct award contract will be for ten years.

2.4 Liquidity

In January 2018, the CIÉ Group has secured an amendment and extension of its banking facility. The facility is a committed facility of €108 million for an initial period of five years, with two one year extension options exercisable with the agreement of both parties, at the end of year one and year two of the facility. At 31 December 2018 the Group had drawn down €28 million under the term loan facilities. The undrawn amount available to the Group under the Group's revolving credit facilities was €80 million.

These facilities contain a number of financial covenants, all of which have been met by the Group in 2018. Management expect that the Group will continue to meet the covenants set out in the new facility agreement for the period of at least 12 months from the date of approval of these financial statements. The Group continuously monitors the actual and forecast use of its banking facilities and adherence to the financial covenants within its facilities. The Group currently holds a net cash balance of €221 million as at 31 December 2018.

2.5 Pensions

The Group's pension schemes are in deficit, the liability position of the pension schemes reduced significantly in the year. The decrease in liability arose mainly due to an increase in the discount rate applied to calculate the present value of the schemes and a reduction in inflation rate assumptions. The schemes continue to be exposed to significant movements in the underlying interest rates under which liabilities are measured and the valuation of assets held by the schemes.

The ongoing volatility in the valuation of the schemes require careful monitoring and the identification of measures which can be implemented, on an agreed basis, to reduce the risk in relation to the schemes.

The Group considers that the appropriate long-term mitigation for this risk is to de-risk the schemes in consultation with employees, the Group is engaging with its employees to identify and agree on measures which are designed to de-risk the schemes. The Group manages its budgets to ensure that, in the short-term, the cash implications of its pension obligations are accounted for appropriately.

Management's Actions

In addition to the mitigations outlined above the Group and CIÉ management have taken and are continuing to take a number of actions, including:

- Continuous review of risks and opportunities affecting the Group's 5 Year business plan.
- Discussions with the NTA and the DTTaS on the appropriate funding structure/net financial effect for Iarnród Éireann, Bus Éireann and Bus Átha Cliath.
- Discussion with employees representatives to agree measures to address the financial position of the Group's pension schemes.
- Continued implementation and rigorous monitoring of cost saving initiatives.
- Close monitoring by management of the daily, weekly and monthly cash position across the Group.
- Implementation of revenue protection initiatives and seeking new revenue generating activities

Letter of Support

In compliance with the requirements of the 2016 Code of Practice for the Governance of State Bodies, CIÉ has approved a rolling five year plan which reflects the objectives of the shareholder, the Minister for Transport, Tourism and Sport, and the strategic and legal mandate of CIÉ.

As outlined above, during 2018, the Board agreed an extension of its banking facilities, on a committed basis, for a further five years. The Board also notes and welcomes the proposals of the NTA to award contracts to Bus Átha Cliath, Bus Éireann and to Iarnród Éireann for the provision of public transport services which extend beyond 12 months of the date of approval of these financial statements.

In 2017, CIÉ received a Letter of Support from the DTTaS, in finalizing the 2018 financial statements CIÉ and the DTTaS discussed whether, in light of the considerations outlined above, there was an ongoing requirement for a Letter of Support. It was agreed that, in the context of the Group's approved five year plans and of its current financial position, that such a Letter of Support is no longer required.

Conclusion

Having made due enquiries, and considering the uncertainties and mitigations described above, the Board Members have a reasonable expectation that the cash flow generating from the Group's trading activities and its existing banking facilities will be sufficient to fund the ongoing cash flow needs of the Group and CIÉ, and to meet the Group's financial covenants under the Group's banking facilities agreements for the period of at least 12 months from the date of approval of these financial statements.

Taking account of all of the above, 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.

The Board Members, having regard to above, have a reasonable expectation that the Group and CIÉ will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

*Notes to the Financial Statements (continued)***3 Net Surplus by Activity**

| | Social Activities | | Commercial Activities | |
|-----------------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| | 2018 €000 | 2017 €000 | 2018 €000 | 2017 €000 |
| Revenue | 243,060 | 233,929 | 20,345 | 17,907 |
| Costs | (283,894) | (281,376) | (16,958) | (16,939) |
| Operating (deficit)/surplus | (40,834) | (47,447) | 3,387 | 968 |
| Public service obligation payment | 41,134 | 47,482 | – | – |
| Net surplus | 300 | 35 | 3,387 | 968 |

Bus Átha Cliath originally received a total of €47,662,000 (2017: €56,174,000) in subvention from the National Transport Authority (NTA) relating to 2018. €1,563,000 (2017: €3,566,000) related to capital grants and was recognised as deferred income (note 17) in the balance sheet and will be amortised over the useful economic life of the related assets. The final agreed figure for operating subvention amounted to €41,134,000 (2017: €47,482,000) and accordingly €4,840,000 (2017: €4,980,000) was recognised as a creditor (amounts falling due within one year) (note 15) in the balance sheet and is repayable to the NTA at 31 December 2018.

Included in revenue is €4,080,000 received from the NTA in relation to the Bus Shelter Advertising contract. The NTA took over the administration of the Bus Shelter Advertising contract with the 3rd party advertising agency and Bus Átha Cliath now receive fixed advertising revenue from the NTA.

Also included in revenue is €594,000 received from the NTA in relation to the provision of public transport services for the 2018 visit of Pope Francis to Dublin.

4 Revenue**(a) Total Revenue**

This comprises operating turnover, net of recoverable VAT, and includes receipts under the Public Service Obligation (PSO) contract and revenue grants. Details of revenue grants are set out in note 17. The company is a transport service provider and provides services throughout Dublin and is regulated by the NTA.

(b) Public Service Obligation

The PSO payment payable to Bus Átha Cliath through its holding company, Córas Iompair Éireann, amounted to €41,134,000 for the year ended 31 December 2018 (2017: €47,482,000).

5 Payroll and Related Costs

| | 2018 | 2017 |
|---|----------------|----------------|
| | €000 | €000 |
| Employee costs comprise: | | |
| Wages and salaries | 166,922 | 163,401 |
| Social insurance costs | 16,854 | 16,284 |
| Other retirement benefit costs (<i>note 20</i>) | 14,089 | 12,940 |
| Total employee costs (excluding directors' remuneration) | 197,865 | 192,625 |
| Directors' remuneration | | |
| Emoluments | | |
| – for services as directors | 85 | 80 |
| – for other services | 124 | 73 |
| | 209 | 153 |
| Contributions paid to defined benefit scheme | 5 | 2 |
| Total directors' remuneration and emoluments | 214 | 155 |
| Total payroll and related costs | 198,079 | 192,780 |

Retirement benefits are accruing to two directors during the year (2017: two directors) under a defined benefit pension scheme. No costs were incurred in respect of loss of office for any directors during 2018 or 2017 or after the balance sheet date.

| | Number of Employees | |
|---|----------------------------|--------------|
| | 2018 | 2017 |
| The average number of employees during the year were: | | |
| Wages grade | 2,998 | 3,060 |
| Executive/clerical | 381 | 391 |
| Temporary/contract | 45 | 55 |
| Total | 3,424 | 3,506 |

Notes to the Financial Statements (continued)

Key Management Compensation

Key management includes the directors and members of senior management. Wages and salaries costs include the following remuneration payable to the Chief Executive Officer.

| | 2018 | 2017 |
|---|-------------|-------------|
| | €000 | €000 |
| Chief Executive Officer compensation | | |
| Basic salary | 179 | 167 |
| Social insurance costs | 4 | 4 |
| Post-retirement benefit costs | 47 | 41 |
| Total | 230 | 212 |

The Chief Executive's salary is in line with the Department of Public Expenditure and Reform guidelines for Chief Executives.

The compensation paid or payable to key management for employee services (including the Chief Executive Officer) is shown below:

| | 2018 | 2017 |
|------------------------------------|--------------|--------------|
| | €000 | €000 |
| Key management compensation | | |
| Basic salary | 1,262 | 1,072 |
| Social insurance costs | 41 | 30 |
| Post-retirement benefit costs | 230 | 213 |
| Total | 1,533 | 1,315 |

The directors of the company were paid directors' fees for services as directors during 2018 as follows:

| | |
|-----------------|---------|
| Mr U. Courtney | €19,490 |
| Prof. P. Barker | €12,600 |
| Ms E. Howley | €0 |
| Ms G. Joyce | €9,450 |
| Ms S. Madden | €12,600 |
| Mr J. Quinn | €12,600 |
| Prof. K. Rafter | €12,600 |

Mr T. O'Connor and Mr S. Hannan did not receive any directors' fees from the company.

All payments comply in full with government guidelines for directors' fees.

The expenses paid for directors in 2018 and 2017 amounted to nil.

5(a) Payroll and Related Costs: Additional Disclosure Requirements under the 2016 Code of Practice for the Governance of State Bodies:

| | 2018 | 2017 |
|--|----------------|----------------|
| | €000 | €000 |
| Included in wages and salaries: | | |
| Salary | 106,652 | 105,154 |
| Overtime | 15,785 | 13,994 |
| Allowances | 44,485 | 44,253 |
| Total | 166,922 | 163,401 |

Number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €25,000 from €50,000 upwards.

| | Number of Employees | |
|----------------------|----------------------------|-------------|
| | 2018 | 2017 |
| €50,000 to €75,000 | 1,226 | 941 |
| €75,001 to €100,000 | 112 | 113 |
| €100,001 to €125,000 | 31 | 17 |
| €125,001 to €150,000 | 1 | - |
| Over €150,001 | 5 | 5 |

6 Materials and Services Costs

| | 2018 | 2017 |
|--|---------------|---------------|
| | €000 | €000 |
| Fuel and lubricants | 27,295 | 28,034 |
| Materials | 17,812 | 19,305 |
| Road tax and licences | 820 | 765 |
| Rent and rates | 708 | 675 |
| Foreign exchange losses | 23 | 20 |
| Charge/(credit) for movement in provision for impairment of stocks | 124 | (14) |
| Charge for movement in provision for impairment of debtors | 9 | 9 |
| Operating lease rentals | 465 | 427 |
| Third party and employer's liability claims | 5,051 | 6,111 |
| Other services | 42,514 | 39,200 |
| | 94,821 | 94,532 |

Notes to the Financial Statements (continued)

6(a) Materials and Services Costs: Additional Disclosure Requirements under the 2016 Code of Practice for the Governance of State Bodies:

| | 2018 €000 | 2017 €000 |
|--------------------------------------|----------------------------|----------------------------|
| Travel and subsistence | | |
| National travel and subsistence | 1 | 6 |
| International travel and subsistence | 38 | 16 |
| Hospitality | 46 | 38 |
| Total travel and subsistence | 85 | 60 |

7 Exceptional Operating Costs

| | 2018 €000 | 2017 €000 |
|--|----------------------------|----------------------------|
| Restructuring costs (<i>note 16</i>) | 76 | 866 |

7(a) Termination/Severance: Additional Disclosure Requirements under the 2016 Code of Practice for the Governance of State Bodies:

No termination or severance payments made in the reporting period.

8 Depreciation and Amortisation of Tangible and Intangible Assets

| | 2018 €000 | 2017 €000 |
|--|----------------------------|----------------------------|
| Amortisation of intangible fixed assets (<i>note 11</i>) | 652 | 1,730 |
| Depreciation of tangible fixed assets (<i>note 12</i>) | 33,904 | 33,194 |
| Amortisation of EU/Exchequer capital grants (<i>note 17</i>) | (26,401) | (24,539) |
| | 8,155 | 10,385 |

9 Interest Payable and Similar Charges

| | 2018 €000 | 2017 €000 |
|----------------------------------|----------------------------|----------------------------|
| On balances with holding company | 26 | 74 |
| Other interest payments | 7 | 3 |
| | 33 | 77 |

10 Taxation

| | 2018 €000 | 2017 €000 |
|---|--------------|--------------|
| Tax expense included in profit or loss | | |
| Current tax: | | |
| Irish corporation tax on surplus for the financial year | - | - |
| Adjustments in respect of prior financial years | - | - |
| Current tax expense for the financial year | - | - |
| Deferred tax: | | |
| Origination and reversal of timing differences | - | - |
| Deferred tax expense for the financial year | - | - |
| Tax on profit on ordinary activities | - | - |

Factors Affecting Tax Charge for the Year

Tax assessed for the financial year differs than that determined by applying the standard rate of corporation tax in the Republic of Ireland for the financial year ended 31 December 2018 of 12.5% (2017: 12.5%) to the surplus for the year. The differences are explained below:

| | 2018 €000 | 2017 €000 |
|---|--------------|--------------|
| Surplus on ordinary activities before tax | 3,687 | 1,003 |
| Surplus on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2017: 12.5%) | 461 | 125 |
| <i>Effects of:</i> | | |
| Depreciation in excess of capital allowances for the year | 3,752 | 3,679 |
| Non-taxable income | (8,483) | (9,002) |
| Unrelieved tax losses carried forward | 3,569 | 4,686 |
| Income charged to tax at higher rate | 513 | 502 |
| Other timing differences | 188 | 10 |
| Current tax charge for the year | - | - |

A potential deferred tax asset of €193.4 million (2017: €189.9 million) has not been recognised, as the future recovery against taxable profits is uncertain. Bus Átha Cliath is in compliance with the requirements of Department of Finance Circular 44/2006: Tax Clearance Procedures Grants, Subsidies and Similar Payments.

Notes to the Financial Statements (continued)

11 Intangible Fixed Assets

| | Software €000 | Total €000 |
|---|--------------------------|-----------------------|
| Cost | | |
| At 1 January 2018 | 12,077 | 12,077 |
| Additions | 292 | 292 |
| Transfer to plant and machinery (note 12) | (8) | (8) |
| At 31 December 2018 | 12,361 | 12,361 |
| Amortisation | | |
| At 1 January 2018 | (11,222) | (11,222) |
| Charge for the year (note 8) | (652) | (652) |
| Transfer to plant and machinery (note 12) | 8 | 8 |
| At 31 December 2018 | (11,866) | (11,866) |
| Net book amounts | | |
| At 31 December 2018 | 495 | 495 |
| At 31 December 2017 | 855 | 855 |

The expected useful lives of the intangible assets for amortisation purpose is as follows:

Software – 3-5 years

12 Tangible Fixed Assets

| | Road passenger vehicles €000 | Bus stops and shelters €000 | Plant and machinery €000 | Total €000 |
|----------------------------------|---------------------------------|--------------------------------|-----------------------------|------------------|
| Cost | | | | |
| At 1 January 2018 | 378,997 | 33,008 | 48,403 | 460,408 |
| Additions | 59,866 | (20) | 1,473 | 61,319 |
| Disposals | (46,701) | – | (441) | (47,142) |
| Transfer from software (note 11) | – | – | 8 | 8 |
| At 31 December 2018 | 392,162 | 32,988 | 49,443 | 474,593 |
| Depreciation | | | | |
| At 1 January 2018 | (221,759) | (18,276) | (40,396) | (280,431) |
| Charge for the year (note 8) | (29,438) | (2,181) | (2,285) | (33,904) |
| Disposals | 30,162 | – | 441 | 30,603 |
| Transfer from software (note 11) | – | – | (8) | (8) |
| At 31 December 2018 | (221,035) | (20,457) | (42,248) | (283,740) |
| Net book amounts | | | | |
| At 31 December 2018 | 171,127 | 12,531 | 7,195 | 190,853 |
| At 31 December 2017 | 157,238 | 14,732 | 8,007 | 179,977 |

- (i) Road passenger vehicles at a cost of €74.6 million (2017: €31.1 million) were fully depreciated but still in use at the balance sheet date.
- (ii) There are no additions in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service (2017: Nil).
- (iii) The company does not own the property in use; this is owned by the CIÉ Holding Company and is included in the financial statements of CIÉ.
- (iv) Assets with a carrying value of €16.5 million were disposed of during the year in compliance with CIÉ Group policies and procedures for disposals of assets and a profit of €312,000 was obtained.
- (v) Road passenger vehicles above include the recognition of 165 buses received under a bus leasing agreement with the National Transport Authority (NTA). The buses recognised in 2018 came into service in the period from 01 January to 31 December 2018. The buses received are restricted for use in specified public transport services only.

Notes to the Financial Statements (continued)

The buses have been recognised at a cost of €56.4 million (2017: €29.0 million). The cost is based on confirmation from the NTA on the cost the NTA incurred to acquire each bus from the supplier.

Under the Direct Award of Public Services Contract 2014-2019 it was recognised that the NTA can make available grant funding to facilitate the acquisition of new buses to meet the company's obligations to provide specified public transport services under the Public Service Obligation (PSO) contract.

Prior to 2017 the company received grant funding from the NTA to facilitate a planned approach to fleet replacement. The company purchased vehicles directly from the supplier following a competitive tendering process. The vehicles were recognised as additions to the tangible fixed assets and the associated grants from the NTA recognised as deferred income. The cost of the vehicles is depreciated over its useful life and the corresponding grant amortised over the same period.

In 2017, a new arrangement came into effect where the NTA now purchase buses directly with the contract for purchase being between the NTA and the supplier. A formal leasing agreement between the company and the NTA facilitates the leasing of these buses from the NTA to the company for the provision of PSO services in connection with the direct award contract.

The leasing agreement offers the company the right to use the new buses, which are fit to meet the operational requirements of the company, at a rental amount of €1 per annum.

In 2018, it is management's assessment that substantially all the risks and rewards of ownership of the buses transfer to the company on receipt of the buses from the NTA.

During 2018, 61 buses were withdrawn from Bus Átha Cliath and transferred to Go-Ahead Ireland under the Outer Dublin Metropolitan Area (ODMA) routes transition process. 13 of the buses withdrawn were initially registered and recognised in 2017/2018 under this new arrangement. The remaining 48 buses withdrawn were registered and recognised pre-2017 under the previous grant funding arrangement. The withdrawal of buses from Bus Átha Cliath was to facilitate the transition of ODMA routes to Go-Ahead Ireland. Bus Átha Cliath was provided with replacement buses to ensure the company could continue to fulfil its obligations under the PSO contract and provide an expanded range of services associated with service expansions approved by the NTA throughout 2018.

In 2018, management reviewed the rights and obligations of both the company and the NTA under this funding arrangement in comparison to the rights and obligations of both parties under the pre-2017 funding arrangement and concluded that, in respect of the 2017 and 2018 transaction, although the leasing agreement modifies the direct award contract there is no significant change in the substance of the arrangement between the company and the NTA.

Management concluded that for the financial statements to present a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the company for 2017 and 2018 it is appropriate to recognise the new buses acquired under the lease agreement as tangible fixed assets and an associated grant in deferred income. The cost of these vehicles will depreciate over the useful life of the asset and the corresponding grant amortised over the same period.

Management will review and consider the accounting treatment periodically for any contractual changes or a change in circumstances.

13 Stocks

| | 2018 | 2017 |
|--|--------------|--------------|
| | €000 | €000 |
| Maintenance materials and spare parts | 1,762 | 3,337 |
| Fuel, lubricants and other sundry stocks | 1,582 | 1,707 |
| | 3,344 | 5,044 |

The stock above is stated net of a stock obsolescence provision of €480,000 (2017: €387,000).

There is no significant difference between the replacement cost of stock and their carrying amounts.

14 Debtors

| | 2018 | 2017 |
|----------------------------------|----------------|----------------|
| | €000 | €000 |
| Trade debtors | 8,978 | 9,305 |
| Amounts owed by holding company | 159,210 | 146,965 |
| Prepayments | 730 | 458 |
| Other debtors and accrued income | 420 | 513 |
| | 169,338 | 157,241 |

Amounts owed by the holding company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The debtors above are stated net of provision for bad debts of €29,000 (2017: €21,000).

Notes to the Financial Statements (continued)

15 Creditors (Amounts Falling Due Within One Year)

| | 2018 | 2017 |
|--|---------------|---------------|
| | €000 | €000 |
| Trade creditors | 4,605 | 5,016 |
| Income tax/levy deducted under PAYE | 3,357 | 3,234 |
| Pay related social insurance | 2,403 | 2,312 |
| Value added tax | 87 | 111 |
| Withholding tax | 71 | 37 |
| Other creditors | 13,050 | 8,192 |
| Deferred revenue | 12,903 | 12,460 |
| Deferred income (note 17) | 26,037 | 24,868 |
| Accruals | 14,264 | 13,591 |
| | 76,777 | 69,821 |
| Creditors for taxation and social insurance included above | 5,918 | 5,694 |

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors' usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Deferred revenue relates to revenue from Tax saver tickets.

16 Provision for Liabilities

| | Environ- ment matters | Legal and related matters | Restruct- uring | Third party and employer liability claims | Total |
|-----------------------------------|--------------------------------------|--|----------------------------|--|---------------|
| | €000 | €000 | €000 | €000 | €000 |
| As at 1 January 2017 | 4,058 | 1,150 | 2,737 | 88,641 | 96,586 |
| Charge to profit and loss account | 974 | 275 | 866 | 6,112 | 8,227 |
| Utilised during year | (786) | (900) | (413) | (6,585) | (8,684) |
| As at 31 December 2017 | 4,246 | 525 | 3,190 | 88,168 | 96,129 |
| As at 1 January 2018 | 4,246 | 525 | 3,190 | 88,168 | 96,129 |
| Charge to profit and loss account | 600 | - | 76 | 4,992 | 5,668 |
| Utilised during year | (463) | (350) | (1,211) | (7,144) | (9,168) |
| As at 31 December 2018 | 4,383 | 175 | 2,055 | 86,016 | 92,629 |

Environment Matters

The land and buildings occupied by Bus Átha Cliath are of varying age. The environmental provision relates to substantial building works that are currently required to be performed to meet the company's obligations under Environment and Health and Safety legislation.

Legal and Related Matters

The provision relates to third party and employee legal disputes. These disputes are currently on-going and the provision represents the estimated cost of settling these matters.

Restructuring

The restructuring provision relates to changed business processes and payments for employees who are impacted by such changes. The provision relates to non-routine payroll expenditure. The provision is expected to be utilised during year ended 31 December 2019.

Third Party and Employer Liability Claims

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

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

CIÉ as a self-regulated body operates a self-insurance model whereby the operating companies bear the financial risk associated with the cost of claims, subject to certain "one-off" incidents and annual caps in the case of third party claims. The estimated cost of claims includes expenses to be incurred in settling claims. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of unpaid claims the company uses a variety of estimation techniques, including 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 cause distortion in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including, for example, changes in company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, changes in the legal environment, the effect of inflation, changes in mix of claims and the impact of large losses.

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

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

Notes to the Financial Statements (continued)

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries are recognised 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 having regard to notification from the company's brokers of any re-insurers in run off.

17 Deferred Income

This represents EU/Exchequer and other grants which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated:

| | 2018 | 2017 |
|---|----------------|----------------|
| | €000 | €000 |
| Capital grants | | |
| Balance at 1 January | 159,487 | 151,191 |
| Received and receivable | 1,563 | 3,816 |
| Recognised under bus leasing agreement (<i>note 12</i>) | 56,366 | 29,023 |
| Amortisation of capital grants (<i>note 8</i>) | (26,401) | (24,539) |
| Asset disposal | (16,250) | (4) |
| Balance carried forward at 31 December | 174,765 | 159,487 |
| Apportioned: | | |
| Current liability (<i>note 15</i>) | 26,037 | 24,868 |
| Amounts falling due after more than one year | 148,728 | 134,619 |
| | 174,765 | 159,487 |

17(a) Disclosure in Accordance with Department of Finance Circular Reference 13/2014

| | 2018 | 2017 |
|--------------------------------------|-------------|--------------|
| | €000 | €000 |
| Capital grants | | |
| Vehicles and plant | 63 | 2,066 |
| Total capital grants received | 63 | 2,066 |

Capital grants are amortised over the useful lives of the assets. The relevant agency and programme is the NTA and the Capital Funding Programme 2018 and the sponsoring government department is the Department of Transport, Tourism and Sport. Grants are restricted to PSO activities.

| | 2018 €000 | 2017 €000 |
|--|----------------------------|----------------------------|
| Revenue grants | | |
| Accessibility Programme – NTA | 114 | 139 |
| Cordon Counts Programme – NTA | 11 | 7 |
| Luas Cross City Project – Transport Infrastructure Ireland | – | 16 |
| Total revenue grants received | 125 | 162 |

Revenue grants are brought to profit and loss account in full in the relevant year received. The relevant agency and programme are set out above and the sponsoring government department is the Department of Transport, Tourism and Sport. Grants are restricted to PSO activities.

17(b) Total capital grants recognised in 2018 were €57,929,000 (2017: €32,839,000), including €56,366,000 recognised under the bus leasing arrangement (note 12), €63,000 received from the NTA under the Capital Funding Programme 2018 and €1,500,000 received from the NTA under the capital allowance within the Total Operating Price funding programme.

18 Share Capital

| | 2018 €000 | 2017 €000 |
|---|----------------------------|----------------------------|
| Authorised: | | |
| 100,000,000 Ordinary shares of €1.27 each | 126,974 | 126,974 |
| Allotted, called up and presented as equity: | | |
| 55,000,000 Ordinary shares of €1.27 each | 69,836 | 69,836 |

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

*Notes to the Financial Statements (continued)***19 Cash Flow Statement**

| | 2018 | 2017 |
|---|---------------|---------------|
| | €000 | €000 |
| Reconciliation of operating cash flows | | |
| Surplus before interest and tax | 3,720 | 1,080 |
| Depreciation of tangible fixed assets | 33,904 | 33,194 |
| Amortisation of intangible fixed assets | 652 | 1,730 |
| Amortisation of capital grants | (26,401) | (24,539) |
| Gain on disposal of tangible fixed assets | (312) | (325) |
| Decrease/(increase) in stocks | 1,700 | (973) |
| Decrease in debtors | 148 | 201 |
| Increase in creditors and provisions | 2,287 | 6,292 |
| Net cash generated from operating activities | 15,698 | 16,660 |

20 Pensions

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 Amendment Scheme 2000 defined benefit plan for employees of the CIÉ group). The employees of Bus Átha Cliath are members of CIÉ Group pension schemes. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The rules of the schemes do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit cost for the schemes as a whole are recognised in the separate financial statements of CIÉ, as in the absence of a formal contractual arrangement the directors believe that this is the entity that is legally responsible for the schemes. The other participating entities, including Bus Átha Cliath, recognise a cost equal to their contribution for the period.

The valuations of the schemes under FRS 102 as at 31 December 2018 showed a deficit of €547 million (2017: €786 million). The disclosures required under FRS 102 in respect of the group's defined benefit plans, in which the company participates, are set out in the financial statements of CIÉ for the year ended 31 December 2018 which are publicly available from CIÉ, Heuston Station, Dublin 8, Ireland.

The company's pension cost for the year under the defined benefit schemes was €14.1 million (2017: €12.9 million) and these costs are included as post-retirement benefits in note 5. The company's cost comprises of contributions payable for the year.

21 Capital Commitments

| | 2018 | 2017 |
|-----------------|-------------|-------------|
| | €000 | €000 |
| Contracted for: | 9,804 | 7,299 |

Capital commitments represent capital expenditure projects that have been approved by Board whereby work has commenced on these projects but are not fully completed at the end of the period. The capital commitments included capital projects funded by the NTA to the value of €4.4 million (2017: €3.5 million).

22 Operating Leases

| | 2018 | 2017 |
|---|-------------|-------------|
| | €000 | €000 |
| Future minimum lease payments under non-cancellable operating leases payable at the end of the year were: | | |
| Within one year | 60 | 33 |
| Between one and 5 years | 148 | 172 |
| | 208 | 205 |

23 Guarantees and Contingent Liabilities

The CIÉ Group has borrowings of €28 million (2017: €28 million) at the balance sheet date.

The company, from time to time, is party to various legal proceedings relating to commercial matters which are being handled and defended in the ordinary course of business. The status of pending or threatened proceedings is reviewed with CIÉ's group legal counsel on a regular basis. It is the opinion of the directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

Bus Átha Cliath's capital expenditure in respect of PSO fleet is funded through capital grants from the NTA. This funding is provided in line with the provisions of the Direct Award of Public Services Contract 2014-2019, signed on 1 December 2014 and certain contingent liabilities arise under these agreements. The directors believe that the risk of the NTA exercising their rights under the related agreements is remote.

24 Related Party Transactions

In the ordinary course of business the company purchases goods and services from entities controlled by the Irish Government, the principal of these being An Post and the NTA. The directors are of the opinion that the quantum of these purchases is not material in relation to the company's business.

The company is exempt from the disclosure requirements of paragraph 33.9 in relation to transactions with those entities that is a related party because the same State has control, joint control or significant influence over both the reporting entity and the other entities.

Notes to the Financial Statements (continued)

25 Membership of Córas Iompair Éireann Group

Bus Átha Cliath is a wholly owned subsidiary of CIÉ and the financial statements reflect the effects of Group membership.

Some group wide functions such as Treasury, Legal, Property and Pensions are carried out by the holding company on a shared services basis for which the company and other subsidiary companies are charged on an agreed apportionment basis. Copies of the CIÉ consolidated financial statements can be obtained from the Company Secretary at Heuston Station, Dublin 8, Ireland.

26 Post Balance Sheet Events

The board of directors are not aware of any events since the end of the financial year which require adjustment to or disclosure in the financial statements.

27 Approval of Financial Statements

The financial statements were authorised for issue by the board of directors on 3 April 2019.



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