

BUS ÉIREANN - IRISH BUS  
TUARASCÁIL BHLIANTÚIL AGUS RÁITIS  
AIRGEADAIS

DO'N BLIAN GO 31ú NOLLAG 1988



ANNUAL REPORT &  
FINANCIAL STATEMENTS  
YEAR TO 31st DECEMBER 1988





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## DIRECTORS AND OTHER INFORMATION

### DIRECTORS

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Mr. G.T. Paul Conlon—Chairman

Mr. N. Kennedy—Managing Director

Mr. J. Daly

Mr. J. McLoughlin

Mr. S. O'Connor

Mr. T. Tobin

### SECRETARY AND REGISTERED OFFICE

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Mr. R. O'Farrell

Broadstone,

Dublin 7.

Telephone 01-302222

Telex 33779

Fax 309377

### AUDITORS

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Craig Gardner and Co.,

Chartered Accountants,

Gardner House,

Wilton Place,

Dublin 2.

## REPORT OF THE DIRECTORS

### FOR YEAR ENDED 31ST DECEMBER, 1988

The Directors submit their second report, together with the audited financial statements for the year ended 31st December, 1988.

#### 1. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company's principal activity is the provision of a national network of bus services, other than city buses in the Greater Dublin area. The Company also operates School Transport services throughout the country on behalf of the Department of Education.

During 1988, the Company made substantial progress towards its primary objective of securing its position as the dominant operator in the Irish road passenger travel market.

The deficit of IR£3,993,000 for the year was slightly less than the result for 1987 (11 months). Two factors had a significant adverse impact on the year's results. The payment in respect of the Schools Transport Scheme was reduced by IR£1,500,000 despite the requirement to maintain the quality and level of service as in the previous period. In addition there was a need to increase the provision in respect of an exceptional insurance claim by IR£1,200,000.

An aggressive and imaginative approach to the marketing and business development of commercial activities has produced positive results and thereby contributed to the financing of the city and rural services which are largely social in nature.

#### 2. RESULT AND RESERVES

The financial statements for the year-ended 31st December, 1988, are set out in detail on pages 6 to 21. A summary of the results is as follows:-

	1988
	IR£000
Deficit for the Period	(3,993)
Transfer to Reserve	(328)
Increase in Accumulated Deficit for the year	(4,321)

  
**REPORT OF THE  
DIRECTORS***(CONTINUED)***3. DIRECTORS**

At 31st December, 1988, the following were the Directors who had been appointed by the Chairman of Coras Iompair Eireann with the consent of the Minister for Communications and they have all served as directors for the entire financial year:-

Mr. G.T. Paul Conlon—Chairman  
Mr. N. Kennedy—Managing Director  
Mr. J. Daly  
Mr. J. McLoughlin  
Mr. S. O'Connor  
Mr. T. Tobin

**4. AUDITORS**

Craig Gardner and Co., Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

G.T. PAUL CONLON—CHAIRMAN  
N. KENNEDY—MANAGING DIRECTOR

4th AUGUST, 1989.

## REPORT OF THE AUDITORS

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To the members of Bus Eireann – Irish Bus.

We have audited the financial statements on pages 6 to 21 in accordance with approved auditing standards and have obtained all the information and explanations we considered necessary.

In our opinion, the Company has kept proper books of account and these statements, which are in agreement therewith, give a true and fair view of the state of affairs at 31st December, 1988, and of the deficit and source and application of funds for the year ended 31st December, 1988, and give the information required by the Companies Acts, 1963 to 1986.

In our opinion the information given in the Report of the Directors on pages 3 and 4 is consistent with the financial statements.

The Companies (Amendment) Act, 1983, requires the convening of an extraordinary general meeting where the net assets are half or less than half of the amount of the called up share capital. In our opinion, the balance sheet shows that such a financial situation did not exist at 31st December, 1988, and, accordingly, the convening of an extraordinary general meeting is not required.

Craig Gardner and Co.,  
Chartered Accountants,  
Gardner House,  
Wilton Place,  
Dublin 2.  
4th August, 1989.

## PRINCIPAL ACCOUNTING POLICIES

### a BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and are expressed in Irish Pounds, denoted by the symbol IR£.

### b REVENUE

Revenue comprises the gross value of services provided, except in the case of Private Hire where the net value is included, and State grant receivable in accordance with E.C. Regulations.

### c TANGIBLE ASSETS AND DEPRECIATION

Tangible Assets are stated at net book amount, which represents the historical cost of these assets less accumulated depreciation based on that historical cost.

The bases of calculation of depreciation are as follows:-

#### i Road Passenger Vehicles:

Road Passenger Vehicles, with the exception of school buses, are depreciated on the basis of historical cost of under-age vehicles in the fleet spread over expected useful life. In addition, the excess of depreciation based on replacement cost (at the beginning of the year) over historical cost depreciation is shown separately as a transfer to Reserves from the Profit and Loss Account.

School buses which were in the Coras Iompair Eireann fleet at 1st April, 1974, are depreciated on the basis of their written down value at that date spread over the remainder of their expected useful life. New school buses which came into service after 1st April, 1974, are depreciated on the basis of original cost spread over expected useful life.

#### ii Plant and Machinery

Plant and Machinery is depreciated on the basis of historical cost spread over expected useful life.

### d STOCKS OF STORES

Stocks of Stores are valued at average cost less provision for all defective and obsolete stocks.

Provision is made for the write-off of all stocks which have not moved for over four years, with the exception of stocks associated with recently acquired assets.



e **DEPARTMENT OF EDUCATION – FUNDING OF SCHOOL BUSES**

The acquisition of some school buses was funded by the Department of Education. These buses remain in the fixed assets of Bus Eireann – Irish Bus and are depreciated as described in the “Tangible Assets and Depreciation” Policy with a corresponding amortisation of the money received from the Department of Education.

**PRINCIPAL  
ACCOUNTING  
POLICIES (CONTINUED)**

f **FOREIGN CURRENCY**

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

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

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date.

g **LEASED ASSETS**

i **Finance Leases:**

Assets held under finance leases are now accounted for in accordance with SSAP21 (Accounting for Leases and Hire Purchase Contracts). The capital cost of such assets is included in tangible fixed assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital element of the outstanding lease obligations is included with creditors. Financial charges are charged to profit and loss account over the primary period of the lease.

The effects of this change in accounting policy are set out in Note 15.

ii **Operating Leases:**

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

h **NON-REPAYABLE STATE GRANT**

The Non-repayable State Grant under E.C. Regulation Number 1107/70 (Article 3.2), is included in revenue.

## PROFIT AND LOSS ACCOUNT

	Notes	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
		IR£000	IR£000 RESTATED
<b>REVENUE</b>			
Customer Receipts		72,050	65,412
Miscellaneous Receipts		147	145
State Grant	2	<u>2,700</u>	<u>2,770</u>
<b>TOTAL REVENUE</b>		<b>74,897</b>	<b>68,327</b>
<b>OPERATING COSTS</b>	3	<u>75,372</u>	<u>66,637</u>
<b>(DEFICIT)/PROFIT BEFORE INTEREST &amp; EXCEPTIONAL ITEMS</b>			
Interest Payable	4	<u>(475)</u>	<u>1,690</u>
		<u>(1,138)</u>	<u>(2,063)</u>
<b>DEFICIT BEFORE EXCEPTIONAL ITEMS</b>			
Exceptional Items	5	<u>(1,613)</u>	<u>(373)</u>
		<u>(2,380)</u>	<u>(3,701)</u>
<b>DEFICIT FOR THE PERIOD</b>			
Transfer to Reserve	13	<u>(3,993)</u>	<u>(4,074)</u>
		<u>(328)</u>	<u>(1,541)</u>
<b>INCREASE IN DEFICIT DURING PERIOD</b>			
		<u>(4,321)</u>	<u>(5,615)</u>
<b>ACCUMULATED DEFICIT AT BEGINNING OF PERIOD</b>			
Prior period adjustment	15	<u>(5,610)</u>	<u>—</u>
		<u>(5)</u>	<u>—</u>
		<u>(5,615)</u>	<u>—</u>
<b>ACCUMULATED DEFICIT AT END OF PERIOD</b>			
		<u>(9,936)</u>	<u>(5,615)</u>

- i Movements in other reserves are shown in Note 13.
- ii The Company was incorporated on the 20th January, 1987, but did not commence trading until 2nd February, 1987.

G.T. PAUL CONLON—CHAIRMAN

N. KENNEDY—MANAGING DIRECTOR

4th AUGUST, 1989.

**BALANCE SHEET**

	Notes	AS AT 31st DECEMBER	
		1988	1987
		IR£000	IR£000 RESTATED
<b>FIXED ASSETS</b>			
Tangible Assets	6	<u>36,060</u>	<u>37,238</u>
<b>CURRENT ASSETS</b>			
Stocks of Stores	7	5,758	5,794
Debtors	8	7,702	6,338
Cash at Bank and in Hand		<u>61</u>	<u>61</u>
		<u>13,521</u>	<u>12,193</u>
<b>CREDITORS</b>			
(Amounts falling due within one year)	9	<u>13,497</u>	<u>12,114</u>
<b>NET CURRENT ASSETS</b>		<u>24</u>	<u>79</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>36,084</u>	<u>37,317</u>
<b>FINANCED BY:</b>			
<b>CREDITORS</b>			
(Amounts falling due after more than one year)	10	12,537	12,272
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	<u>8,332</u>	<u>5,699</u>
		<u>20,869</u>	<u>17,971</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	12	23,000	23,000
Asset Replacement Reserve	13	1,869	1,541
Profit and Loss Account		<u>(9,936)</u>	<u>(5,615)</u>
		<u>14,933</u>	<u>18,926</u>
<b>DEPARTMENT OF EDUCATION</b>			
Funding of School Buses	14	<u>282</u>	<u>420</u>
		<u>36,084</u>	<u>37,317</u>

G.T. PAUL CONLON—CHAIRMAN

N. KENNEDY—MANAGING DIRECTOR

4th AUGUST, 1989.

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000 RESTATED
<b>SOURCE/(APPLICATION)</b>		
Deficit for the Period after State Grant of IR£2.7m (1987 IR£2.77m)	(3,993)	(4,074)
Adjustment for items not involving the movement of funds:		
Depreciation of Tangible Assets	3,001	2,822
Funds (Absorbed) by Operations	(992)	(1,252)
Disposal of Tangible Assets	903	48
Issue of Share Capital	-	23,000
Loan from Coras Iompair Eireann	-	17,404
Capital Expenditure	(2,864)	(45)
Net Assets Transferred from Coras Iompair Eireann	-	(40,404)
Reduction of Loan from Coras Iompair Eireann	-	(5,132)
<b>NET (DECREASE) IN WORKING CAPITAL</b>	<b>(2,953)</b>	<b>(6,381)</b>
Being:		
(Decrease)/Increase in Stocks of Stores	(36)	794
Increase in Debtors	1,364	2,097
(Increase) in Creditors and Provisions	(4,408)	(7,820)
	(3,080)	(4,929)
Decrease/(Increase) in Net Short-Term Borrowings	127	(1,452)
	<b>(2,953)</b>	<b>(6,381)</b>

G.T. PAUL CONLON—CHAIRMAN

N. KENNEDY—MANAGING DIRECTOR

4th AUGUST, 1989.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATUS OF THE COMPANY

Bus Eireann – Irish Bus was incorporated on 20th January, 1987, under the provisions of the Companies Acts, 1963-1986, and in accordance with Section 6 of the Transport (Re-organisation of Coras Iompair Eireann) Act, 1986, as a wholly owned subsidiary of Coras Iompair Eireann, a statutory body formed under the provisions of the Transport Act, 1950. Net Assets were transferred to the Company from CORAS IOMPAIR EIREANN on 2nd February, 1987, on which date Bus Eireann – Irish Bus commenced trading.

In accordance with Section 7 (3) of the Transport (Re-organisation of Coras Iompair Eireann) Act, 1986, Bus Eireann – Irish Bus is exempt from the requirement of the Companies Act, 1963, to include the word "Limited" in its title.

### 2. STATE GRANT

State Grant payable to the Company via the Holding Company, Coras Iompair Eireann, is in accordance with E.C. Regulations governing State aid to transport undertakings. E.C. Regulation 1107/70 is availed of to make a grant in respect of losses on road passenger services.

Under this Regulation, State Grant was made to Bus Eireann – Irish Bus as follows:-

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
State Grant on Operation of City Services	2,171	2,226
State Grant on Operation of Other Services	529	544
	2,700	2,770

## 3. OPERATING COSTS

## NOTES (CONTINUED)

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000 RESTATED
<b>STAFF COSTS</b>		
Wages & Salaries	31,040	28,415
Social Welfare Costs	2,886	2,371
Other Pension Costs	2,403	2,062
	<u>36,329</u>	<u>32,848</u>
Own Work Capitalised and Engineering Work for Group Companies	(1,395)	(1,555)
<b>NET STAFF COSTS</b>	<u>34,934</u>	<u>31,293</u>
<b>Materials and Services</b>		
Fuel & Lubricants	3,478	3,146
School Contractors Charges	15,173	13,782
Road Tax and Licences	200	170
Operating Lease Charges	938	868
Rates	320	203
Auditor's Remuneration	30	30
Materials and Other Services	17,241	14,271
	<u>37,380</u>	<u>32,470</u>
<b>Directors' Remuneration</b>		
Emoluments:		
– for services as Directors	1	1
– for other services	56	51
	<u>57</u>	<u>52</u>
<b>Depreciation</b>	<u>3,001</u>	<u>2,822</u>
<b>TOTAL OPERATING COSTS</b>	<u><u>75,372</u></u>	<u><u>66,637</u></u>

The average number of persons employed was as follows:-

	STAFF NUMBERS	
	1988	1987
Full-time	1,940	2,100
Part-time School Bus Drivers	730	800
	<u>2,670</u>	<u>2,900</u>

## 4. INTEREST PAYABLE

	1988	1987
	IR£000	IR£000
On loan from Holding Company	<u>1,138</u>	<u>2,063</u>

## 5. EXCEPTIONAL ITEMS

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Voluntary Severance	1,180	1,701
Provision for Exceptional Insurance Claim	<u>1,200</u>	<u>2,000</u>
	<u>2,380</u>	<u>3,701</u>

NOTES (CONTINUED)

## 6. TANGIBLE ASSETS

	Road Passenger Vehicles	Plant & Machinery	Total
	IR£000	IR£000	IR£000
<b>COST</b>			
At 31st December, 1987 (Restated)	52,632	1,783	54,415
Additions	2,838	26	2,864
Disposals	<u>(1,395)</u>	<u>(179)</u>	<u>(1,574)</u>
At 31st December, 1988	<u>54,075</u>	<u>1,630</u>	<u>55,705</u>
<b>Accumulated Depreciation</b>			
At 31st December, 1987 (Restated)	16,180	997	17,177
Charge for Period	2,961	178	3,139
Disposals	<u>(492)</u>	<u>(179)</u>	<u>(671)</u>
At 31st December, 1988	<u>18,649</u>	<u>996</u>	<u>19,645</u>
<b>Net Book Amounts</b>			
At 31st December, 1988	<u>35,426</u>	<u>634</u>	<u>36,060</u>
At 31st December, 1987 (Restated)	<u>36,452</u>	<u>786</u>	<u>37,238</u>

a The depreciation charge shown for Road Passenger Vehicles includes IR£138,000 (1987: IR£163,000) depreciation on school buses. The amount is wholly offset by the amortisation of moneys received from the Department of Education (See Note 14).

b The expected useful lives used for the various types of assets for depreciation purposes are as follows:-

Road Passenger Vehicles	10 Years and 16 Years
Plant and Machinery	10 Years

c Included in tangible assets are amounts as stated below in respect of road passenger vehicles which are held under finance leases, but which remain in the legal ownership of the lessors:

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
<b>ROAD PASSENGER VEHICLES:</b>		
Cost	552	552
Accumulated Depreciation	<u>265</u>	<u>223</u>
Net Book Value at 31st December	<u>287</u>	<u>329</u>
Depreciation for Period	<u>42</u>	<u>39</u>

## NOTES (CONTINUED)

## 7. STOCKS OF STORES

	AS AT 31st DECEMBER	
	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Maintenance Materials and Spare Parts	4,981	4,818
Fuel, Lubricants and Other Sundry Stocks	<u>777</u>	<u>976</u>
	<u><u>5,758</u></u>	<u><u>5,794</u></u>

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

The replacement value of stocks is not materially different from their book value.

## 8. DEBTORS

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Trade Debtors	4,536	3,871
Amounts owed by Holding and Fellow Subsidiary Companies	2,285	1,477
Other Debtors and Accrued Income	<u>881</u>	<u>990</u>
	<u><u>7,702</u></u>	<u><u>6,338</u></u>

All amounts included above fall due within one year.



**9. CREDITORS**

	<u>1988</u>	<u>1987</u>
(Amounts falling due within one year)	IR£000	IR£000 RESTATED
Bank Overdrafts	1,386	1,513
Trade Creditors	1,425	1,236
Amounts owed to Holding and Fellow Subsidiary Companies	3,239	70
Loan from Holding Company	793	1,100
Finance Lease Obligations (Note 16)	43	42
Income Tax deducted under P.A.Y.E.	511	725
Pay Related Social Insurance	374	472
Value Added Tax	2	31
Other Creditors	532	570
Accruals and Deferred Income	<u>5,192</u>	<u>6,355</u>
	<u>13,497</u>	<u>12,114</u>
Creditors for Taxation and Social Welfare included above	<u>887</u>	<u>1,228</u>

**NOTES (CONTINUED)****10. CREDITORS**

	<u>1988</u>	<u>1987</u>
(Amounts falling due after more than one year)	IR£000	IR£000 RESTATED
a Loans repayable to Holding Company as follows:		
Between two and five years	10,408	5,395
After five years	<u>1,906</u>	<u>6,612</u>
	<u>12,314</u>	<u>12,007</u>
b Commitments under Finance Leases: (Note 16)		
Payable between two and five years	195	186
Payable after five years	<u>28</u>	<u>79</u>
	<u>223</u>	<u>265</u>
	<u>12,537</u>	<u>12,272</u>

**NOTES** (CONTINUED)**11. PROVISIONS FOR LIABILITIES AND CHARGES**

	1988	1987
	IR£000	IR£000 RESTATED
<b>INSURANCE CLAIMS:</b>		
Balance at beginning of Period	5,699	3,305
Utilised during the Period	(2,385)	(1,490)
Transfer from Profit and Loss Account	4,057	3,884
Transfer from Group Insurance Equalisation Account	961	—
<b>BALANCE AT END OF PERIOD</b>	<b>8,332</b>	<b>5,699</b>

The provision in respect of third party insurance claims included above is based on an examination of each claim. The amount thus arrived at approximates to an actuarial estimate of outstanding third party claims after discounting for the time lag which is expected to occur before the settlement of claims.

Coras Iompair Eireann holds, on behalf of the Company, external insurance to cover:

- i third party liability in excess of IR£3,000,000 and up to IR£43,000,000 on any one accident;
- ii third party liability in excess of IR£500,000 and up to IR£40,500,000 on any one premises accident;
- iii fire damage, involving the Board's property, in excess of IR£200,000 in any one incident.

Any losses not covered by external insurance are charged to profit and loss and unsettled amounts are included in Provisions for Liabilities and Charges.

**12. SHARE CAPITAL**

At 31st December, 1988 and 1987	IR£000
<b>AUTHORISED:</b>	
Ordinary Shares of IR£1 each	<u>32,000</u>
<b>ALLOTTED AND FULLY PAID:</b>	
Ordinary Shares of IR£1 each	<u>23,000</u>

**13. ASSET REPLACEMENT RESERVE**

	AS AT 31st DECEMBER	
	1988	1987
	IR£000	IR£000 RESTATED
Balance at beginning of Period	1,541	—
Transfer from Profit & Loss Account	328	1,533
Prior Period Adjustment	—	8
<b>BALANCE AT END OF PERIOD</b>	<b>1,869</b>	<b>1,541</b>

The Asset Replacement Reserve represents the excess of depreciation based on replacement cost over that based on historical cost.

14. DEPARTMENT OF EDUCATION — FUNDING OF SCHOOL BUSES	<u>1988</u> IR£000	<u>1987</u> IR£000
Balance at beginning of period	420	583
Receivable in period	—	—
Released to Profit & Loss Account	<u>(138)</u>	<u>(163)</u>
<b>BALANCE AT END OF PERIOD</b>	<u><u>282</u></u>	<u><u>420</u></u>

**NOTES** (CONTINUED)

#### 15. CHANGE IN ACCOUNTING POLICY

##### FINANCE LEASES

As indicated in Accounting Policy g, there has been a change in the accounting policy for assets held under finance leases, in recognition of SSAP21. The effect of this change in the 1988 Financial Statements and on the restatement of the 1987 Financial Statements is as follows:-

##### Profit and Loss Account

	<u>1988</u> IR£000	<u>1987</u> IR£000
(Decrease)/Increase in Profit before Interest and Exceptional Items	(1)	3
Increase in Transfer to Reserves	—	(8)
Prior Period Adjustment	<u>(5)</u>	<u>—</u>
	<u><u>(6)</u></u>	<u><u>(5)</u></u>

##### Balance Sheet

	<u>1988</u> IR£000	<u>1987</u> IR£000
Increase in Tangible Assets	287	329
Increase in Liabilities:		
Lease finance from Holding Company	(266)	(307)
Loan from Holding Company	(19)	(19)
Increase in Asset Replacement Reserve	<u>(8)</u>	<u>(8)</u>
	<u><u>(6)</u></u>	<u><u>(5)</u></u>

**NOTES** (CONTINUED)**16. LEASE OBLIGATIONS****a FINANCE LEASES**

Net obligations under finance leases fall due as follows:-

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
Within one year	43	42
Between two and five years	195	186
After five years	<u>28</u>	<u>79</u>
	<u>266</u>	<u>307</u>

All the above figures relate to leases under the terms of which the final instalments fall due more than five years after balance sheet date.

**b OPERATING LEASES**

The Company had commitments under operating leases as follows:-

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
Within one year	825	765
Between two and five years	899	1,599
After five years	<u>—</u>	<u>—</u>
	<u>1,724</u>	<u>2,364</u>

The lease amounts include unrealised losses of IR£71,000 (1987: IR£6,000) on translation at Balance Sheet date of lease commitments denominated in foreign currencies. The losses are charged to profit and loss as they are incurred on payment of the lease rentals.

Expiry analysis of operating lease commitments payable within one year:-

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
Within one year	—	—
Between two and five years	825	765
After five years	<u>—</u>	<u>—</u>
	<u>825</u>	<u>765</u>

## 17. PENSIONS

**NOTES** (CONTINUED)

The Board of Coras Iompair Eireann operates defined benefit pension schemes for the established employees of itself and its Subsidiary Companies, including Bus Eireann. Contributions by the Holding Company, its subsidiaries and their employees are invested in separately administered pension funds. In the case of the Regular Wage Pension Schemes and the C.I.E. Superannuation Scheme 1951, annual contributions are based on the advice of an independent professionally qualified actuary obtained from time to time as appropriate. The annual contributions to the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme and the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme 1977 (both schemes are closed) are based on unchanged rates of contribution. The contributions are charged to the Profit and Loss Account on an accrual basis.

The latest actuarial reports show:

- in respect of the Regular Wages Pension Schemes, a small surplus at 31st December, 1985, on the basis of the assumptions contained in the report, over the amount required to meet expected future liabilities.
- in respect of C.I.E. Superannuation Scheme 1951, a small surplus at 31st December, 1986, on the basis of the assumptions contained in the report, over the amount required to meet expected future liabilities.
- in respect of C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme 1977, a deficiency of IR£4,225,000 at 31st December, 1984, on the basis of the assumptions contained in the report.

No actuarial report was prepared in respect of the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme.

The actuarial reports in respect of Clerical, Executive and Supervisory Staff Schemes are available for inspection by the Committees established for each of these Schemes. The Committees include members' representatives.

Coras Iompair Eireann is legally obliged to ensure that cash is available to certain Superannuation Schemes if the funds are from time to time insufficient to meet the payments that are due and payable under the Schemes. The shortfall in the year relating to Bus Eireann was IR£281,000 (1987: IR£71,000) in the cash resources of the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme. During the year, the resources of the other funds for which this obligation exists, were sufficient to meet the immediate cash requirements.

Ex gratia pensions are met out of the company's own resources and are taken into account in the year in which they arise.

## 18. CAPITAL COMMITMENTS

NOTES (CONTINUED)

	1988	1987
	IR£000	IR£000
Contracted for	2,519	2,225
Authorised by the Directors but not contracted for	—	—
	<u>2,519</u>	<u>2,225</u>

## 19. NET DEFICIT BY SECTOR

The net deficit for the year after Transfer to Reserve is divided between City Services and Other Services as follows:-

## a CITY SERVICES

	Year Ended 31st Dec. 88	Period 20 Jan 87 to 31st Dec. 87
	IR£000	IR£000 RESTATED
<b>REVENUE</b>		
Customer Receipts	9,386	8,014
Miscellaneous Receipts	3	—
	<u>9,389</u>	<u>8,014</u>
State Grant	2,171	2,226
<b>TOTAL REVENUE</b>	<u>11,560</u>	<u>10,240</u>
<b>EXPENDITURE</b>		
Maintenance of Buildings	143	108
Maintenance of Vehicles and Equipment	2,390	2,182
Fuel	429	368
Road Tax and Licences	27	30
Operating and Other Expenses	8,379	7,389
Operating Depreciation*	726	1,000
	<u>12,094</u>	<u>11,077</u>
Operating Deficit	(534)	(837)
Financial Charges	(296)	(536)
<b>NET DEFICIT</b>	<u>(830)</u>	<u>(1,373)</u>

## b OTHER SERVICES

**NOTES** (CONTINUED)

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000 RESTATED
<b>REVENUE</b>		
Customer Receipts	62,664	57,398
Miscellaneous Receipts	<u>144</u>	<u>145</u>
	62,808	57,543
State Grant	<u>529</u>	<u>544</u>
<b>TOTAL REVENUE</b>	<u>63,337</u>	<u>58,087</u>
<b>EXPENDITURE</b>		
Maintenance of Buildings	515	505
Maintenance of Vehicles and Equipment	14,848	13,860
Fuel	3,049	2,780
Road Tax and Licences	173	140
Operating and Other Expenses	44,840	40,194
Operating Depreciation*	<u>2,561</u>	<u>3,323</u>
	<u>65,986</u>	<u>60,802</u>
Operating Deficit	(2,649)	(2,715)
Financial Charges	<u>(842)</u>	<u>(1,527)</u>
<b>NET DEFICIT</b>	<u>(3,491)</u>	<u>(4,242)</u>

\*Operating Depreciation includes the amount transferred to the Asset Replacement Reserve but excludes depreciation on Engineering Plant and Machinery, which is included under Maintenance of Vehicles and Equipment.

**20. MEMBERSHIP OF CIE GROUP**

Bus Eireann is a member of the CIE Group of companies and the Financial Statements reflect the effect of group membership.

**21. APPROVAL OF FINANCIAL STATEMENTS**

The Directors approved the financial statements on the 4th August, 1989.

## VALUE ADDED STATEMENT

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
<b>VALUE ADDED GENERATED</b>	<b>IR£000</b>	<b>IR£000 RESTATED</b>
Revenue (Including State Grants of IR£2.7m for 1988, IR£2.77m for 1987)	74,897	68,327
Add: Own Work Capitalised & Engineering Work for Group Companies	<u>1,395</u>	<u>1,555</u>
	<u>76,292</u>	<u>69,882</u>
Less: Cost of Materials and Services Utilised	(37,380)	(32,470)
Exceptional Items	<u>(2,380)</u>	<u>(3,701)</u>
	<u>(39,760)</u>	<u>(36,171)</u>
	<u>36,532</u>	<u>33,711</u>
<b>APPLICATION OF VALUE ADDED</b>		
Net Compensation of Employees with pension costs	24,986	22,944
To Government – Payroll Taxes	11,400	9,956
To Providers of Capital – Holding Company	1,138	2,063
Provision for Future Investment – Depreciation	3,001	2,822
Deficit for Period	<u>(3,993)</u>	<u>(4,074)</u>
	<u>36,532</u>	<u>33,711</u>









