

BUS ÁTHA CLIATH - DUBLIN 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

Mr. G.T. Paul Conlon – Chairman,
Mr. J. Hynes – Managing Director,
Mr. J. Browne – Executive Director,
Mr. S. Harrington,
Mr. M. Faherty.

SECRETARY AND REGISTERED OFFICE

Mr. C. O'Nuallain,
59 Upper O'Connell Street,
Dublin 1.
Telephone 01-720000
Telex 33933
Fax 731195

AUDITORS

Craig Gardner and Co.,
Chartered Accountants,
Gardner House,
Wilton Place,
Dublin 2.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 1988

The Directors submit their 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 an omnibus passenger transport service for Dublin city and county and contiguous areas. The detailed rationalisation programme, announced in December, 1987 was negotiated with the unions and resulted in the successful implementation of One Person Operated vehicles as planned during 1988.

The increased cost of third party claims is a major concern. A detailed review of all outstanding claims has resulted in an additional charge of £3.1m being incurred in 1988.

2. RESULT AND RESERVES

	1988
	IR£000
The Financial Statements for the year ended 31st December, 1988 are set out in detail from pages 6 to 18. A summary of results is as follows:-	
Deficit for the year	(9,053)
Transfer to other Reserves	(2,252)
Increase in Accumulated Deficit for the Year	(11,305)

3. EVENTS SINCE THE YEAR END

The Company, since the end of the year has concentrated on the final implementation of the terms of the rationalisation programme particularly in relation to non traffic staff.

Voluntary Severance payments of IR£0.5m have been made up to the date of approval of the Financial Statements and further payments as yet undetermined are expected to be made.



REPORT OF THE DIRECTORS *(CONTINUED)*

4. 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 served as Directors for the entire financial year:-

Mr. G.T. Paul Conlon – Chairman
Mr. John Hynes – Managing Director
Mr. John Browne – Executive Director
Mr. Stewart Harrington.
Mr. Michael Faherty.
Mr. Anthony Flynn.

Mr. A. Flynn who was appointed to the Board on the 26th April, 1988, resigned on the 10th January, 1989.

5. 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

J. HYNES – MANAGING DIRECTOR

4th AUGUST, 1989.

REPORT OF THE AUDITORS

To the members of Bus Atha Cliath – Dublin Bus.

We have audited the financial statements on pages 6 to 18 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, and State grants 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 are depreciated on the basis of the 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.

ii Plant and Machinery

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

iii Leased Assets**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 14.

OPERATING LEASES:

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

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 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.

f NON-REPAYABLE STATE GRANT

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

**PRINCIPAL
ACCOUNTING
POLICIES (CONTINUED)**

PROFIT AND LOSS ACCOUNT

	NOTES	Year Ended 31st Dec. 88 IR£000	Period 20 Jan. 87 to 31st Dec. 87 IR£000 RESTATED
REVENUE			
Customer Receipts		73,418	66,644
Miscellaneous Receipts		788	745
State Grants	2	<u>15,000</u>	<u>15,590</u>
Total Revenue		89,206	82,979
Operating Costs	3	<u>89,873</u>	<u>81,005</u>
(DEFICIT) PROFIT BEFORE INTEREST AND EXCEPTIONAL ITEM			
Interest Payable	4	<u>(667)</u>	<u>1,974</u>
(DEFICIT) PROFIT BEFORE EXCEPTIONAL ITEM			
Exceptional Item	5	<u>(1,760)</u>	<u>860</u>
DEFICIT FOR THE PERIOD			
Transfer to Reserves	13	<u>(9,053)</u>	<u>(192)</u>
INCREASE IN DEFICIT DURING PERIOD			
Accumulated Deficit at beginning of year (as previously reported)		(3,728)	—
Prior period adjustment	14	<u>(59)</u>	<u>—</u>
ACCUMULATED DEFICIT AT END OF PERIOD			
		<u>(15,092)</u>	<u>(3,787)</u>

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

G.T. PAUL CONLON – CHAIRMAN

J. HYNES – MANAGING DIRECTOR

4th AUGUST, 1989.

	NOTES	<u>1988</u>	<u>1987</u>
		IR£000	IR£000 RESTATED
FIXED ASSETS			
Tangible Assets	6	<u>42,132</u>	<u>45,003</u>
CURRENT ASSETS			
Stocks of Stores	7	3,600	3,176
Debtors	8	7,208	10,740
Cash at Bank and in Hand		<u>4</u>	<u>502</u>
		<u>10,812</u>	<u>14,418</u>
CREDITORS			
(Amounts falling due within one year)	9	<u>(15,839)</u>	<u>(15,057)</u>
NET CURRENT LIABILITIES		<u>(5,027)</u>	<u>(639)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>37,105</u></u>	<u><u>44,364</u></u>
FINANCED BY:			
CREDITORS			
(Amounts falling due after more than one year)	10	13,671	16,246
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>7,679</u>	<u>3,310</u>
		<u>21,350</u>	<u>19,556</u>
CAPITAL AND RESERVES			
Called up Share Capital	12	25,000	25,000
Asset Replacement Reserve	13	5,847	3,595
Profit and Loss Account		<u>(15,092)</u>	<u>(3,787)</u>
		<u>15,755</u>	<u>24,808</u>
		<u><u>37,105</u></u>	<u><u>44,364</u></u>

G.T. PAUL CONLON – CHAIRMAN

J. HYNES – 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
SOURCE/(APPLICATION)		
Deficit for the Year after State Grant of IR£15 million (1987 IR£15.590 million)	(9,053)	(192)
Adjustment for Items not involving the movement of funds:		
Depreciation of Tangible Assets	5,158	4,580
Write off of Tangible Assets	—	204
	<hr/>	<hr/>
Funds (Absorbed) Generated by Operations	(3,895)	4,592
Funds from Other Sources:		
Issue of Share Capital	—	25,000
Loan from Coras Iompair Eireann	—	7,134
Lease Commitments	—	9,112
	<hr/>	<hr/>
	(3,895)	(45,838)
APPLICATION		
Net Assets Transferred from Coras Iompair Eireann	—	(41,246)
Capital Expenditure	(2,287)	(607)
	<hr/>	<hr/>
	2,287	(41,853)
NET (DECREASE) INCREASE IN WORKING CAPITAL	<u>(6,182)</u>	<u>3,985</u>
Being:		
Increase in Stocks of Stores	424	1,466
(Decrease) Increase in Debtors	(3,532)	9,160
Decrease (Increase) in Creditors and Provisions	(2,210)	(6,910)
	<hr/>	<hr/>
	(5,318)	3,716
(Decrease) Increase in Net Borrowings	(864)	269
	<hr/>	<hr/>
	(6,182)	3,985
	<hr/>	<hr/>

G.T. PAUL CONLON – CHAIRMAN

J. HYNES – MANAGING DIRECTOR

4th AUGUST, 1989.

NOTES TO THE FINANCIAL STATEMENT

1. STATUS OF THE COMPANY

Bus Atha Cliath – Dublin Bus was incorporated on 20th January, 1987 under the provisions of the Companies Act 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 Atha Cliath – Dublin Bus commenced trading.

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

2. STATE GRANT

The State Grant payable to the Company via the Holding Company, Coras Iompair Eireann, is in accordance with EC Regulations governing State aid to transport undertakings. EC Regulation No. 1170/70 is availed of to make a grant in respect of losses on city bus services.

Under this Regulation a State Grant of IR£15,000,000 was made to Bus Atha Cliath – Dublin Bus for the year ended 31st December, 1988, (IR£15,590,000 in 1987).

NOTES (CONTINUED)

3. OPERATING COSTS

	1988	1987
	IR£000	IR£000 RESTATED
STAFF COSTS		
Wages & Salaries	44,871	42,336
Social Welfare Costs	4,740	4,431
Other Pension Costs	3,443	2,179
TOTAL STAFF COSTS	53,054	48,946
Materials and Services		
Fuel & Lubricants	4,376	4,037
Materials	10,945	9,903
Road Tax and Licences	234	216
Rent and Rates	216	184
Auditors Remuneration	21	21
Other Services	15,762	13,027
	31,554	27,388
Directors' Remuneration		
Emoluments:		
– for services as Directors	1	1
– for other services	106	90
	107	91
Depreciation	5,158	4,580
TOTAL OPERATING COSTS	89,873	81,005

STAFF NUMBERS

	1988	1987
The average number of persons employed were:	3,400	3,800

4. INTEREST PAYABLE

	1988	1987
	IR£000	IR£000 RESTATED
On Overdraft	–	36
On Loan from Holding Company	439	424
On Finance Leases	654	654
	1,093	1,114

5. EXCEPTIONAL ITEM

Staff Compensation – Voluntary Severance Payments including implementation of One Person Bus operation	7,293	1,052
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6. TANGIBLE ASSETS	Road Passenger Vehicles	Plant & Machinery	Total
	IR£000	IR£000	IR£000
COST			
At 1st January, 1988 (restated)	70,579	3,740	74,319
Additions	1,885	796	2,681
Cost of scrapped equipment	(469)	(431)	(900)
At 31st December, 1988	<u>71,995</u>	<u>4,105</u>	<u>76,100</u>
Depreciation			
At 1st January, 1988 (restated)	27,828	1,488	29,316
Charge for the year	4,724	434	5,158
Relating to additions	394	—	394
Relating to Scrapped Vehicles and Equipment	(469)	(431)	(900)
At 31st December, 1988	<u>32,477</u>	<u>1,491</u>	<u>33,968</u>
Net Book Amounts			
31st December, 1988	<u>39,518</u>	<u>2,614</u>	<u>42,132</u>
31st December, 1987 (as restated)	<u>42,751</u>	<u>2,252</u>	<u>45,003</u>

NOTES (CONTINUED)

a The expected useful lives by which depreciation has been calculated are as follows:

Road Passenger Vehicles	16 years
Plant and Machinery	10 years

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

	<u>31st Dec. 88</u>	<u>31st Dec. 87</u>
	IR£000	IR£000
ROAD PASSENGER VEHICLES:		
Cost	19,867	19,867
Accumulated Depreciation	<u>9,367</u>	<u>7,869</u>
Net Book Value at 31st December	<u>10,500</u>	<u>11,998</u>
Depreciation for Year	1,498	1,656

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
7. STOCKS OF STORES		
Maintenance materials and spare parts	3,258	2,999
Fuel, lubricants and other sundry stocks	<u>342</u>	<u>177</u>
	<u><u>3,600</u></u>	<u><u>3,176</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.

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
8. DEBTORS		
Trade Debtors	2,861	2,776
Amounts owed by Holding and Fellow Subsidiary Companies	2,790	7,354
Other Debtors and Accrued Income	<u>1,557</u>	<u>610</u>
	<u><u>7,208</u></u>	<u><u>10,740</u></u>

All amounts included above are due within one year.

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000 RESTATED
9. CREDITORS (Amounts falling due within one year)		
Bank Overdraft	599	233
Trade Creditors	1,224	2,467
Amounts owed to Fellow Subsidiary Companies	2,818	1,630
Finance Lease obligations	1,743	1,647
Income Tax deducted under P.A.Y.E.	1,067	1,524
Pay Related Social Insurance	1,182	1,243
Other Creditors	1,664	1,191
Accruals and Deferred Income	<u>5,542</u>	<u>5,122</u>
	<u><u>15,839</u></u>	<u><u>15,057</u></u>
Creditors for Taxation and Social Welfare included above	<u><u>2,249</u></u>	<u><u>2,767</u></u>

10. CREDITORS	1988	1987
(Amounts falling due after more than one year)	IR£000	IR£000 RESTATED
Amounts owed to Holding Company:		
Payable between two and five years	5,182	7,134
Payable after five years	1,120	—
	6,302	7,134
Finance Lease Obligations		
Payable between two and five years	6,495	6,871
Payable thereafter	874	2,241
	7,369	9,112
	13,671	16,246
11. PROVISIONS FOR LIABILITIES AND CHARGES	1988	1987
	IR£000	IR£000 RESTATED
INSURANCE CLAIMS:		
Balance at 1st January	6,733	6,243
Utilised during the Period	(3,722)	(3,189)
Transferred from Group Insurance Equalisation Account	962	—
Transfer from Profit & Loss Account	7,224	3,679
Balance at 31st December	11,197	6,733
Less transfer to Current Liabilities	3,518	3,423
	7,679	3,310

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.

The Holding Company, Coras Iompair Eireann holds 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 incident;
- ii fire damage involving the Board's property in excess of IR£200,000 in any one incident;
- iii third party liability in excess of IR£500,000 and up to IR£40,500,000 on any one Premises accident.

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

NOTES (CONTINUED)

12. SHARE CAPITAL At 31st December, 1988 and 1987	IR£000
Authorised:	
Ordinary Shares of IR£1 each	<u>30,000</u>
Allotted and fully paid:	
Ordinary Shares of IR£1 each	<u>25,000</u>
13. ASSET REPLACEMENT RESERVE At 1st January	IR£000
(as previously reported)	3,322
Prior Period Transfer from Profit and Loss Account	<u>273</u>
At 1st January (Restated)	3,595
Transfer from Profit & Loss Account in Year	<u>2,252</u>
	<u>5,847</u>

This reserve represents the excess of depreciation based on replacement cost over that based on historical cost (see Accounting Policy c).

14. **CHANGE IN ACCOUNTING POLICY**
FINANCE LEASES

As indicated in Accounting Policy c, 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	1988	1987
	IR£000	IR£000
Increase in Profit before Interest and Exceptional Items	150	214
Increase in transfer to Reserves	—	(273)
Prior year adjustment	<u>(59)</u>	<u>—</u>
	<u>(91)</u>	<u>(59)</u>
BALANCE SHEET	1988	1987
	IR£000	IR£000
Increase in Tangible Assets	10,500	11,998
Increase in Liabilities:		
Lease Finance from Holding Company	(9,112)	(10,760)
Loan from Holding Company	(1,024)	(1,024)
Increase in Asset Replacement Reserve	<u>(273)</u>	<u>(273)</u>
	<u>(91)</u>	<u>(59)</u>

15. 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 Atha Cliath. Contributions by its subsidiaries and the employees are invested in separately administered pension funds. In the case of the Regular Wages Pension Schemes and the CIE 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, which is now 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 CIE 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.

No actuarial report was prepared in respect of the Salaried Officers' and Clerks' (GSR) 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 cash resources of the Salaried Officers' and Clerks' (GSR) Superannuation Scheme in the year amounted to IR£257,000 (1987: IR£118,000). During the year the resources of the other funds for which this obligation exists, were sufficient to meet the immediate cash requirements.

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

16. CAPITAL COMMITMENTS	As at	As at
	31st Dec. 88	31st Dec. 87
	IR£000	IR£000
Contracted for	903	—
Authorised by the Directors but not Contracted for	300	400

17. MEMBERSHIP OF CORAS IOMPAIR EIREANN GROUP

Bus Atha Cliath is a member of the C.I.E. Group of Companies and the Financial Statements reflect the effects of Group Membership.

18. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the Financial Statements on 4th August, 1989.

VALUE ADDED STATEMENT

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000 RESTATED
VALUE ADDED GENERATED		
Revenue including State Grants of IR£15 million (1987 IR£15.590 m)	89,206	82,979
Less: Cost of Materials and Services		
Utilised including VAT not recoverable	(31,554)	(27,388)
Exceptional Item	<u>(7,293)</u>	<u>(1,052)</u>
	<u>50,359</u>	<u>54,539</u>
APPLICATION OF VALUE ADDED		
Net Compensation of Employees with Pension costs	33,962	32,681
To Government:		
Payroll Taxes	19,199	16,356
To Providers of Capital:		
Financing Interest	1,093	1,114
Provision for future Investment		
Depreciation	5,158	4,580
Deficit for Year	<u>(9,053)</u>	<u>(192)</u>
	<u>50,359</u>	<u>54,539</u>

