

Bus Éireann



Tuarascáil Bhliantúil agus Ráitis Airgeadais
don Bhliain go 31ú Nollaig 1995

Annual Report and
Financial Statements 1995



Contents

- 1 Directors and Other Information
- 2 Report of the Directors
- 4 Statement of Directors' Responsibilities
- 5 Report of the Auditors
- 6 Principal Accounting Policies
- 8 Profit and Loss Account
- 9 Balance Sheet
- 10 Cash Flow Statement
- 11 Notes to the Financial Statements
- 23 Value Added Statement

Directors and Other Information

Directors

Mr. M. P. McDonnell, Chairman

Mr. S. Feely

Ms. T. Honan

Mr. D. O. Mangan

Mr. B. Murtagh

Mr. A. J. O'Brien

Chief Executive

Mr. J. P. Browne

Secretary and Registered Office

Mr. J. P. Lynch,

Broadstone,

Dublin 7.

Telephone (01) 830 2222

Facsimile (01) 830 9377

Registered number 119570

Auditors

Craig Gardner & Co.,

Chartered Accountants and Registered Auditors,

Gardner House,

Wilton Place,

Dublin 2.



Report of the Directors

For the Year Ended 31st December, 1995

The directors submit their annual report together with the audited financial statements for the year ended 31st December, 1995.

1. Principal Activities and Review of Operations

The company's principal activities are the operation of its national network of "Expressway" scheduled coach services and local bus services, the operation of city bus services in Cork, Galway, Limerick & Waterford cities and the provision of school transport services throughout the country under contract for the Department of Education.

The following is a summary of the passenger journeys and vehicle kilometres operated by the company on scheduled services:

	1995 000's	1994 000's
Passenger journeys		
Provincial city services	20,229	20,616
Other scheduled services	18,485	19,001
School transport scheme	49,431	50,134
	88,145	89,751

Vehicle kilometres

Provincial city services	5,502	5,496
Other scheduled services	57,087	55,766
	62,589	61,262

During the year, in order to upgrade the fleet and enhance the quality of service offered to customers the company purchased two new and thirty-seven other coaches for the Expressway network and ten new coaches were acquired under a short-term lease

The company participated in the Free Cross-Border Travel Scheme for Old Aged Pensioners introduced by the Government from 1st July,

1995. The scheme benefits old aged pensioners of both the Republic of Ireland and Northern Ireland.

A high frequency minibus service was introduced in Waterford city in December, and is proving very successful. It is planned to extend this type of service to other cities in 1996.

School Transport Services continue to be delivered in a safe and cost effective manner. Seventy second-hand school buses were purchased during the year to enhance service quality.

The financial statements continue to be prepared on a going concern basis as the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

2. Results and Reserves

The financial statements for the year ended 31st December, 1995 are set out in detail on pages 6 to 22 and a summary of the results is as follows:-

	1995 IR £000
Deficit for the year after State grant	(6,082)
Transfer to reserve	(346)
Deficit for the year after transfer to reserve	(6,428)

3. Worker Participation at Sub-Board Level

The company is among the State enterprises covered by the sub-board participation provisions of the Worker Participation (State Enterprises) Act, 1988. Proposals designed to give effect to the provisions of the Act have been drafted and the process towards implementation is continuing.



Report of the Directors

4. Health and Safety

It is the policy of the company to ensure the well-being of its employees by maintaining a safe place of work and by complying with relevant employment legislation including the Safety, Health and Welfare at Work Act, 1989.

5. Equal Opportunities in State Sponsored Bodies

The company is an equal opportunities employer. All applications for employment and promotion are given full and fair consideration with due regard being given to the aptitude and ability of the individual and the requirements of the position being filled.

6. Directors

The directors of the company are appointed by the Chairman of Córas Iompair Éireann with the consent of the Minister for Transport, Energy and Communication. The names of persons who were directors during the year ended 31st December, 1995 are set out below. Except where indicated, they served as directors for the entire year.

Mr. M. P. McDonnell, Chairman
Appointed 24th July, 1995

Mr. D. O' Leary, Chairman
Resigned 25th April, 1995

Mr. S. Feely

Mr. J. J. Harrington
Retired 27th January, 1996

Mr. D.O. Mangan

Mr. A. J. O'Brien

Ms. T. Honan and Mr. B. Murtagh were appointed directors with effect from 1st March, 1996.

7. Auditors

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

On behalf of the board

M. P. McDonnell, Chairman
S. Feely, Director

24th April, 1996.



Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year.

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

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Report of the Auditors

To the Members of Bus Éireann - Irish Bus

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December, 1995 and of its deficit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 2 and 3 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 9, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31st December, 1995, a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

**Craig Gardner & Co.,
Chartered Accountants and Registered Auditors,
Dublin.
24th April, 1996.**



Principal Accounting Policies

A Basis of Accounting:

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and are expressed in Irish pounds, denoted by the symbol IR£.

B Tangible Assets, Depreciation and Asset Replacement Reserve:

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 and asset replacement reserve are as follows:

(i) Road Passenger Vehicles

The historical cost of road passenger vehicles other than school buses is depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives (see Note 6). In addition, the excess of depreciation based on the replacement cost of the vehicles (at the beginning of the year) over the historical cost depreciation is shown separately as a transfer to reserve from the profit and loss account.

School buses in the fleet at 1st April, 1974 are depreciated, by equal annual instalments, on the basis of their written down value at that date spread over the remainder of their expected useful lives. School buses which came into service after 1st April, 1974 are depreciated, by equal annual instalments, on the basis of their original cost spread over their expected useful lives.

(ii) Plant and Machinery

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

C Leased Assets:

Operating Leases

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

D Stocks:

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

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

E Department of Education - Funding of School Buses:

Those school buses which were funded by the Department of Education are included in tangible assets and are depreciated as described in (B) with a corresponding amortisation of the moneys received from the Department of Education.

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



Principal Accounting Policies

settled during the year are treated as part of the surplus or deficit for the year from ordinary activities.

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

G Non-Repayable State Grant:

The Non-Repayable State Grant under EU Regulation No. 1107/70 (Article 3.2) is included in the profit and loss account.

H Pensions:

The expected cost of providing pensions to employees is charged to the profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from independent actuaries, at what is expected to be a stable percentage of pensionable pay. Variations from regular pension costs, identified by periodic actuarial valuations, are spread over the expected average remaining service lives of the members of the scheme. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet. The capital cost of ex gratia pensions is provided for and charged to the profit and loss account in the year that the related employee severance is recognised and is included in the cost of severance.

This represents a change in accounting policy as in previous years:

- (i) the annual contributions charged to the profit and loss account for certain of the pension schemes were the annual contributions fixed under the schemes' rules, and

- (ii) the cost of ex gratia pensions was recognised in the years of payment and was included in the pension cost.

The effects of this change in accounting policy are disclosed in Note 19.



Profit and Loss Account

	Notes	Year ended 31st December	
		1995 IR £000	1994 IR £000
Revenue			
Customer Receipts		97,152	94,308
Miscellaneous Receipts		597	419
Exceptional Operating Income	2	2,032	1,642
Total Revenue		99,781	96,369
Costs			
Operating Costs	3	(103,412)	(94,724)
Exceptional Operating Costs	2	(3,592)	(48)
Total Operating Costs		(107,004)	(94,772)
(Deficit)/Surplus before Profit on Disposal of Tangible Assets, Interest and State Grant			
Profit on Disposal of Tangible Assets		36	8
(Deficit)/Surplus before Interest and State Grant			
Interest Payable	4	(595)	(534)
(Deficit)/Surplus for the Year before State Grant			
State Grant	5	1,700	4,000
(Deficit)/Surplus for the Year after State Grant			
Transfer to Reserve	14	(346)	(206)
(Deficit)/Surplus for the Year after Transfer to Reserve			
Accumulated Surplus/(Deficit) at the Beginning of the Year		2,930	(1,935)
Accumulated (Deficit)/Surplus at the End of the Year		(3,498)	2,930

All figures relate to the continuing activities of the company.

There were no recognised gains or losses other than those included in the profit and loss accounts for the years 1995 and 1994.

On behalf of the board:

M. P. McDonnell, Chairman

S. Feely, Director

24th April, 1996.



Balance Sheet

	Notes	As at 31st December	
		1995 IR £000	1994 IR £000
Fixed Assets			
Tangible Assets	6	32,587	36,270
Current Assets			
Stocks	7	3,887	3,749
Debtors	8	18,417	15,796
Cash at Bank and in Hand		74	17
		22,378	19,562
Creditors (Amounts falling due within one year)	9	(16,012)	(11,865)
Net Current Assets		6,366	7,697
Total Assets Less Current Liabilities		38,953	43,967
Financed by:			
Creditors (Amounts falling due after more than one year)	10	1,795	2,780
Provision for Liabilities and Charges	12	14,281	12,215
		16,076	14,995
Capital and Reserves			
Called up Equity Share Capital	13	23,000	23,000
Asset Replacement Reserve	14	3,368	3,022
Profit and Loss Account		(3,498)	2,930
Equity Shareholders' Funds	15	22,870	28,952
Department of Education			
Funding of School Buses	16	7	20
		38,953	43,967

On behalf of the board:

M.P. McDonnell, Chairman
S. Feely, Director

24th April, 1996.



Cash Flow Statement

	Notes	Year ended 31st December	
		1995 IR £000	1994 IR £000
Net Cash Inflow from Operating Activities	17	6,424	5,408
Servicing of Finance			
Interest Paid	4	(595)	(534)
Net Cash Outflow from Servicing of Finance		(595)	(534)
Investing Activities			
Purchase of Tangible Assets		(5,123)	(4,778)
Sale of Tangible Assets		36	8
Net Cash Outflow from Investing Activities		(5,087)	(4,770)
Net Cash Inflow before Financing		742	104
Financing			
Repayment of Holding Company Loan		(220)	—
Net Cash Outflow from Financing		(220)	—
Increase in Cash and Cash Equivalents	17	522	104



Notes to the Financial Statements

1. STATUS OF COMPANY

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

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

2. EXCEPTIONAL OPERATING INCOME AND COSTS

	1995	1994
	IR £000	IR £000
Exceptional Operating Income		
Payment by Department of Education for school transport services in respect of earlier years	(2,032)	(1,642)
Exceptional Operating Costs		
Voluntary Severance	3,592	48



Notes to the Financial Statements

3. OPERATING COSTS

	1995 IR £000	1994 IR £000
Staff Costs		
Wages and Salaries	40,460	39,137
Social Welfare Costs	3,492	3,422
Other Pension Costs	2,077	2,632
	46,029	45,191
Own Work Capitalised and Engineering Work for Group Companies	(441)	(465)
Net Staff Costs	45,588	44,726
Materials and Services		
Fuel and Lubricants	4,053	4,228
School Contractors	17,786	17,095
Road Tax and Licences	275	267
Operating Lease Rentals	392	379
Third Party and Employer's Liability Claims	5,872	4,007
Rates	359	347
Auditors' Remuneration	30	30
Materials and Other Services	20,218	18,696
	48,985	45,049
Directors' Remuneration		
Emoluments		
- for services as Directors	6	6
- for other services	40	90
	46	96
Depreciation	8,793	4,853
Total Operating Costs	103,412	94,724

	Staff Numbers	
	1995	1994
The average number of persons employed was as follows:		
Full time	1,918	1,920
Part-time school bus drivers	675	676
	2,593	2,596



Notes to the Financial Statements

4. INTEREST PAYABLE

	1995 IR £000	1994 IR £000
On loan from Holding Company	595	534

5. STATE GRANT

A State grant of IR £1,700,000 for the year ended 31 December, 1995 (1994 - IR £4,000,000) in respect of deficits on road passenger services was received by the company via the Holding Company, Córás Iompair Éireann, in accordance with EU Regulation No. 1107/70.

6. TANGIBLE ASSETS

	Road Passenger Vehicles IR £000	Plant and Machinery IR £000	Total IR £000
Cost			
At 1st January, 1995	74,038	2,463	76,501
Additions	4,922	201	5,123
Disposals	(1,072)	—	(1,072)
At 31st December, 1995	77,888	2,664	80,552
Depreciation			
At 1st January, 1995	38,556	1,675	40,231
Charge for the year	8,655	151	8,806
Disposals	(1,072)	—	(1,072)
At 31st December, 1995	46,139	1,826	47,965
Net Book Amounts			
At 31st December, 1995	31,749	838	32,587
At 31st December, 1994	35,482	788	36,270

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

Lives (Years)

Road Passenger Vehicles	8-16
Plant and Machinery	5-10

The directors have reviewed the estimate of useful lives of road passenger vehicles and the allocation of depreciation over the vehicles' lives in the light of changing operating patterns. They have decided to reduce



Notes to the Financial Statements

6. TANGIBLE ASSETS (continued)

the estimate of the useful lives of most road passenger vehicles and to revise the allocation of depreciation to accounting periods over those lives with effect from 1st January, 1995. As a result of these changes most road passenger vehicles will be depreciated over 14 rather than 16 years. Hitherto depreciation was charged in equal annual instalments but as a result of the changes now effected the depreciation charge will be allocated so that higher depreciation will be charged in the earlier years of operation, reflecting the relatively higher usage of newer vehicles. The effect of the changes in the estimate of useful lives and the allocation of depreciation over those lives is to increase the current year's depreciation by IR £2,800,000.

- (b) Planned changes in the use to which certain of the company's older long distance vehicles will be put has led to a revision in the estimate of their recoverable amount and has resulted in a write off in these financial statements of IR £600,000.
- (c) Road passenger vehicles at a cost of IR £12,860,000 (1994 - IR £4,735,000) were fully depreciated but still in use at the balance sheet date.
- (d) The fixed asset additions for 1995 include an amount of IR £612,000 in respect of fixed assets not in service at 31st December, 1995.

7. STOCKS

	1995 IR £000	1994 IR £000
Maintenance Materials and Spare Parts	3,584	3,365
Fuel, Lubricants and Other Sundry Stocks	303	384
	3,887	3,749

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 (amounts falling due within one year)

	1995 IR £000	1994 IR £000
Trade debtors	4,215	3,803
Amounts owed by Holding and Fellow Subsidiary Companies	13,011	10,767
Other Debtors and accrued Income	1,191	1,226
	18,417	15,796



Notes to the Financial Statements

9. CREDITORS (amounts falling due within one year)

	1995 IR £000	1994 IR £000
Bank Overdraft	334	799
Trade Creditors	1,804	1,635
Loan from Holding Company (Note 11)	1,169	220
Income Tax deducted under P.A.Y.E.	632	663
Pay Related Social Insurance	518	544
Value Added Tax and other taxes	8	25
Other Creditors	785	760
Accruals	7,512	3,969
Third Party and Employer's Liability Claims (Note 12)	3,250	3,250
	16,012	11,865
Creditors for taxation and social welfare included above	1,158	1,232

10. CREDITORS (amounts falling due after more than one year)

	1995 IR £000	1994 IR £000
Loan from Holding Company (Note 11)	1,611	2,780
Accruals	184	—
	1,795	2,780

11. LOAN FROM HOLDING COMPANY

	1995 IR £000	1994 IR £000
This loan is repayable as follows:		
Within one year (Note 9)	1,169	220
Between one and two years	253	921
Between two and five years	947	1,859
After five years	411	—
	1,611	2,780
	2,780	3,000

This loan represents the net assets, less issued share capital, assigned to the company on its establishment following the re-organisation of Córas Iompair Éireann in 1987. Each year the amount outstanding, less any repayments, is aged by reference to the bank loans held and managed by Córas Iompair Éireann on behalf of the operating subsidiary companies.



Notes to the Financial Statements

12. PROVISION FOR LIABILITIES AND CHARGES

	1995 IR £000	1994 IR £000
Third Party and Employer's Liability Claims		
Balance at 1st January	15,465	14,883
Utilised during the year	(3,691)	(3,311)
Transfer from Profit and Loss Account	5,757	3,893
Balance carried forward	17,531	15,465
Less: Transfer to current liabilities (Note 9)	3,250	3,250
Balance at 31st December	14,281	12,215

Provision is made for the estimated ultimate cost of all third party and employer's liability claims which are not covered by the Board's external insurance policies. In arriving at the amount of the total provision required for the third party liability claims, the company has had regard to the results of an independent actuarial review. Bus Éireann-Irish Bus is covered for road transport third party liabilities in excess of a self-insured retention of IR £4,410,000 in aggregate in the twelve month period, April 1996 to March 1997.

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

- (i) third party liability in excess of IR £1,000,000 and up to IR £81,000,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of actions taken for road claims subject to United States jurisdiction where the excess is US \$3,000,000;
- (ii) third party liability in excess of IR £50,000 and up to IR £80,050,000 on any one occurrence or series of occurrences arising out of All Other Risks events, except in the case of actions for All Other Risks claims subject to United States jurisdiction where the excess is US \$100,000; and
- (iii) fire and special perils, including storm damage, to the Board's property in excess of IR £200,000 on any one loss.

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

13. EQUITY SHARE CAPITAL

	1995 IR £000	1994 IR £000
Authorised:		
Ordinary shares of IR £1 each	32,000	32,000
Allotted and fully paid:		
Ordinary shares of IR £1 each	23,000	23,000



Notes to the Financial Statements

14. ASSET REPLACEMENT RESERVE

	1995 IR £000	1994 IR £000
Balance at 1st January	3,022	2,816
Transfer from Profit and Loss Account	346	206
Balance at 31st December	3,368	3,022

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

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1995 IR £000	1994 IR £000
(Deficit)/Surplus for the Year after State Grant	(6,082)	5,071
Opening Equity Shareholders' Funds	28,952	23,881
Closing Equity Shareholders' Funds	22,870	28,952

16. DEPARTMENT OF EDUCATION - FUNDING OF SCHOOL BUSES

	1995 IR £000	1994 IR £000
Balance at 1st January	20	52
Released to Profit and Loss Account	(13)	(32)
Balance at 31st December	7	20



Notes to the Financial Statements

17. CASH FLOW STATEMENT

(A) Reconciliation of Surplus to Net Cash Inflow from Operating Activities

	1995 IR £000	1994 IR £000
(Deficit)/Surplus before State Grant and Servicing of Finance	(7,187)	1,605
State Grant	1,700	4,000
(Deficit)/Surplus for the Year before Servicing of Finance	(5,487)	5,605
Depreciation	8,793	4,853
Profit on Disposal of Tangible Assets	(36)	(8)
(Increase)/Decrease in Stocks	(138)	10
Increase in Debtors	(2,621)	(5,218)
Increase in Creditors and Provisions	5,913	166
Net Cash Inflow from Operating Activities before Servicing of Finance	6,424	5,408

(B) Analysis of Changes in Cash and Cash Equivalents during the Year

	1995 IR £000	1994 IR £000
Balance at 1st January	(782)	(886)
Net Cash Inflow	522	104
Balance at 31st December	(260)	(782)

(C) Summary of Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	1995 IR £000	1994 IR £000	Change in 1995 IR £000	Change in 1994 IR £000
Cash at Bank and in Hand	74	17	57	—
Bank Overdraft	(334)	(799)	465	104
	(260)	(782)	522	104

18. OPERATING LEASE OBLIGATIONS

	1995 IR £000	1994 IR £000
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	220	72
Between one and five years	433	229
	653	301



Notes to the Financial Statements

19. PENSIONS

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

Proposals for the amalgamation of the Board's six pension schemes into two schemes, CIE Superannuation Scheme 1951 (Amendment) Scheme 1996 and CIE Pension Scheme for Regular Wages Staff (Amendment) Scheme 1996, have been accepted. The necessary amending schemes to implement the new arrangements are in course of preparation.

Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions as incurred over employees' working lives with the Group as a stable percentage of expected future pay. Contributions to the amalgamated schemes are determined by independent actuaries on the basis of annual reviews using the projected unit method.

The market value of the group schemes' assets at 31st December, 1995 was IR £516,944,000.

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1994. The market value of the group schemes' assets at that date was IR £440,602,000 and this exceeded 100% of the benefits which had accrued to members based on service to and pensionable pay at the review date. After allowing for future pay and pension increases the level of funding was 86%. The principal assumption in this review was that investment returns would exceed the rate of increase in pensionable remuneration and of pensions in payment by 2.5% per annum. An actuarial valuation of the amalgamated schemes will be carried out at 31st December, 1996. Actuarial reports are available to scheme members.

The pensions cost for 1995 was IR £2,077,000. As noted in the accounting policies on page 7 there has been a change in the accounting policy for pensions. As permitted by SSAP 24 the results and financial position in respect of 1994 have not been restated for the change in accounting policy for pensions cost. If the new accounting policy had been used in 1994, it would have given rise to a charge for pensions in that year of IR £2,171,000.

The pensions cost for 1994 reported in the 1994 financial statements was IR £2,638,000. Under the previously applied accounting policy the pensions cost for 1995 would have been IR £2,669,000.

Included in the charge for voluntary severance in Note 2 is IR £1,405,000, being the capital cost of the ex gratia pensions element of voluntary severance. Under the previously applied accounting policy this amount would not have been included in the charge for voluntary severance in 1995.

At 31st December, 1995 a provision for the capital cost of ex gratia pensions of IR £1,305,000 (1994 - IR £Nil) is included in Creditors.

The charge for voluntary severance reported in the 1994 financial statements was IR £48,000. If the new accounting policy had been used in 1994 it would have given rise to a charge for voluntary severance in that year of IR £318,000.



Notes to the Financial Statements

20. CAPITAL COMMITMENTS

	1995 IR £000	1994 IR £000
Contracted for	3,686	5,529
Authorised by the Directors but not contracted for	479	483
	<hr/> 4,165	<hr/> 6,012

21. CONTINGENT LIABILITIES

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



Notes to the Financial Statements

22. NET (DEFICIT)/SURPLUS BY SECTOR

The (Deficit)/Surplus for the year after the transfer to asset replacement reserve is split between city services and other services as follows:

	City Services		Other Services	
	1995 IR £000	1994 IR £000	1995 IR £000	1994 IR £000
Revenue				
Customer Receipts	11,793	11,612	85,359	82,696
Miscellaneous Receipts	55	51	542	368
Exceptional Operating Income	—	—	2,032	1,642
Total Revenue	11,848	11,663	87,933	84,706
Expenditure				
Maintenance of Buildings	315	174	1,883	579
Maintenance of Vehicles and Equipment	2,683	2,820	17,723	17,483
Fuel	416	469	3,637	3,759
Road Tax and Licences	23	32	252	235
Operating and Other Expenses	10,685	9,094	60,558	55,265
Operating Depreciation	1,614	1,009	7,525	4,051
Total Expenditure before Interest Payable	15,736	13,598	91,578	81,372
Operating (Deficit)/Surplus before Interest Payable and State Grant	(3,888)	(1,935)	(3,645)	3,334
Interest Payable	(87)	(92)	(508)	(442)
(Deficit)/Surplus before State Grant	(3,975)	(2,027)	(4,153)	2,892
State Grant	906	2,029	794	1,971
(Deficit)/Surplus for the year after State grant	(3,069)	2	(3,359)	4,863

No taxation charge arises on the surplus because certain revenues of the company are not brought into account for taxation purposes.



Notes to the Financial Statements

23. MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

Bus Éireann - Irish Bus is a member of the Córas Iompair Éireann Group of Companies (The Group) and the financial statements reflect the effects of group membership. References in these financial statements to the Board means the Board of Córas Iompair Éireann.

24. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 24th April, 1996.



Value Added Statement

	Year ended 31st December			
	1995	1995	1994	1994
	IR £000	IR £000	IR £000	IR £000
Value Added Generated				
Revenue		99,781		96,369
State Grant (Note 5)		1,700		4,000
Own Work Capitalised and Engineering Work for Group Companies		441		465
Profit on Disposal of Tangible Assets		36		8
Less: Cost of Materials and Services Utilised	(48,985)		(45,049)	
Exceptional Operating Costs	(3,592)	(52,577)	(48)	(45,097)
		49,381		55,745
Application of Value Added				
Net Compensation of Employees including pension costs		33,110		32,367
Government - Payroll Taxes		12,965		12,920
Providers of Capital (Note 4)		595		534
Provision for Future Investment - Depreciation (Note 3)		8,793		4,853
(Deficit)/Surplus for the Year		(6,082)		5,071
		49,381		55,745



PN 2687