Bus Átha Cliath

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

Annual Report and
Financial Statements 1995

Contents

Directors and Other Information

Directors

Mr. M. P. McDonnell, Chairman

Mr. M. Faherty

Mr. F. Kenny

Ms. L. Magahy

Mr. A. O'Daly

Chief Executive

Mr. D. O. Mangan

Secretary and Registered Office

Ms. S. Ferguson,
59 Upper O'Connell Street,
Dublin 1.
Telephone: (01) 872 0000
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Registered Number 119569

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 activity is the provision of an omnibus passenger transport service for Dublin city and county and contiguous areas.

In 1995 the company carried its highest numbers of passengers for 16 years largely as a result of the introduction of innovative Cityswift and City Imp services. Passenger numbers totalled 185 million, an increase of 4% on 1994.

The company continued its policy of reducing the age of its fleet to provide an improved service for its customers. In the year it purchased 60 double decks, 12 single decks and 18 minibuses, with all of the bus bodies sourced from body builders in Belfast and Donegal.

During the year however, assaults on staff doubled necessitating increased overtime in order to maintain service levels. To combat this new threat, assault screens have been fitted to all buses and an Autofare trial, where cash is not handled by the driver but is deposited into a secure vault, commenced in early 1996. This is being monitored to test its effectiveness on the operating environment and to assess customer acceptance. In addition, a medical intervention scheme has been introduced to provide staff with medical assistance and rehabilitation.

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 21 and a summary of the results is as follows:-

	1995 IR £000
Deficit for the year after State Grant	**(6,980)**
Transfer to Reserve	**(64)**
Increase in Accumulated Deficit during the Year	**(7,044)**

3. Worker Participation at Sub-Board Level

The company, under the Worker Participation (State Enterprises) Act, 1988, is currently developing with the trade unions proposals to put in place structures below board level and this is being progressed into 1996.

4. Health and Safety

Bus Átha Cliath - Dublin Bus is committed to complying with the Safety, Health and Welfare at Work Act, 1989, and its Safety Statement adopted by the company in February, 1991 is kept under review on an ongoing basis. Safety Councils set up in previous years continue to involve employees in all aspects of safety and risk management.

5. Equal Opportunities in State Sponsored Bodies

The company continues its active participation in the Equal Opportunities Network for State Sponsored Bodies. The company also encourages further study to equip staff for future promotional opportunities, and its systems and procedures for recruiting, training and developing staff are under constant review.

Report of the Directors

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 Communications. The names of persons who were directors during the year ended 31st December, 1995 are as 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. M. Faherty

Mr. R. Kelleher
Retired 27th January, 1996

Mr. F. Kenny

Mr. J. Maguire
Retired 27th January, 1996

Ms. L. Magahy and Mr. A. O'Daly were appointed as 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
A. O'Daly, 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 then 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 Átha Cliath - Dublin Bus

We have audited the financial statements on pages 6 to 21 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 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 at 31st December, 1995 and of its deficit and cash flows 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 are 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

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 (Note 7). In addition, the excess of depreciation based on the replacement cost of the vehicles (at the beginning of the year) over this historical cost depreciation is shown separately as a transfer to reserve from the profit and loss account.

(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:**

(i) Finance Leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital cost of such assets is included in tangible 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. Finance charges are charged to the profit and loss account over the primary period of the lease.

(ii) 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 all stocks which have not moved for more than four years, with the exception of stocks associated with recently acquired assets.

E. **European Union Grants:**

European Union (EU) Grants which relate to capital expenditure on specific projects 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. EU Grants in respect of revenue expenditure are credited to deferred income as they become receivable and released to the relevant expenditure account in the year to which the expenditure relates.

Principal Accounting Policies

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 surplus or deficit for the year from ordinary activities.

Monetary assets and liabilities denominated in foreign currency 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 21.

Profit and Loss Account

	Notes	Year ended 31st December 1995 IR £000	1994 IR £000
Revenue			
Customer Receipts		**98,671**	95,233
Miscellaneous		**1,046**	887
Total Revenue		**99,717**	96,120
Costs			
Operating Costs	2	**(105,933)**	(96,298)
Exceptional Operating Costs	3	**(3,785)**	(1,034)
Total Operating Costs		**(109,718)**	(97,332)
Deficit before Loss on Disposal of Tangible Assets, Interest and State Grant		**(10,001)**	(1,212)
Loss on Disposal of Tangible Assets	4	–	(106)
Deficit before Interest and State Grant		**(10,001)**	(1,318)
Interest Payable	5	**(779)**	(692)
Deficit for the Year before State Grant		**(10,780)**	(2,010)
State Grant	6	**3,800**	5,000
(Deficit)/Surplus for the Year after State Grant		**(6,980)**	2,990
Transfer to Reserve	18	**(64)**	(589)
(Increase)/Decrease in Accumulated Deficit during the Year		**(7,044)**	2,401
Accumulated Deficit at Beginning of the Year		**(13,343)**	(15,744)
Accumulated Deficit at End of the Year		**(20,387)**	(13,343)

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 account for the years 1995 and 1994.

On behalf of the board
M. P. McDonnell, Chairman
A. O'Daly, Director
24th April, 1996.

Balance Sheet

	Notes	As at 31st December 1995 IR £000	1994 IR £000
Fixed Assets			
Tangible Assets	7	**56,888**	58,436
Current Assets			
Stocks	8	**2,027**	2,633
Debtors	9	**9,372**	7,921
Cash at Bank and in Hand		**42**	752
		11,441	11,306
Creditors (Amounts falling due within one year)	10	**(16,336)**	(19,614)
Net Current Liabilities		**(4,895)**	(8,308)
Total Assets Less Current Liabilities		**51,993**	50,128
Financed by:			
Creditors (Amounts falling due after more than one year)	11	**6,295**	7,038
Provision For Liabilities and Charges	15	**27,697**	18,062
Deferred Income	16	**228**	275
		34,220	25,375
Capital and Reserves			
Called up Equity Share Capital	17	**25,000**	25,000
Asset Replacement Reserve	18	**13,160**	13,096
Profit and Loss Account		**(20,387)**	(13,343)
Equity Shareholders' Funds	19	**17,773**	24,753
		51,993	50,128

On behalf of the board

M. P. McDonnell, Chairman

A. O'Daly, Director

24th April, 1996.

Cash Flow Statement

	Notes	Year ended 31st December 1995 IR £000	1994 IR £000
Net Cash Inflow from Operating Activities	20A	**11,058**	9,943
Servicing of Finance			
Interest Paid	5	**(230)**	(628)
Interest Element of Finance Lease Rentals	5	**(549)**	(64)
Net Cash Outflow from Servicing of Finance		**(779)**	(692)
Investing Activities			
Purchase of Tangible Assets		**(10,317)**	(9,661)
Sale of Tangible Assets		**46**	340
EU Capital Grant		**(139)**	67
Net Cash Outflow from Investing Activities		**(10,410)**	(9,254)
Net Cash Outflow before Financing		**(131)**	(3)
Financing			
Repayment of Holding Company Loan		**(169)**	(6,940)
New Finance Lease		–	7,525
Capital Element of Finance Lease Rentals		**(514)**	(535)
Net Cash (Outflow)/Inflow from Financing		**(683)**	50
(Decrease)/Increase in Cash and Cash Equivalents	20B	**(814)**	47

Notes to the Financial Statements

1. STATUS OF COMPANY

Bus Átha Cliath - Dublin 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 Átha Cliath - Dublin Bus commenced trading.

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

2. OPERATING COSTS

	1995	1994
	IR £000	IR £000
Staff Costs		
Wages and Salaries	**53,937**	50,621
Social Welfare Costs	**5,380**	5,018
Other Pension Costs	**2,611**	2,945
	61,928	58,584
Materials and Services		
Fuel and Lubricants	**4,115**	4,401
Materials	**8,822**	9,759
Road Tax and Licences	**310**	344
Rent and Rates	**268**	261
Auditors' Remuneration	**23**	25
Operating Lease Rentals	**87**	105
Third Party and Employer's Liability Claims	**9,123**	7,386
Other Services	**9,252**	8,659
	32,000	30,940
Directors' Remuneration		
Emoluments		
- for services as Directors	**4**	3
- for other services	**43**	95
	47	98
Depreciation	**11,958**	6,676
Total Operating Costs	**105,933**	96,298

Notes to the Financial Statements

2. OPERATING COSTS (continued)

	Staff Numbers	
	1995	1994
The average number of persons employed was:-	**2,933**	2,917

3. EXCEPTIONAL OPERATING COSTS

	1995	1994
	IR £000	IR £000
Staff Compensation -		
Voluntary Severance and other compensation payments		
including implementation of one person bus operation	**3,785**	1,034

4. LOSS ON DISPOSAL OF TANGIBLE ASSETS

	1995	1994
	IR £000	IR £000
Loss on disposal of buses	**–**	(106)

5. INTEREST PAYABLE

	1995	1994
	IR £000	IR £000
On Loan from Holding Company	**230**	628
On Finance Lease	**549**	64
	779	692

Notes to the Financial Statements

6. STATE GRANT

The Grant payable to the company via the Holding Company, Córas Iompair Éireann, is in accordance with EU Regulations governing State aid to transport undertakings. EU Regulation No. 1107/70 is availed of to make a grant in respect of deficits on city bus services.

Under this Regulation a State Grant of IR £3,800,000 was made to Bus Átha Cliath - Dublin Bus for the year ended 31st December, 1995 (1994 - IR £5,000,000).

7. TANGIBLE ASSETS

	Road Passenger Vehicles IR £000	Plant and Machinery IR £000	Total IR £000
Cost			
At 1st January, 1995	**110,676**	**7,101**	**117,777**
Additions	**9,675**	**781**	**10,456**
Disposals	**(6,072)**	**(99)**	**(6,171)**
At 31st December, 1995	**114,279**	**7,783**	**122,062**
Depreciation			
At 1st January, 1995	**55,697**	**3,644**	**59,341**
Charge for the year	**11,307**	**651**	**11,958**
Disposals	**(6,026)**	**(99)**	**(6,125)**
At 31st December, 1995	**60,978**	**4,196**	**65,174**
Net Book Amounts			
At 31st December, 1995	**53,301**	**3,587**	**56,888**
At 31st December, 1994	54,979	3,457	58,436

(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	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. The directors have decided to reduce 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 12 rather than 16 years. Hitherto depreciation

Notes to the Financial Statements

7. **TANGIBLE ASSETS** (continued)

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 charge by IR £3,565,000.

(b) Road passenger vehicles at a cost of IR £1,109,000 (1994 - IR £2,682,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in tangible assets are amounts, as stated below, in respect of road passenger vehicles which are held under finance lease, but which remain in the legal ownership of the lessor:-

	1995	1994
	IR £000	IR £000
Road Passenger Vehicles		
Cost	**7,942**	7,942
Accumulated Depreciation	**(1,277)**	(455)
Net Book Amounts at 31st December	**6,665**	7,487
Depreciation for the Year	**822**	113

(d) Included in additions above are IR £2,124,000 (1994 - IR £4,581,000) in respect of road passenger vehicles, being payments on account, assets in the course of construction and assets not yet in service.

8. **STOCKS**

	1995	1994
	IR £000	IR £000
Maintenance Materials and Spare Parts	**1,472**	2,046
Fuel, Lubricants and Other Sundry Stocks	**555**	587
	2,027	2,633

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.

9. **DEBTORS** (Amounts falling due within one year)

	1995	1994
	IR £000	IR £000
Trade Debtors	**2,308**	2,403
Amounts owed by Holding and Fellow Subsidiary Companies	**6,504**	4,913
Other Debtors and accrued income	**560**	605
	9,372	7,921

Notes to the Financial Statements

10. CREDITORS (Amounts falling due within one year)

	1995 IR £000	1994 IR £000
Bank Overdraft	**775**	671
Trade Creditors	**1,139**	1,178
Loan from Holding Company (Note 12)	**185**	169
Finance Lease Obligation (Note 13)	**556**	512
Income Tax deducted under P.A.Y.E.	**1,223**	1,171
Pay Related Social Insurance	**1,026**	982
Value Added Tax and other taxes	**106**	345
Other Creditors	**618**	586
Accruals	**2,312**	1,417
Voluntary Severance	**2,341**	1,050
Third Party and Employer's Liability Claims (Note 15)	**6,055**	11,533
	16,336	19,614
Creditors for taxation and social welfare included above	**2,355**	2,498

11. CREDITORS (Amounts falling due after more than one year)

	1995 IR £000	1994 IR £000
Loan from Holding Company (Note 12)	**375**	560
Finance Lease Obligation (Note 13)	**5,920**	6,478
	6,295	7,038

Notes to the Financial Statements

12. LOAN FROM HOLDING COMPANY

	1995 IR £000	1994 IR £000
This loan is repayable as follows:-		
Within one year (Note 10)	**185**	169
Between one and two years	**202**	186
Between two and five years	**173**	374
	375	560
	560	729

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.

13. FINANCE LEASES

	1995 IR £000	1994 IR £000
Net obligation under finance lease falls due as follows:-		
Within one year (Note 10)	**556**	512
Between one and five years	**2,721**	2,510
After five years	**3,199**	3,968
	5,920	6,478
	6,476	6,990

14. OPERATING LEASES

	1995 IR £000	1994 IR £000
Commitments under non-cancellable operating leases payable in the coming year expire as follows:-		
Within one year	**5**	12
Between one and five years	**45**	62
	50	74

Notes to the Financial Statements

15. PROVISION FOR LIABILITIES AND CHARGES

	1995	1994
	IR £000	IR £000
Third Party and Employer's Liability Claims		
Balance at 1st January	**29,595**	27,910
Utilised during the year	**(4,788)**	(5,528)
Transfer from Profit and Loss Account	**8,945**	7,213
Balance carried forward	**33,752**	29,595
Less: Transfer to current liabilities (Note 10)	**6,055**	11,533
Balance at 31st December	**27,697**	18,062

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.

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 taken for All Other Risks claims subject to United States jurisdiction where the excess is US $100,000;

(iii) in addition, Bus Átha Cliath - Dublin Bus is covered for road transport third party liabilities in excess of a self insured retention of IR £8,820,000 in aggregate in a twelve month period, April 1996 to March 1997; and

(iv) 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 the provision for liabilities and charges.

Notes to the Financial Statements

16. DEFERRED INCOME

This account represents EU Grants which are accounted for in accordance with Accounting Policy E.

	1st Jan. 1995 IR £000	Received and Receivable IR £000	Profit and Loss A/c IR £000	31st Dec. 1995 IR £000
European Union Capital Grants	275	–	–	275
European Union Revenue Grants	–	2	(49)	(47)
	275	2	(49)	228

17. EQUITY SHARE CAPITAL

	1995 IR £000	1994 IR £000
Authorised:		
Ordinary Shares of IR£1 each	30,000	30,000
Allotted and Fully Paid:		
Ordinary Shares of IR£1 each	25,000	25,000

18. ASSET REPLACEMENT RESERVE

	1995 IR £000	1994 IR £000
Balance at 1st January	13,096	12,507
Transfer from Profit and Loss Account	64	589
Balance at 31st December	13,160	13,096

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

19. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1995 IR £000	1994 IR £000
(Deficit)/Surplus for the Year after State Grant	(6,980)	2,990
Opening Equity Shareholders' Funds	24,753	21,763
Closing Equity Shareholders' Funds	17,773	24,753

Notes to the Financial Statements

20. CASH FLOW STATEMENT

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

	1995	1994
	IR £000	IR £000
Deficit before State Grant and Servicing of Finance	**(10,001)**	(1,318)
State Grant (Note 6)	**3,800**	5,000
(Deficit)/Surplus for the Year before Servicing of Finance	**(6,201)**	3,682
Depreciation (Note 2)	**11,958**	6,676
Loss on Disposal of Tangible Assets (Note 4)	**–**	106
Decrease in Stocks	**606**	356
Increase in Debtors	**(1,451)**	(2,367)
Increase in Creditors and Provisions	**6,146**	1,490
Net Cash Inflow from Operating Activities before Servicing of Finance	**11,058**	9,943

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

	1995	1994
	IR £000	IR £000
Balance at 1st January	**81**	34
Net Cash (Outflow)/Inflow	**(814)**	47
Balance at 31st December	**(733)**	81

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

	1995	1994	**Change in 1995**	Change in 1994
	IR £000	IR £000	**IR £000**	IR £000
Cash at Bank and in Hand	**42**	752	**(710)**	65
Bank Overdraft	**(775)**	(671)	**(104)**	(18)
	(733)	81	**(814)**	47

(D) Analysis of Changes in Financing during the Year

	Share Capital	**Loans and Finance Lease Obligations**
	IR £000	**IR £000**
Balance at 1st January, 1995	**25,000**	**7,719**
Cash Outflow from Financing	**–**	**(683)**
Balance at 31st December, 1995	**25,000**	**7,036**

Notes to the Financial Statements

21. PENSIONS

The majority of the company's employees participate in defined benefit pension schemes based on final pensionable pay. Contributions by the Board, 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 the 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 £2,611,000. 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 pension costs. 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 £2,643,000.

The pension cost for 1994 reported in the 1994 financial statements was IR £2,952,000. Under the previously applied accounting policy the pension costs for 1995 would have been IR £3,415,000.

Included in the charge for voluntary severance in Note 3 is IR £976,000 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 £607,000 (1994 - IR £Nil) is included in Creditors.

The charge for voluntary severance reported in the 1994 financial statements was IR £1,034,000. 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 £1,123,000.

Notes to the Financial Statements

22. CAPITAL COMMITMENTS

	1995 IR £000	1994 IR £000
Contracted for	**11,254**	2,374
Authorised by the Directors but not contracted for	**224**	9,792
	11,478	12,166

23. CONTINGENT LIABILITIES

(A) Pending Litigation

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.

(B) Finance Lease

Under the terms of the finance lease there is a contingent liability whereby material taxation changes affecting the lessor's taxation liability on lease income will be offset by appropriate adjustments to lease rentals.

24. MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

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

25. APPROVAL OF FINANCIAL STATEMENTS

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

Value Added Statement

	Year ended 31st December			
	1995		1994	
	IR £000	**IR £000**	IR £000	IR £000
Value Added Generated				
Revenue		**99,717**		96,120
State Grant (Note 6)		**3,800**		5,000
Loss on Disposal of Tangible Assets (Note 4)		–		(106)
Less: Cost of Materials and Services Utilised	**(32,000)**		(30,940)	
Exceptional Operating Costs (Note 3)	**(3,785)**	**(35,785)**	(1,034)	(31,974)
		67,732		69,040
Application of Value Added				
Net Compensation of Employees including pension costs		**43,756**		39,850
Government - Payroll Taxes		**18,219**		18,832
Providers of Capital (Note 5)		**779**		692
Provision for future investment - Depreciation (Note 2)		**11,958**		6,676
(Deficit)/Surplus for the Year		**(6,980)**		2,990
		67,732		69,040

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