Bus Átha Cliath

Annual Report and Financial Statements 1996

Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain go 31ú Nollaig 1996

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. L. Walsh (Acting)

Secretary and Registered Office

Ms. S. Ferguson,
59 Upper O'Connell Street,
Dublin 1.

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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, 1996

The directors present their annual report together with the audited financial statements for the year ended 31st December, 1996.

1. Principal Activities and Review of Operations

A major review of operations was carried out during 1996 in view of the losses recorded and the outlook for the company. The company prepared a plan to address the major challenges facing it. This plan, entitled "Strategy for Investment and Competitiveness", has been approved by the Board and is now under negotiation with staff representatives. Information about the plan and its impact on the results is given in Note 1 to the financial statements.

Passenger numbers of 185.5 million were static compared to 1995 despite mileage increase of 1.5%. Revenues grew by IR £0.3 million to IR £100 million. While operating costs fell by IR £1.5 million to IR £104.4 million due to reduced consumption of materials because of new fleet, total costs increased by IR £4.2 million after allowing for provisions for restructuring costs. The Exchequer contribution towards socially necessary non-commercial services was IR £3.65 million, slightly below 1995 levels of IR £3.8 million.

Initiatives undertaken in 1995 and early in 1996 resulted in dramatically reducing incidents of assaults. Installation of security screens coupled with the extension of the Autofare exact fare system and development of the medical intervention scheme have proved effective.

As the assets of the company have fallen to less than half of the called up share capital the company convened an extraordinary general meeting to consider the position. This meeting was held on the 16th April, 1997.

2. Results and Reserves

The financial statements for the year ended 31st December, 1996 are set out in detail on pages 6 to 21 and a summary of the results is as follows:-

	1996 **IR £000**
Deficit for the year after State Grant	**(10,455)**
Transfer to Reserve	**(1,177)**
Increase in Accumulated Deficit during the Year	**(11,632)**

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 1997.

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.

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, 1996 are as set out below. Except where indicated, they served as directors for the entire year.

Mr. M. P. McDonnell, Chairman

Mr. M. Faherty

Mr. R. Kelleher
Retired 27th January, 1996

Mr. F. Kenny

Ms. L. Magahy
Appointed 1st March, 1996

Mr. J. Maguire
Retired 27th January, 1996

Mr. A. O'Daly
Appointed 1st March, 1996

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

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
29th April, 1997.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 requirements of 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 misstatement, 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, 1996 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 less than half of the amount of its called up share capital and, in our opinion, on that basis there did exist at 31st December, 1996, a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, required the convening of an extraordinary general meeting of the company. The required meeting was held on the 16th April, 1997.

Craig Gardner & Co.,
Chartered Accountants and Registered Auditors,
Dublin.
29th April, 1997.

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 historical cost 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 6). 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.

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.

Profit and Loss Account

	Notes	Year ended 31st December 1996 IR £000	1995 IR £000
Revenue			
Customer receipts		**99,470**	98,671
Miscellaneous		**590**	1,046
Total Revenue		**100,060**	99,717
Costs			
Operating costs	2	**(104,411)**	(105,933)
Exceptional operating costs	1 & 3	**(9,500)**	(3,785)
Total Operating Costs		**(113,911)**	(109,718)
Deficit before Interest and State Grant		**(13,851)**	(10,001)
Interest Payable	4	**(254)**	(779)
Deficit for the Year before State Grant		**(14,105)**	(10,780)
State Grant	5	**3,650**	3,800
Deficit for the Year after State Grant		**(10,455)**	(6,980)
Transfer to Reserve	17	**(1,177)**	(64)
Change in Balance on Profit and Loss Account		**(11,632)**	(7,044)
Accumulated Deficit at Beginning of the Year		**(20,387)**	(13,343)
Accumulated Deficit at End of the Year		**(32,019)**	(20,387)

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.

On behalf of the board

M. P. McDonnell, Chairman
A. O'Daly, Director
29th April, 1997.

Balance Sheet

	Notes	As at 31st December 1996 IR £000	1995 IR £000
Fixed Assets			
Tangible assets	6	**57,304**	56,888
Current Assets			
Stocks	7	**1,695**	2,027
Debtors	8	**7,652**	9,372
Cash at bank and in hand		**47**	42
		9,394	11,441
Creditors (Amounts falling due within one year)	9	**(24,483)**	(16,336)
Net Current Liabilities		**(15,089)**	(4,895)
Total Assets Less Current Liabilities		**42,215**	51,993
Financed by:			
Creditors (Amounts falling due after more than one year)	10	**5,491**	6,295
Provision for Liabilities and Charges	14	**29,230**	27,697
Deferred Income	15	**176**	228
		34,897	34,220
Capital and Reserves			
Called up equity share capital	16	**25,000**	25,000
Asset replacement reserve	17	**14,337**	13,160
Profit and loss account		**(32,019)**	(20,387)
Equity Shareholders' Funds	18	**7,318**	17,773
		42,215	51,993

On behalf of the board

M. P. McDonnell, Chairman
A. O'Daly, Director
29th April, 1997.

Cash Flow Statement

	Notes	Year ended 31st December 1996 IR £000	1995 IR £000
Net Cash Inflow from Operating Activities	19	**10,553**	12,602
Servicing of Finance	20	**(254)**	(779)
Capital Expenditure	20	**(10,689)**	(10,363)
Cash (Outflow)/Inflow before Financing		**(390)**	1,460
Net Management of Liquid Resources		**1,510**	(1,591)
Financing	20	**(741)**	(683)
Increase/(Decrease) in Cash in the Year		**379**	(814)

	Notes	1996 IR £000	1995 IR £000
Reconciliation of Net Cash Flow to Movement in Net Debt (Note 21)			
Increase/(Decrease) in cash in the year		**379**	(814)
Cash (inflow)/outflow from decrease in debt and lease financing	20	**741**	683
Cash flow from change in liquid resources		**(1,510)**	1,591
Movement in Net Debt in the Year		**(390)**	1,460
Net Debt at 1st January	21	**(1,265)**	(2,725)
Net Debt at 31st December	21	**(1,655)**	(1,265)

1. FUTURE VIABILITY

In October 1996 the Board approved a plan for the company entitled "Strategy for Investment and Competitiveness". The principal features of the plan involve:–

- a fleet investment programme aimed at improving the quality of services to customers;
- changing the management structure and a reduction in executive staff numbers to give added focus on quality, performance and profitability; and
- a reduction in annual operating costs of IR £8 million to be achieved principally through more flexible working practices, some reduction in staff numbers and adjustments in overtime rates.

Negotiations between management and trade unions are continuing regarding the implementation of the plan. The directors consider that the plan can be implemented successfully and are satisfied that adequate financial facilities will be available for the foreseeable future. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

Included in exceptional operating costs in the profit and loss account is a charge of IR £9.5 million for the estimated costs of implementing the plan. This relates to the estimated costs for severance (including related pension costs) and other measures associated with the plan.

2. OPERATING COSTS

	1996	1995
	IR £000	IR £000
Staff Costs		
Wages and salaries	**55,708**	53,937
Social welfare costs	**5,469**	5,380
Other pension costs	**2,711**	2,611
	63,888	61,928
Materials and Services		
Fuel and lubricants	**4,228**	4,115
Materials	**7,543**	8,822
Road tax and licences	**315**	310
Rent and rates	**269**	268
Auditors' remuneration	**24**	23
Operating lease rentals	**84**	87
Third party and employer's liability claims	**9,906**	9,123
Other services	**7,970**	9,252
	30,339	32,000

2. OPERATING COSTS (continued)

	1996 IR £000	1995 IR £000
Directors' Remuneration		
Emoluments		
– for services as directors	—	4
– for other services	43	43
	43	47
Depreciation (net of amortisation of EU capital grants)	10,141	11,958
Total Operating Costs	104,411	105,933

	Staff Numbers 1996	Staff Numbers 1995
The average number of persons employed was:–	2,913	2,933

3. EXCEPTIONAL OPERATING COSTS

	1996 IR £000	1995 IR £000
Restructuring costs	9,500	3,785

4. INTEREST PAYABLE

	1996 IR £000	1995 IR £000
On balances with holding company	(252)	230
On finance leases	506	549
	254	779

5. 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 £3,650,000 was made to Bus Átha Cliath – Dublin Bus for the year ended 31st December, 1996 (1995 – IR £3,800,000).

6. TANGIBLE ASSETS

	Road Passenger Vehicles IR £000	Plant and Machinery IR £000	Total IR £000
Cost			
At 1st January, 1996	**114,279**	**7,783**	**122,062**
Additions	**9,897**	**868**	**10,765**
Disposals	**(7,743)**	**—**	**(7,743)**
At 31st December, 1996	**116,433**	**8,651**	**125,084**
Depreciation			
At 1st January, 1996	**60,978**	**4,196**	**65,174**
Charge for the year	**9,612**	737	**10,349**
Disposals	**(7,743)**	—	**(7,743)**
At 31st December, 1996	**62,847**	**4,933**	**67,780**
Net Book Amounts			
At 31st December, 1996	**53,586**	**3,718**	**57,304**
At 31st December, 1995	53,301	3,587	56,888

(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

(b) Road passenger vehicles at a cost of IR £2,163,000 (1995 – IR £1,109,000) 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 leases, but which remain in the legal ownership of the lessors:–

	1996 IR £000	1995 IR £000
Road Passenger Vehicles		
Cost	**7,942**	7,942
Accumulated Depreciation	**(2,100)**	(1,277)
Net Book Amounts at 31st December	**5,842**	6,665
Depreciation for the Year	**823**	822

(d) Included in additions above are IR £23,000 (1995 – IR £2,124,000) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

7. STOCKS

	1996 IR £000	1995 IR £000
Maintenance materials and spare parts	**1,160**	1,472
Fuel, lubricants and other sundry stocks	**535**	555
	1,695	2,027

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)

	1996 IR £000	1995 IR £000
Trade debtors	**1,825**	2,308
Amounts owed by holding and fellow subsidiary companies	**4,994**	6,504
Other debtors and accrued income	**614**	560
Payments on account in respect of tangible assets	**219**	–
	7,652	9,372

9. CREDITORS (Amounts falling due within one year)

	1996 IR £000	1995 IR £000
Bank overdraft	**401**	775
Trade creditors	**704**	1,139
Loan from holding company (Note 11)	**202**	185
Finance lease obligations (Note 12)	**602**	556
Income tax deducted under PAYE	**1,443**	1,223
Pay related social insurance	**1,209**	1,026
Value added tax and other taxes	**127**	106
Other creditors	**739**	618
Accruals	**2,254**	2,312
Provision for restructuring costs	**9,320**	2,341
Third party and employer's liability claims (Note 14)	**7,482**	6,055
	24,483	16,336
Creditors for taxation and social welfare included above	**2,779**	2,355

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

	1996 IR £000	1995 IR £000
Loan from holding company (Note 11)	**173**	375
Finance lease obligations (Note 12)	**5,318**	5,920
	5,491	6,295

11. LOAN FROM HOLDING COMPANY

	1996 IR £000	1995 IR £000
This loan is repayable as follows:–		
Within one year (Note 9)	**202**	185
Between one and two years	**173**	202
Between two and five years	**—**	173
	173	375
	375	560

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 is aged by reference to the bank loans held and managed by Córas Iompair Éireann on behalf of the operating subsidiary companies.

12. FINANCE LEASES

	1996 IR £000	1995 IR £000
Net obligations under finance leases fall due as follows:–		
Within one year (Note 9)	**602**	556
Between one and five years	**2,945**	2,721
After five years	**2,373**	3,199
	5,318	5,920
	5,920	6,476

13. OPERATING LEASES

	1996 IR £000	1995 IR £000
Commitments under non-cancellable operating leases payable in the coming year expire as follows:–		
Within one year	**27**	5
Between one and five years	**38**	45
	65	50

14. PROVISION FOR LIABILITIES AND CHARGES

	1996 IR £000	199 IR £00
Third Party and Employer's Liability Claims		
Balance at 1st January	**33,752**	29,59
Utilised during the year	**(6,782)**	(4,78
Transfer from profit and loss account	**9,742**	8,94
Balance carried forward	**36,712**	33,75
Less: Transfer to current liabilities (Note 9)	**(7,482)**	(6,05
Balance at 31st December	**29,230**	27,69

Provision is made for the estimated ultimate cost of all third party and employer's liabili claims which are not covered by the Board's external insurance policies. In arriving at t amount of the total provision required for the third party and employer's 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) road transport third party liabilities in excess of a self insured retention of IR £8,820,000 in aggregate in the twelve month period, April 1997 to March 1998; 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.

15. DEFERRED INCOME

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

	1st Jan. 1996 IR £000	Received and Receivable IR £000	Profit and Loss A/c IR £000	31st Dec. 1996 IR £000
European Union Capital Grants	275	113	(208)	180
European Union Revenue Grants	(47)	7	36	(4)
	228	120	(172)	176

16. EQUITY SHARE CAPITAL

	1996 IR £000	1995 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

17. ASSET REPLACEMENT RESERVE

	1996 IR £000	1995 IR £000
Balance at 1st January	13,160	13,096
Transfer from profit and loss account	1,177	64
Balance at 31st December	14,337	13,160

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

18. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1996 IR £000	1995 IR £000
Deficit for the year after State grant	(10,455)	(6,980)
Opening Equity Shareholders' Funds	17,773	24,753
Closing Equity Shareholders' Funds	7,318	17,773

19. RECONCILIATION OF OPERATING DEFICIT TO OPERATING CASH FLOWS

	1996 IR £000	1995 IR £000
Reconciliation of Deficit to Net Cash Inflow from Operating Activities		
Deficit before State grant and servicing of finance	**(13,851)**	(10,001)
State grant (Note 5)	**3,650**	3,800
Deficit for the year before servicing of finance	**(10,201)**	(6,201)
Depreciation (Note 6)	**10,349**	11,958
Amortisation of EU capital grants	**(208)**	–
Increase/(Decrease) in EU revenue grants	**43**	(47)
Decrease in stocks	**332**	606
Decrease in debtors	**429**	140
Increase in creditors and provisions	**9,809**	6,146
Net Cash Inflow from Operating Activities before Servicing of Finance	**10,553**	12,602

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1996 IR £000	1995 IR £000
Servicing of Finance		
Interest paid	**252**	(230)
Interest element of finance lease rentals	**(506)**	(549)
Net Cash Outflow from Servicing of Finance	**(254)**	(779)
Capital Expenditure		
Purchase of tangible assets	**(11,001)**	(10,317)
Sale of tangible assets	**—**	46
EU capital grants	**312**	(92)
Net Cash Outflow from Capital Expenditure	**(10,689)**	(10,363)
Financing		
Debt due within one year:		
Repayment	**(185)**	(169)
Capital element of finance lease rentals	**(556)**	(514)
Net Cash Outflow from Financing	**(741)**	(683)

21. ANALYSIS OF NET DEBT

	At 1st Jan. 1996 £000	Cash Flow £000	Other Changes £000	At 31st Dec. 1996 £000
Cash in hand and at bank	42	5		47
Overdrafts	(775)	374		(401)
Liquid resources	6,504	(1,510)		4,994
		(1,131)		
Debt due within 1 Year	(185)	185	(202)	(202)
Debt due after 1 Year	(375)	—	202	(173)
Finance leases	(6,476)	556		(5,920)
		741		
Total	(1,265)	(390)	—	(1,655)

Liquid resources comprise amounts owed by holding and fellow subsidiary companies which represent cash generated and not immediately required for operations, made available to other group companies, repayable on demand.

22. 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 have been accepted. Statutory Instrument No. 115 of 1996 confirmed the CIE Pension Scheme for Regular Wages Staff (Amendment) Scheme, 1996. The CIE Superannuation Scheme 1951 (Amendment) Scheme 1996 is awaiting confirmation.

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 pension schemes' assets at 31st December, 1996 was IR £580,104,000.

22. PENSIONS (continued)

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1994. The market value of the assets of the groups schemes 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%. An actuarial valuation of the amalgamated schemes as at 31st December, 1996 is currently taking place. Actuarial reports are available to scheme members but are not available for public inspection.

The pensions cost for the year was IR £2,711,000 (1995 – IR £2,611,000).

As at 31st December, 1996 a provision for the capital cost of ex gratia pensions of IR £1,061,000 (1995 – IR £607,000) is included in the provision for restructuring costs in creditors.

23. CAPITAL COMMITMENTS

	1996	1995
	IR £000	IR £000
Contracted for	**12,079**	11,254
Authorised by the directors but not contracted for	—	224
	12,079	11,478

24. 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 Leases

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

25. RELATED PARTY TRANSACTIONS

Entities controlled by the Irish Government are related parties of the company by virtue of the Irish Government's control of the holding company, Córas Iompair Éireann.

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

The financial statements of Córas Iompair Éireann provide the information required by Financial Reporting Standard No. 8 concerning transactions between that company, its subsidiaries and the Irish Government.

26. 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.

27. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 29th April, 1997.

Value Added Statement

	Year ended 31st December			
	1996		1995	
	IR £000	**IR £000**	IR £000	IR £000
Value Added Generated				
Revenue		**100,060**		99,717
State grant (Note 5)		**3,650**		3,800
Less: Cost of materials and services utilised	**(30,339)**		(32,000)	
Exceptional operating costs (Note 3)	**(9,500)**	**(39,839)**	(3,785)	(35,785)
		63,871		67,732
Application of Value Added				
Net compensation of employees including pension costs		**43,456**		43,756
Government – payroll taxes		**20,475**		18,219
Providers of capital (Note 4)		**254**		779
Provision for future investment – Depreciation (Note 2)		**10,141**		11,958
Deficit for the year		**(10,455)**		(6,980)
		63,871		67,732

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