Bus Átha Cliath

Annual Report and Financial Statements 1997

Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain go 31ú Nollaig 1997

Contents

Directors and Other Information

Directors

Mr. M. P. McDonnell,	Chairman
Dr. A. R. Westwell, (UK)	Managing Director
Mr. M. Faherty	
Ms. L. Magahy	
Mr. B. McCamley	
Mr. A. O'Daly	

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, 1997

Introduction

The directors present their annual report together with the audited financial statements for the year ended 31st December, 1997.

Principal Activities and Business Review

The principal activity of the company during the year was the provision of a comprehensive bus service for the city and county of Dublin and its hinterland.

The company returned a profit of IR £1.5 million in the year compared with a loss of IR £11.6 million, after restructuring costs, in 1996. Revenue grew by 2.5% despite there being no fare increases for some time. Expenditure fell by IR £6.5 million to IR £107.4 million due to once off restructuring costs incurred in 1996. Overall employee numbers remained static. However, arising from restructuring the mix of employees favoured more front line staff and reduced back office personnel, thus holding payroll increases to 1% despite honouring all wage round agreements.

Traffic congestion continued to be a cause for concern, sub-optimising fleet and resources. The company is working closely with the local authorities to alleviate the congestion and in the year four new high frequency CitySwift routes were introduced bringing the total to nine. Work is progressing on other elements of the quality bus corridors by the local authorities who are providing more bus lanes and improved layout design with selective bus detection at major junctions.

A major initiative to tackle the pre-Christmas traffic under the title "Operation Freeflow" was launched by the local authorities, the Gardaí and ourselves proved very successful. Due to the high draw on resources of the Gardaí a more limited version continued into the new year.

The directors are pleased that, despite difficult operating conditions, the company was in a position to reduce its cumulative deficit by IR £1.5 million to IR £30.5 million showing a modest recovery to 37% on the net assets position expressed as a percentage of share capital.

Results and Reserves

The financial statements for the year ended 31st December, 1997 are set out in detail on pages 6 to 21 and a summary of the results is as follows:-

	1997 IR £000
Surplus for the year after State Grant	**1,823**
Transfer to Reserve	**(275)**
Decrease in Accumulated Deficit during the Year	**1,548**

Employee Participation

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 1998. Two employees served on the Board of CIE during the year as provided for under the Act.

Report of the Directors

Health and Safety

Bus Átha Cliath - Dublin Bus is committed to complying with the Safety, Health and Welfare at Work Act, 1989, 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.

Equal Opportunities

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.

Directors

The directors of the company are appointed by the Chairman of Córas Iompair Éireann with the consent of the Minister for Public Enterprise. The names of persons who were directors during the year ended 31st December, 1997 are as set out below. Except where indicated, they served as directors for the entire year.

Mr. M. P. McDonnell, Chairman

Dr. A. R. Westwell, (UK)
(Appointed 3rd June, 1997)

Mr. M. Faherty
(Re-appointed 1st December, 1997)

Mr. F. Kenny
(Retired 30th November, 1997)

Ms. L. Magahy

Mr. B. McCamley
(Appointed 1st December, 1997)

Mr. A. O'Daly

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.

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
Dr. A. R. Westwell, Managing Director
31st March, 1998.

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, 1997 and of its surplus 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, 1997, 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. Such a financial situation also existed at 31st December, 1996 and the required meeting was held on 16th April, 1997.

Craig Gardner & Co.,
Chartered Accountants and
Registered Auditors,
Dublin.
31st March, 1998.

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 in 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 the lower of average cost and net reliasable value.

Stocks which are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks which may become obsolete in the future.

Principal Accounting Policies

E. Grants:

(i) 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.

(ii) State Grants

State grants received during the year in respect of public service obligations are dealt with in the profit and loss account.

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. 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 1997 IR £000	1996 IR £000
Revenue		**102,534**	100,060
Costs			
Payroll and related costs	1	**(64,610)**	(63,931)
Materials and services	2	**(31,174)**	(30,339)
Depreciation	6	**(10,785)**	(10,141)
Exceptional operating costs	3	**(800)**	(9,500)
Total Operating Costs		**(107,369)**	(113,911)
Deficit before Interest and State Grants		**(4,835)**	(13,851)
Interest payable	4	**(342)**	(254)
Deficit for the Year before State Grants		**(5,177)**	(14,105)
State grants	5	**7,000**	3,650
Surplus/(Deficit) for the Year after State Grants		**1,823**	(10,455)
Transfer to reserve	16	**(275)**	(1,177)
Change in the Profit and Loss Account for the Year		**1,548**	(11,632)
Accumulated Deficit at Beginning of the Year		**(32,019)**	(20,387)
Accumulated Deficit at End of the Year		**(30,471)**	(32,019)

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
Dr. A. R. Westwell, Managing Director

Balance Sheet

	Notes	As at 31st December 1997 IR £000	1996 IR £000
Fixed Assets			
Tangible assets	6	**59,730**	57,304
Current Assets			
Stocks	7	**1,639**	1,695
Debtors	8	**4,793**	7,652
Cash at bank and in hand		**149**	47
		6,581	9,394
Creditors (amounts falling due within one year)	9	**(21,954)**	(24,483)
Net Current Liabilities		**(15,373)**	(15,089)
Total Assets Less Current Liabilities		**44,357**	42,215
Financed by:			
Creditors (amounts falling due after more than one year)	10	**4,658**	5,491
Provisions for Liabilities and Charges	13	**30,444**	29,230
Deferred Income	14	**114**	176
		35,216	34,897
Capital and Reserves			
Called up share capital	15	**25,000**	25,000
Asset replacement reserve	16	**14,612**	14,337
Profit and loss account		**(30,471)**	(32,019)
Shareholders' Funds	17	**9,141**	7,318
		44,357	42,215

On behalf of the board

M. P. McDonnell, Chairman
Dr. A. R. Westwell, Managing Director

Cash Flow Statement

	Notes	Year ended 31st December 1997 IR £000	1996 IR £000
Net Cash Inflow from Operating Activities	18 (A)	**12,224**	10,553
Returns on Investments and Servicing of Finance	18 (B)	**(342)**	(254)
Capital Expenditure	18 (B)	**(13,055)**	(10,689)
Cash Outflow before use of Liquid Resources and Financing		**(1,173)**	(390)
Net Management of Liquid Resources		**2,485**	1,510
Financing	18 (B)	**(809)**	(741)
Increase in Cash in the Year		**503**	379

	Notes	1997 IR £000	1996 IR £000
Reconciliation of Net Cash Flow to Movement in Net Debt (Note 18 (C))			
Increase in cash in the year		**503**	379
Cash inflow from decrease in debt and lease financing	18 (B)	**809**	741
Cash outflow from change in liquid resources		**(2,485)**	(1,510)
Movement in Net Debt in the Year		**(1,173)**	(390)
Net Debt at 1st January	18 (C)	**(1,655)**	(1,265)
Net Debt at 31st December	18 (C)	**(2,828)**	(1,655)

Notes to the Financial Statements

1. PAYROLL AND RELATED COSTS

	1997 IR £000	1996 IR £000
Staff Costs		
Wages and salaries	**56,636**	55,708
Social welfare costs	**5,587**	5,469
Other pension costs	**2,276**	2,711
Net Staff Costs	**64,499**	63,888
Directors' Remuneration		
Emoluments		
-for services as directors	**—**	—
-for other services	**111**	43
Total Directors' Remuneration and Emoluments	**111**	43
Payroll and Related Costs	**64,610**	63,931

	Staff Numbers	
	1997	1996
The average number of persons employed was:-	**2,901**	2,913

2. MATERIALS AND SERVICES

	1997 IR £000	1996 IR £000
Fuel and lubricants	**4,396**	4,228
Materials	**7,845**	7,543
Road tax and licences	**327**	315
Rent and rates	**283**	269
Auditors' remuneration	**20**	24
Operating lease rentals	**87**	84
Third party and employer's liability claims	**10,222**	9,906
Other services	**7,994**	7,970
	31,174	30,339

3. EXCEPTIONAL OPERATING COSTS

	1997 IR £000	1996 IR £000
Restructuring costs	**800**	9,500

Notes to the Financial Statements

4. INTEREST PAYABLE (net)

	1997 IR £000	1996 IR £000
On finance leases	444	506
On balances with holding company	(102)	(252)
	342	254

5. STATE GRANTS

The grant payable to the company via the holding company, Córas Iompair Éireann, is in accordance with EU Regulation No.1107/70 governing State aid to transport undertakings.

Under this Regulation a State grant of IR £7,000,000 was made to Bus Átha Cliath - Dublin Bus for the year ended 31st December, 1997 (1996 - IR £3,650,000).

6. TANGIBLE FIXED ASSETS

	Road Passenger Vehicles IR £000	Plant and Machinery IR £000	Total IR £000
Cost			
At 1st January, 1997	116,433	8,651	125,084
Additions	12,853	504	13,357
Disposals	(7,351)	—	(7,351)
At 31st December, 1997	121,935	9,155	131,090
Depreciation			
At 1st January, 1997	62,847	4,933	67,780
Charge for the year	9,967	818	10,785
Disposals	(7,205)	—	(7,205)
At 31st December, 1997	65,609	5,751	71,360
Net Book Amounts			
At 31st December, 1997	56,326	3,404	59,730
At 31st December, 1996	53,586	3,718	57,304

6. **TANGIBLE FIXED ASSETS** (continued)

(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 £12,004,000 (1996 - IR £2,163,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in tangible fixed assets are amounts, as stated below, in respect of road passenger vehicles which are held under finance leases, whereby the company has beneficial ownership, i.e. substantially all the risks and rewards associated with the ownership of an asset, other than the legal title:-

	1997	1996
	IR £000	IR £000
Road Passenger Vehicles		
Cost	**7,942**	7,942
Accumulated depreciation	**(2,928)**	(2,100)
Net book amounts at 31st December	**5,014**	5,842
Depreciation for the year	**828**	823

(d) Included in additions above are IR £1,524,420 (1996 - IR £23,000) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

7. **STOCKS**

	1997	1996
	IR £000	IR £000
Maintenance materials and spare parts	**918**	1,160
Fuel, lubricants and other sundry stocks	**721**	535
	1,639	1,695

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.

Notes to the Financial Statements

8. DEBTORS

	1997 IR £000	1996 IR £000
Trade debtors	**1,732**	1,825
Amounts owed by holding and fellow subsidiary companies	**2,509**	4,994
Other debtors and accrued income	**552**	614
Payments on account in respect of tangible fixed assets	—	219
	4,793	7,652

9. CREDITORS (amounts falling due within one year)

	1997 IR £000	1996 IR £000
Bank overdraft	—	401
Trade creditors	**800**	704
Loan from holding company (Note 11)	**173**	202
Finance lease obligations (Note 12)	**655**	602
Income tax deducted under PAYE	**1,288**	1,443
Pay related social insurance	**935**	1,209
Value added tax and other taxes	**782**	127
Other creditors	**709**	739
Accruals	**2,445**	2,254
Provision for restructuring costs	**6,067**	9,320
Third party and employer's liability claims (Note 13)	**8,100**	7,482
	21,954	24,483
Creditors for taxation and social welfare included above	**3,005**	2,779

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

	1997 IR £000	1996 IR £000
Loan from holding company (Note 11)	—	173
Finance lease obligations (Note 12)	**4,658**	5,318
	4,658	5,491

11. LOAN FROM HOLDING COMPANY

	1997 IR £000	1996 IR £000
This loan is repayable as follows:-		
Within one year (Note 9)	173	202
Between one and two years	—	173
Between two and five years	—	—
	—	173
	173	375

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. LEASE OBLIGATIONS

(A) Finance Leases

	1997 IR £000	1996 IR £000
Net obligations under finance leases fall due as follows:-		
Within one year (Note 9)	655	602
Between one and five years	4,149	2,945
After five years	509	2,373
	4,658	5,318
	5,313	5,920

(B) Operating Leases

	1997 IR £000	1996 IR £000
Commitments under non-cancellable operating leases payable in the coming year expire as follows:-		
Within one year	21	27
Between one and five years	26	38
	47	65

Notes to the Financial Statements

13. PROVISIONS FOR LIABILITIES AND CHARGES

	1997	1996
	IR £000	IR £000
Third Party and Employer's Liability Claims		
Balance at 1st January	**36,712**	33,752
Utilised during the year	**(8,229)**	(6,782)
Transfer from profit and loss account	**10,061**	9,742
Balance carried forward	**38,544**	36,712
Less: Transfer to current liabilities (Note 9)	**(8,100)**	(7,482)
Balance at 31st December	**30,444**	29,230

Provisions are made for the estimated ultimate cost of all third party and employer's liability claims which are not covered by external insurance policies. In arriving at the 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 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

14. DEFERRED INCOME

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

	1st Jan. 1997 IR £000	Received and Receivable IR £000	Profit and Loss A/c IR £000	31st Dec. 1997 IR £000
European Union capital grants	180	18	—	198
European Union revenue grants	(4)	(82)	2	(84)
	176	(64)	2	114

15. SHARE CAPITAL

	1997 IR £000	1996 IR £000
Authorised:		
Ordinary shares of IR £1 each	30,000	30,000
Allotted, Called Up and Fully Paid:		
Ordinary shares of IR £1 each	25,000	25,000

16. ASSET REPLACEMENT RESERVE

	1997 IR £000	1996 IR £000
Balance at 1st January	14,337	13,160
Transfer from profit and loss account	275	1,177
Balance at 31st December	14,612	14,337

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

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 IR £000	1996 IR £000
Surplus/(Deficit) for the year after State grants	1,823	(10,455)
Opening Shareholders' Funds	7,318	17,773
Closing Shareholders' Funds	9,141	7,318

Notes to the Financial Statements

18. CASH FLOW STATEMENT

(A) Reconciliation of Operating Deficit to Operating Cash Flows

	1997 IR £000	1996 IR £000
Operating deficit before State grants	**(4,835)**	(13,851)
State grants (Note 5)	**7,000**	3,650
	2,165	(10,201)
Exceptional operating costs (Notes 3)	**800**	9,500
Redundancy payments made	**(4,053)**	(2,520)
Depreciation (Note 6)	**10,785**	10,349
Amortisation of EU capital grants	**—**	(208)
(Decrease)/Increase in EU revenue grants	**(80)**	43
Decrease in stocks	**56**	332
Decrease in debtors	**44**	429
Increase in creditors and provisions	**2,507**	2,829
Net Cash Inflow from Operating Activities	**12,224**	10,553

(B) Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	1997 IR £000	1996 IR £000
Servicing of Finance		
Interest received	**102**	252
Interest element of finance lease rentals	**(444)**	(506)
Net Cash Outflow from Servicing of Finance	**(342)**	(254)
Capital Expenditure		
Purchase of tangible fixed assets	**(13,000)**	(11,001)
EU capital grants	**(55)**	312
Net Cash Outflow from Capital Expenditure	**(13,055)**	(10,689)
Financing		
Repayment on loan from holding company	**(202)**	(185)
Capital element of finance lease rentals	**(607)**	(556)
Net Cash Outflow from Financing	**(809)**	(741)

18. CASH FLOW STATEMENT (continued)

(C) Analysis of Net Debt

	At 1st Jan. 1997 IR £000	Cash Flow IR £000	Non-cash Changes IR £000	At 31st Dec 1997 IR £000
Cash in hand and at bank	47	102		149
Overdrafts	(401)	401		—
Liquid resources	4,994	(2,485)		2,509
		(1,982)		
Debt due within one year	(202)	202	(173)	(173)
Debt due after one year	(173)	—	173	—
Finance leases	(5,920)	607		(5,313)
		809		
Total	(1,655)	(1,173)	—	(2,828)

Liquid resources comprise amounts owed by the holding company which represent cash generated and not immediately required for operations, made available to the holding company, repayable on demand.

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 CIE Group'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 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, 1997 was IR £766,760,000.

Notes to the Financial Statements

19. PENSIONS (continued)

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1996. The market value of the assets of the schemes at that date was IR £580,104,000 and this exceeded 100% of the benefits which had accrued to members based on service to and pensionable pay at the valuation date. After allowing for future pay and pension increases the level of funding was 94%. 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. Actuarial reports are available to scheme members but are not available for public inspection.

The pensions cost for the year was IR £2,276,000 (1996 - IR £2,711,000).

As at 31st December, 1997 a provision for the capital cost of *ex gratia* pensions of IR £858,000 (1996 - IR £1,061,000) is included in the provision for restructuring costs in creditors.

20. CAPITAL COMMITMENTS

	1997	1996
	IR £000	IR £000
Contracted for	**9,905**	12,079
Authorised by the directors but not contracted for	**1,354**	—
	11,259	12,079

21. 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 taxation liability on lease income will be offset by appropriate adjustments to lease rentals.

22. 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 ESB, Telecom Éireann, An Post and Bord Gais. 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 (Related Party Disclosures) concerning transactions between that company, its subsidiaries and the Irish Government.

23. 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.

24. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 31st March,1998.

PN 5179