Córas Iompair Éireann

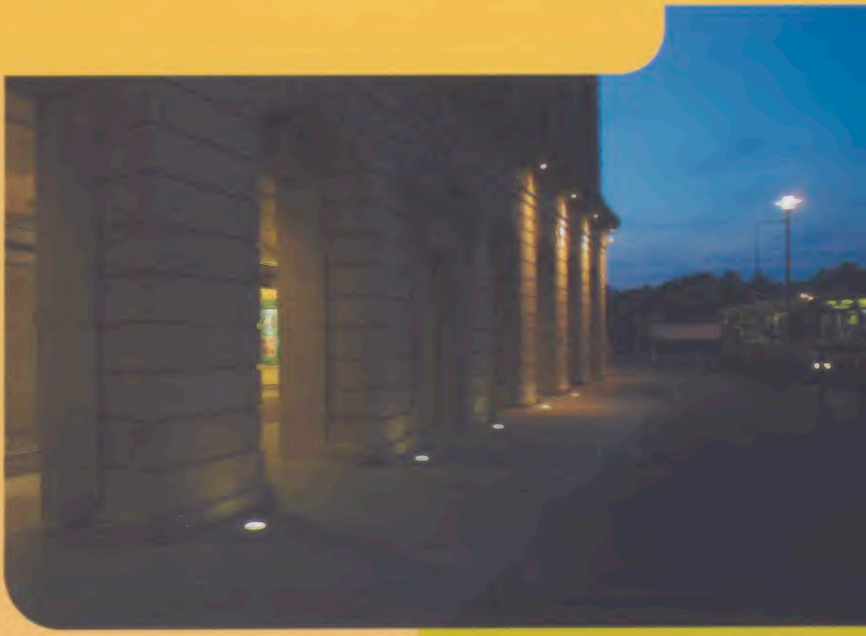
Group Annual Report and Financial Statements 2000

Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain 2000

CIÉ would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2000-2006 as well as co-funding by the European Union.

To the Minister for Public Enterprise

The Board of Córas Iompair Éireann herewith presents the Group Annual Report and Financial Statements for the year ended 31st December, 2000 in accordance with Section 34 of the Transport Act, 1950.



Narrowing the Infrastructural Deficit

Just as unemployment was the topic which dominated public debate for most of the past decade, infrastructure is the issue at the forefront this decade. Remarkable economic prosperity is now being threatened by a widening infrastructural deficit, giving rise to severe infrastructural bottlenecks.

However, this fact is no consolation to someone spending several hours a day commuting to and from work. Dublin and all of our other major urban centres, including Cork, Galway and Limerick are suffering from severe traffic congestion.

Gridlock in many of our cities and towns makes it extremely difficult for both Bus Éireann and Bus Átha Cliath to operate a speedy, efficiént and punctual bus service.

Traffic congestion also comes with a hefty price tag attached. Our consultants estimated that traffic congestion is already costing the Irish economy IR£1 billion a year. In the absence of major investment in transport this cost will rise sharply in the years ahead.

No matter how much we spend on roads, they will never be able to accommodate peak-time traffic volumes on their own. Better quality public transport must form an integral part of any strategy to combat congestion.

This major investment is taking place. The National Development Plan 2000-2006 (NDP) will see IR£2.2 billion invested in public transport.

We have identified short and medium term solutions. In the short term buses provide the best hope of improved public transport. In 2000, Bus Átha Cliath and Bus Éireann brought 433 new buses into service. Quality Bus Corridors (QBCs) have been introduced on some Dublin routes. The results have been impressive. Passenger volumes on the Stillorgan QBC, which opened in 1999, have trebled since its introduction. Two thirds of these new passengers formerly drove to and from work.

Rail provides the best option in the medium term. However, improved rail services are about more than just providing new rolling stock. They also require upgraded track, signalling systems and stations. That takes time. Major investment is now going into the national and suburban rail systems, including new rolling stock for both the DART and the other Dublin commuter railway routes. The DART network is benefiting from its first investment in carriages since 1984. Before any new investment it was carrying 85,000 passengers a day compared to the original 35,000 a day. An additional problem is that the lead time it takes to get new carriages is up to two years from date of order. Track and signalling systems throughout the country are also being improved. This investment will allow the rail network to provide an improved service to a greater number of passengers in the years ahead.

Traffic congestion is not an insoluble problem. If we are prepared to allocate sufficient resources, congestion can be cleared. For the first time those resources are now at our disposal.

Services

In 2000, the CIÉ bus and rail services carried over 300 million passenger on our network. This was despite the disruption caused by the ten week unofficial railway dispute in summer 2000.

The increased investment in public transport began to deliver results in 2000. A total of 433 new buses were supplied for Bus Átha Cliath and Bus Éireann routes and 36 new DART and diesel railcars for the Dublin commuter rail lines. In addition, 84 miles of railway track were modernised. The Government also provided an additional subvention of IR£45.2 million to cover the extra operating costs of these new services.

During the year this investment began to yield major benefits including:

- Peak usage of Stillorgan, Malahide and Lucan QBCs up by 196%, 44% and 40% respectively,
- QBC bus journeys 30% to 50% faster than car journeys over same route,
- QBCs cut bus journey times by up to 40%,
- Two thirds of QBC passengers were previously car drivers,
- Nitelink Network - major re-design from Christmas 2000, doubling passenger numbers,
- 51% extra departures on Galway city bus services,
- 47% extra Limerick city bus service departures,
- 39% more departures on Waterford city bus services,
- 26% increase in the number of Cork city bus service departures,
- Increased 15 minute peak service on services between Dublin and Drogheda, Naas, Kildare, Edenderry and Wicklow and
- 10 new DART units boost Dublin suburban rail capacity by 24%.

These measures played a significant role in combating congestion. Gridlock has reduced average traffic speeds in our cities, including that of buses, to as low as three miles an hour and is now estimated to cost CIÉ IR£40 million a year in operating costs.

Financial Performance

The CIÉ group recorded an improved revenue performance in 2000. The group achieved a surplus for the year of IR£18.3 million as against IR£17.1 million in 1999, after transfer from reserves of IR£1.1 million in 2000 and transfer to reserve of IR£14.2 million in 1999. But this must be seen against the background of dramatically increased subvention.

The State grant paid to CIÉ in 2000 was IR£160.7 million, an increase of IR£45.2 million on the previous year. This increase reflected the cost of providing the additional level of loss making social services and the increased frequency in peak time services which had been agreed with the Department of Public Enterprise and charges for the Railway Safety Investment Programme of IR£10.9 million (1999-IR£2.5 million). Gridlock has increased annual operating costs by IR£40 million and has resulted in the need for the purchase of an additional 300 buses and garage facilities costing IR£105 million to compensate for increased peak journey times.

Iarnród Éireann received Exchequer funding of IR£109.9 million for the Railway Safety Investment Programme, spending essential for public confidence in the rail system.

Cost Factors

The introduction of the increased fleet to cater for the increased demand and to maintain time schedules at peak times has resulted in significant cost increases. Gridlock affects the group's total operations including Expressway services.

Examples of increased journey times are as follows:

- Peak journey time from Blanchardstown to Dublin city centre was 50 minutes in 1991 and 60 minutes in 1997. Journey time at peak in 2001 is 105 minutes.
- Peak journey time from Donnybrook in Cork to the city centre was 25 minutes in 1991. It increased to 30 minutes in 1997 and has now increased to 45 minutes.
- Peak cross city journey time from Raheen to the University of Limerick has increased from 35 minutes in 1991, to 40 minutes in 1997 and now takes 70 minutes.
- In Galway, peak journey time from Seacrest to Knocknacarra was 20 minutes in 1991. It increased to 25 minutes in 1997 and can now take up to 45 minutes.
- Bus Éireann Expressway journey times have also been affected by traffic congestion in the major cities as well as in Kildare, Drogheda, Enfield and Mitchelstown.

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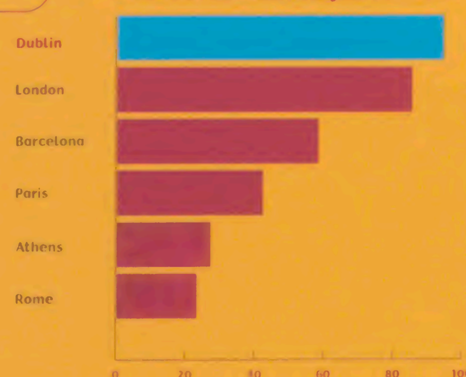
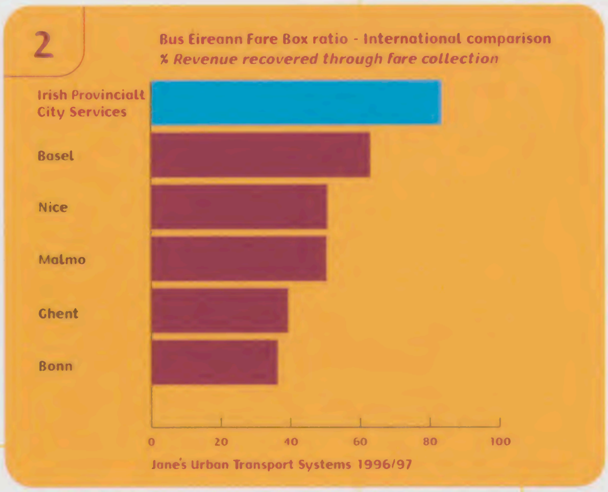
Bus Atha Cliath Fare Box ratio - International comparison
% Revenue recovered through fare collection



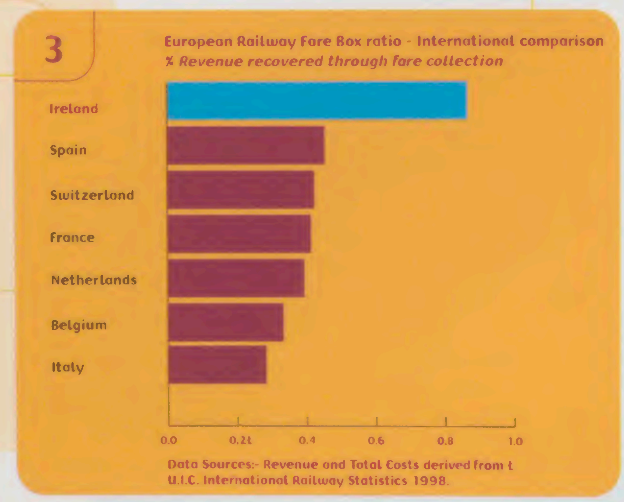
Jane's Urban Transport Systems (16th Edition 1997/98)

Therefore, the cost of putting more trains and buses into service is not a once off payment. Maintaining these extra services will entail increased but necessary operating costs to CIÉ. We do not have a choice but to continue this investment.

Irish bus and rail fares are some of the lowest in Europe and offer very good value for money *(see tables 1 and 2)*. Our economy rail fares (day saver, etc.) are the second cheapest in Europe on a per mile basis. Fares have increased by 10% over the last ten years as compared to the Consumer Price Index increase of 27%.



It should be pointed out that the true cost of public transport will have to be met regardless of whether it is state owned or private companies are providing train and bus services. We have always spent less than most other European countries on our public transport. Iarnród Éireann receives the lowest % level of subvention of state owned railway operators in Europe and, interestingly, also receives a lower level of subvention than the privatised railway system in the UK *(see table 3)*.



Major Investment Planned

The Government is committed to a major investment programme in public transport under the NDP. Among the investment projects which came on stream in 2000 and those planned for the remainder of the term of the NDP are:

- 10 new DART units in service in 2000,
- A further 16 DART units in service by mid 2001,
- Iarnrod Eireann also took delivery of 20 diesel railcars for service on the suburban network,
- Orders placed for an additional 12 DART units and 80 railcar units for delivery in 2002/3,
- 225 new buses went into service with Bus Átha Cliath in 2000,
- All new city buses from year 2000 will have full disability access and
- 208 new buses for Bus Éireann in 2000, the largest investment in its history.

In addition, as part of the Government's Railway Safety Investment Programme some 84 miles of old jointed track were replaced by modern continuous welded rail in 2000. Considerable progress was also made in 2000 in bringing our Safety Management System into line with best worldwide practice. In 2000, there were 32,000 person-days of training, an increase of 23% over the previous year.

The Board welcomes the Government's commitment to investment in public transport. It looks forward to continuing Government support under the NDP, which will see a much needed further enhancement of public transport.

Industrial Relations Difficulties

During the year Iarnród Éireann's financial performance was adversely affected by a number of industrial relations disputes. In particular, the protracted unofficial ILDA dispute cost approximately IR£15 million in lost revenue, with up to 1.5 million passenger journeys cancelled as well as considerable volumes of freight carriage lost to competitors.

Consulting with Customers and Communities

During the year the group also began a consultation process with elected representatives at national and local level as well as with local authorities and the business community to produce an integrated plan for rail and bus services throughout the country with particular emphasis on the major urban areas.

We have listened carefully to the transport issues that concern communities throughout the country. Plans are currently being prepared to address the matters raised at these meetings.

Acknowledgements

Mr. Brian Joyce resigned as Chairman and as a member of the Board on 6th March, 2000 having contributed over 4 years of important service to the company. Mr. Jim Cullen and Mr. Michael McDonnell were reappointed to the Board from 1st February, 2000 to 31st December, 2000. The longest ever serving Worker Director, Mr. Michael Faherty, resigned from the Board on 1st March, 2001. I wish to thank them all for the valued and substantial contribution they made to CIÉ during their terms on the Board.

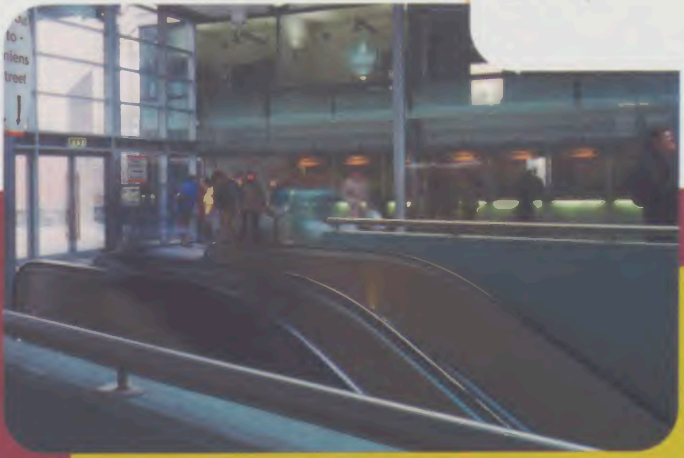
Mrs. Tras Honan was reappointed to the Board on 28th November, 2000.

I was appointed as Chairman and member of the Board on 28th March, 2000.

The Board and all his CIÉ colleagues were greatly saddened by the death of former CIÉ Group Chief Executive, Mr. Michael McDonnell, who retired from the company in 2001.

I would like to thank the Minister for Public Enterprise, Mrs. Mary O'Rourke T.D. and the officials of the Department of Public Enterprise for their valuable support during the year.

Finally, I would like to thank the staff of CIÉ for their efforts on behalf of the group and its subsidiary companies throughout the year.



Group Results

The audit of the Financial Statements for the year ended 31st December, 2000 has been completed.

The overall surplus on the Group's operations for 2000 was IR£18.3 million compared to a surplus of IR£17.1 million in 1999, after transfer from reserves of IR£1.1 million in 2000 and transfer to reserves of IR£14.2 million in 1999.

The following table compares the 2000 results with the 1999 results:

	2000 IR£m	1999 IR£m (Restated)	Variance IR£m
Revenue	**396.0**	375.2	20.8
State grants	**160.7**	115.5	45.2
Total	**556.7**	490.7	66.0
Payroll and related costs	**281.6**	248.3	33.3
Other operating costs	**248.8**	200.5	48.3
Financial costs	**9.7**	9.8	(0.1)
(Gains)/Losses on Foreign Currency loans	**(0.6)**	0.8	(1.4)
Transfer (from)/to reserve	**(1.1)**	14.2	(15.3)
Total	**538.4**	473.6	64.8
Surplus for the year	**18.3**	17.1	1.2

Revenue

Customer revenue increased by IR£20.8 million to IR£396 million reflecting the price increase implemented in January 2000 and a contribution from the increase in service levels being provided by the operating companies, despite the protracted unofficial dispute in Iarnród Éireann over the summer months.

State Grants

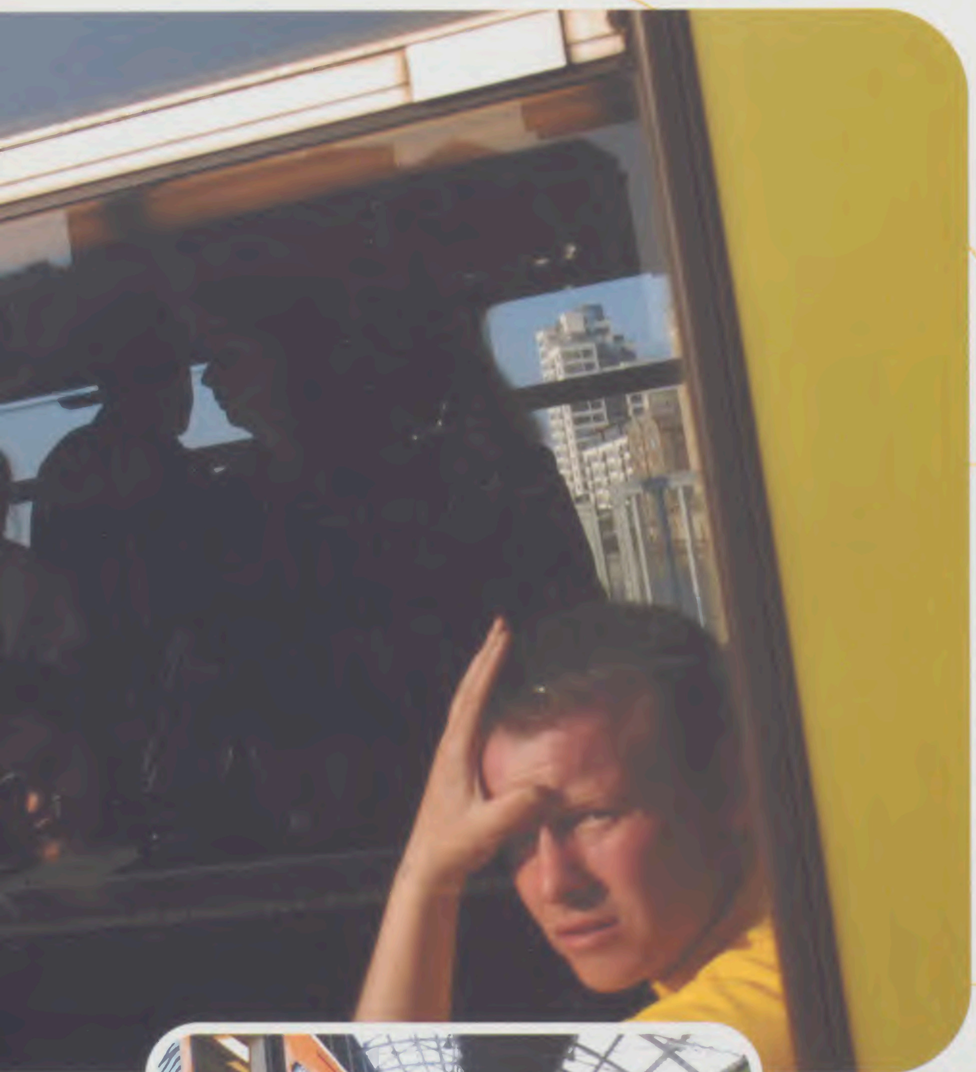
The State grant payable for the provision of public transport services increased to IR£160.7 million, an increase of IR£45.2 million. This additional funding was necessary to meet the costs of providing the increased level of loss making services and peak services agreed with the Department of Public Enterprise and charges for the Railway Safety Investment Programme of IR£10.9 million (1999-IR£2.5 million).

In addition, the group received Exchequer capital funding of IR£133 million including IR£110 million for the Railway Safety and Public Transport Investment Programmes.

Payroll

These costs increased by IR£33.3 million (13.4%) in the year due mainly to:

- Wage settlements negotiated with various groups of employees
- Payments under the PPF and Partnership 2000
- More staff to provide the increase in the level of services being provided.



Other Operating Costs

The increase in these costs is mainly attributable to increased expenditure on infrastructure maintenance and work on the Railway Safety Investment Programme.

Financial Charges

There was little change in financial charges.

FRS 15, Tangible Fixed Assets

FRS 15 applies to accounting periods ending on or after 23rd March, 2000 and thus is applicable to the CIÉ Accounts for 2000. Its principal implications for the group are the basis on which property assets are carried in the accounts and the related depreciation policy. To date these assets had been carried at historical cost and were not depreciated.

It has been decided that the group should continue to adopt historical cost for property assets and that depreciation should be provided as required by the Standard.

The accounting policy for infrastructure (railway lines and works) has been changed, as FRS 15 does not permit the immediate write-off of renewals as revenue expenditure.

Under FRS 15 renewals expenditure is classified as capital expenditure and shown in fixed assets and depreciation is provided as a charge in the consolidated profit and loss account.

Depreciation and Asset Replacement Reserve

FRS 15 requires that the economic useful life of tangible fixed assets should be reviewed at the end of each reporting period.

Following this review, Iarnród Éireann management has deemed that the appropriate useful economic lives of railway rolling stock and related assets should be reduced to 20 years. Previously they were depreciated over 40 years with the exception of the locomotives, which were depreciated over 20 years.

Bus Átha Cliath management also reviewed the useful economic life of the bus fleet and decided that the fleet should be written off over 10 years rather than 12 years as was the policy.

It has been decided to discontinue, with effect from 31st December, 1999, the practice of making annual transfers to the Asset Replacement Reserve. The original purpose of the transfer was to more accurately reflect the operating costs of the business in inflationary periods. The transfer was treated as a charge in the management accounts and used as the basis for calculating subvention requirements. The impact of these changes in accounting policy is to increase the profit and loss charge in Iarnród Éireann by IR£8 million and in Bus Átha Cliath by IR£1.2 million.

Iarnród Éireann

The company provides national rail passenger services, freight services, catering services and the management of Rosslare Harbour.

Results

Iarnród Éireann's financial performance for the year was adversely affected by a number of industrial relations disputes, in particular the protracted unofficial Irish Locomotive Drivers Association (ILDA) dispute over the summer months. The overall cost of the disputes is estimated at approximately IR£15 million, with up to 1.5 million passenger journeys cancelled and considerable volumes of freight carriage lost to competitors.

Before the prolonged drivers' dispute passenger journeys had grown by 2% and a revenue increase of 7% was being achieved on the InterCity service. However, commuter rail journeys remained static due to rolling stock, track and signalling capacity constraints at critical high demand periods of operation. Current ongoing investment is set to yield increases in suburban commuting in the coming years under the National Development Plan (2000-2006)(NDP).

During the year 31.7 million passengers used the company's rail services - a 3.2% decrease on the previous year. Customer revenue yielded IR£143 million of which the mainline rail and suburban rail businesses accounted for IR£105.5 million. Year on year revenue growth was static.

Total operating costs of IR£246.7 million were IR£40.4 million higher than the previous year. Some IR£17.9 million of this increase is attributable to increased depreciation charge resulting from the revision of the economic useful life of the rolling stock fleet. Increases in payroll costs and material costs are responsible for the balance. The average number of persons employed increased by 2.4%, mainly to resource the Railway Safety Investment Programme.

The State grant for the maintenance of the railway infrastructure system and the provision of socially necessary but non-commercial services increased from IR£93.9 million to IR£104.9 million. This annual State grant was supplemented by a further payment of IR£120.9 million, for the Railway Safety Investment Programme of which IR£10.9 million was allocated to current expenditure on safety and the balance to capital expenditure.

Overall, there was a surplus in 2000 amounting to IR£2.2 million compared to a surplus in 1999 of IR£10.4 million after transfer to reserve of IR£12.1 million. The accumulated deficit at 31 December, 2000 amounted to IR£29 million.

Revenue

A geographical analysis of revenue from rail passenger services is set out in the following table

Region	2000 IR£m	1999 IR£m
South/West	**30.4**	32.5
West	**14.8**	14.4
South/East	**5.2**	5.6
Belfast	**7.1**	6.7
Branch lines	**0.6**	0.8
DART	**18.1**	16.5
Other suburban	**7.1**	7.4
Total	**83.3**	83.9

Exchequer Funding

The Exchequer contribution for the maintenance of the railway infrastructure system and the provision of socially necessary but non-commercial services increased by 11.7% from IR£93.9 million to IR£104.9 million. This annual Exchequer public service obligation payment was supplemented by a further payment of IR£120.9 million of which IR£10.9 million was allocated to current expenditure on safety and the balance to capital expenditure.

The NDP provides for expenditure to meet the objectives of the mainline railway programme and to upgrade the infrastructure, rolling stock and facilities. In addition, urban rail transport needs in the Greater Dublin Area will be a major priority for the 2000 to 2006 period.

Current projects include the Railway Safety Investment Programme and major enhancements to InterCity and suburban rolling stock and network expansion. During 2000 the company commissioned and placed in service 10 new DART units and took delivery of a further 16 DART units some of which have already entered service and the remainder will be in service by mid 2001. The company also took delivery of 20 diesel railcars for service on the suburban network. Orders were also placed for an additional 12 DART units and 60 diesel railcars for delivery in 2002/3. The network expansion includes the doubling of the line between Maynooth and Clonsilla and associated station upgrading, and the major upgrading of the Heuston signalling system. Investment was also made in plant and machinery throughout the company.

Funding for these projects is derived from a number of sources - Exchequer, EU and Iarnrod Éireann's own resources.

In 2001, ongoing discussions are scheduled with the Department of Public Enterprise and Department of Finance regarding the planning and funding of all railway projects in the National Development Plan.

Railway Safety Investment Programme

The schedule of work for 2000 set out in the Railway Safety Investment Programme (1999-2003) and arising from the A.D. Little and IRMS reports was achieved. This was the second year of a 5 year programme, which provides for the renewal and upgrading of the infrastructure on a prioritised basis over that period.

Approximately 84 miles of old jointed track were replaced by modern continuous welded rail in 2000. Considerable progress was also made in 2000 in developing more formal standards, systems and processes to bring our Safety Management System into line with best practice worldwide. Staff at all levels have been involved in developing these and other general safety initiatives. In 2000, 32,000 person-days of training were completed, an increase of 23% over the preceding year.

Freight

Rail Freight suffered a significant loss of revenue as a result of the ILDA dispute in 2000. Revenue decreased by over IR£1.6 million on 1999 levels, as considerable volumes of freight carriage were lost to competitors. Some of this decrease was offset by increases in certain traffics such as the Navigator business but it is proving difficult for the overall rail freight business levels to recover.

Road freight profits grew by 19.8% on 1999 figures, with revenues increasing to IR£20.1 million, from IR£18.7 million. A more favourable sales mix coupled with tight controls on operating costs has contributed to this strong performance.

Rosslare Harbour

Rosslare Harbour performed well during 2000, with revenue increasing by 8% over 1999 levels and profit increasing by 6.4%. The growth in business in the passenger car and coach section was approximately 2.8%, with increases in freight units through the port of 4.5%. This growth in trade throughput was partly offset by a reduction in foot passengers of 6.4% arising from the abolition of duty free sales in 1999 and increased ferry capacity through other ports.

Network Catering

Network Catering was also severely impacted by the prolonged ILDA dispute with both train and ground catering outlets affected. The difficult trading conditions and the introduction of the minimum wage compromised the financial performance of the operation. This is reflected in its results for 2000 with revenue remaining static at IR£9.6 million while costs increased by 9.8%.

Introduction of the Euro

The directors recognise the importance of euro compliance. A programme manager has been appointed and the issue has been established as a major component of normal management processes. The directors believe that robust plans, resources and processes are in place to achieve euro compliance for all business areas and business critical systems and that work is well advanced towards achieving this objective.

Change Process Negotiations

Negotiations on the company's change process initiative continued throughout the year culminating in radically new agreements covering permanent way operatives in the Infrastructure Division, as well as DART drivers, in the suburban rail business. This process is designed to build a new foundation for improved performance based on restructured earnings and hours on the one hand, and greater efficiéncy and productivity on the other. The change process is on course to be substantially completed during 2001.

Employee Participation

Following an extensive examination, the Advisory Service of the Labour Relations Commission issued a report and recommendations to management and trade unions, pointing the way forward to new participative structures and relationships. All parties have accepted the report and implementation of the associated recommendations will be initiated jointly by management and trade unions during 2001.

Equality Programme

The Equality Programme within the Human Resources Department has been further resourced and is actively engaged in a systematic education and support programme covering the statute defined areas where inequality and discrimination can occur. During 2000 a new anti-Bullying/Harassment Policy was published, and was launched by the Minister for Public Enterprise.

An independent expert whose progress report will be published during 2001 undertook a review of the Equality Initiative.

Bus Átha Cliath

Bus Átha Cliath provides a comprehensive bus service for the capital as well as many parts of the Greater Dublin Area.

The first half of 2000 saw Industrial action severely disrupt bus services, and together with other related circumstances over a period of time gave rise to a reduction in customer numbers. However, towards the year end a recovery in customer numbers was beginning to occur.

The financial return for 2000 shows a surplus of IR£7.1 million compared to IR£1.3 million in the preceding year.

The increase in subvention levels to Bus Átha Cliath was due to the increase in services during the morning and evening peaks. Substantial numbers of additional buses were deployed to provide additional services on QBCs and to compensate for increased congestion on the other corridors.

Revenue generated from these extra services is insufficient to meet the additional costs associated with this activity and additional subvention is required.

Continuing with the policy that all new buses will be to a fully accessible design - a new image for bus travel in Greater Dublin was established with the delivery of 225 new buses during the year. The decision to phase out and replace the last 100 old Bombardier buses with the modern type bus has ensured that bus quality in the Greater Dublin Area is now better than that being achieved in many other European cities.

This investment in new buses was partly funded by the Exchequer within the NDP. In accordance with the strategy of the Dublin Transport Initiative there has been an ongoing increase in the morning peak period bus capacity.

The network of cross-city services at peak times has proved very popular with good customer response and feedback. This type of service is tailored to customer travel patterns at peak periods in providing a quicker journey from one part of the city to the other on one bus, thereby avoiding the need for transfer in the city. Towards the end of the year the improved Nitelink service network was launched.

This service, operating at a much improved frequency at weekends with new route and route extensions and with the additional pick up points en route, has been an outstanding success with a significant increase in customer usage.

The only QBC launched by the Dublin Transport Office agencies during the year was the Finglas QBC, making a total of four QBCs in operation along the Lucan, Malahide, Stillorgan and Finglas corridors. Bus Átha Cliath has demonstrated that, as in the case of the Stillorgan QBC, a well designed scheme with dedicated road space for buses throughout the length of corridor - together with frequent quality buses and improved customer service - will attract new users of public transport. Improvements are being carried out by DTO agenciés with the aim of achieving the optimum performance on other QBCs.

The biggest problem and challenge, which Bus Átha Cliath has to contend with, is that of the impact of daily gridlock on the performance of our bus services. The average speed of buses across the whole service network is 8 mph (13 kph), with some buses at peak periods operating at walking speed. Delays to bus services are monitored and recorded daily and during the past year a large number of routes have had additional running time of between 10 and 20 minutes per trip added in order to enable them to operate to a more realistic schedule. Additional vehicles are, therefore, provided to plug gaps in order to achieve reliability and this adds considerably to the cost to the operation.

Bus Átha Cliath has made significant progress during 2000 in improving the quality of service to customers. The company has introduced a large number of new low floor accessible buses, expanded the range of our fleet with articulated buses, developed a new flexible Rambler ticket range, introduced new services for customers and opened a new bus garage during the year.

The Introduction of the Euro

Bus Átha Cliath has a project team in place to oversee the successful introduction of the euro.

Employee Participation

Initial discussions have taken place with trade unions and management to explore the best way forward in relation to the concept of continued partnership.

Health and Safety

The company is committed to complying with the Safety, Health and Welfare at Work Act, 1989. The 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. A full time Equality Officer has been appointed to implement and develop the Equality Programme. Recognising the need to manage equality and diversity in the workplace successfully, the programme seeks to capitalise on our diverse workforce and develop effective strategies to tap into the talents and potential of all employees. The programme, which is easily accessible to all staff, will provide support and information on all matters covered by the Employment Equality legislation.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Bus Éireann

Bus Éireann provides an extensive range of quality public transport throughout Ireland. There are four main businesses:

- Provincial city services in Cork, Limerick, Galway and Waterford
- Inter urban Expressway coach services
- Stage Carriage services serving both commuter and rural business
- Nationwide school transport services on behalf of the Department of Education and Science

During the year the number of passenger journeys on the company's services was 84.3 million compared to 83.8 million the previous year.

The surplus for the year after the receipt of the State grant was IR£4.8 million compared to IR£3.9 million in 1999.

During the year the company purchased 208 new vehicles for its road passenger fleet, the largest investment in its history. This investment was partly funded by the Exchequer under the terms of the NDP. Not only did this directly improve the quality of Bus Éireann's road passenger fleet, it also facilitated a cascade of buses from the road passenger fleet into the school bus fleet and thus improved the quality of the school bus fleet.

In 2000, a new bus station was opened in Waterford and there was substantial improvement of facilities in Busáras.

During the second half of the year substantial service improvements were introduced. High frequency services are planned for all the main radial routes into Dublin, with buses leaving every 15 minutes at peak times and every 30 minutes at off-peak times. Already there has been an increase of over 40% on some routes such as Mullingar-Dublin, Drogheda-Dublin and Kells-Dublin.

Provincial city service departures increased by 26% in 2000. Passenger numbers on city services increased (2%) for the first time in many years though services continue to be affected by the worsening traffic congestion and absence of bus priority measures.

Passenger numbers on Expressway and Stage Carriage showed a 10% increase, while the numbers on the School Transport Scheme continue to decline in line with the fall in the school going population.

Introduction of the Euro

There is a committee in place to assess the implications of the euro in the lead up to its introduction in 2002. Plans and resources are in place to achieve such euro compliance.

Employee Participation

A joint management/trade union committee under an independent chairman was set up to examine the matter of the sub-board participation provisions of the Worker Participation (State Enterprises) Act, 1988. This committee agreed a "Scheme for Enterprise Partnership" and in 2000 ballots by the trade unions were finalised and resulted in the acceptance of the new scheme.

Health and Safety

The company is committed to ensuring the wellbeing of its employees by maintaining a safe place of work and by complying with relevant employment legislation including the Safety, Health and Welfare at Work Act, 1989.

Equal Opportunities

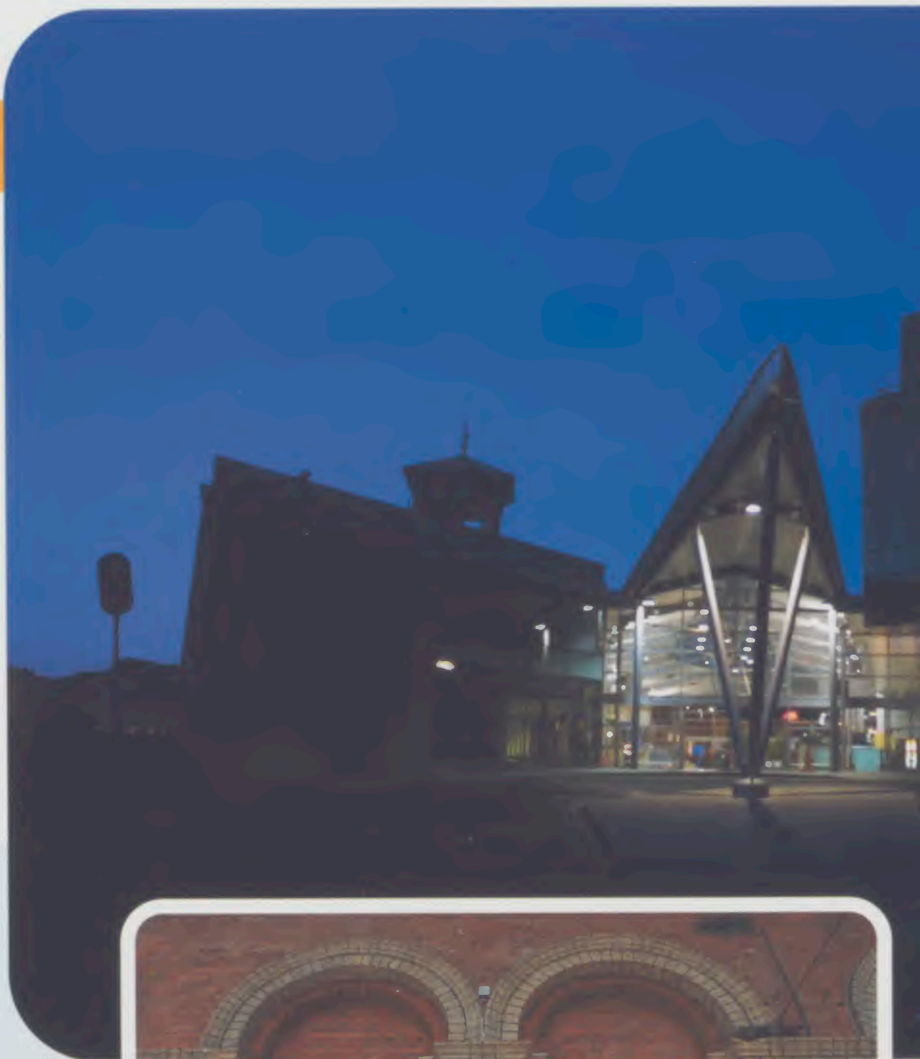
The company is an equal opportunities employer. All applications for employment and promotion are given full and fair consideration with due regard being given to the aptitude and ability of the individual and the requirements of the position being filled.

Other Services

CIE Tours

In 2000 CIE Tours International achieved record revenues of IR£44.4 million and profit of IR£2.1 million from its wide range of tours and markets. During 2000 CIE Tours International carried over 80,000 customers, 68,000 of these into Ireland. Almost all of these visitors will have spent most of their time in rural Ireland in harmony with the Government's policy of achieving greater regional tourist expenditure.

CIE Tours International is the only Irish based tour operator offering a comprehensive range of scheduled escorted tours of Ireland. It has been the single biggest contributor to almost all aspects of Irish tourism for over 60 years so that today it is the largest purchaser of accommodation, visitor attractions and many other elements of tourism in Ireland.



Group Property

During the year CIÉ's Property Division increased rental income by IR£1.3 million to IR£5.8 million, which led to a profit of IR£4.2 million as compared to IR£2.9 million in 1999.

Work is under way to bring forward major redevelopment proposals for Heuston Station Phase 2, Connolly Station Phase 2, Tara Street Dart Station, Cork Rail and Bus Stations, Limerick Rail Station and Galway Rail and Bus Stations.

The bar/restaurant development programme continues with building commencing at the Bray Dart Station. Additionally the marketing process has begun for a similar development at the Malahide Dart Station.

Commuter Advertising Network (CAN)

CAN markets and manages advertising formats on the group's buses, trains and property sites on a national basis. The business recorded a net profit of IR£2.2 million as compared to IR£1.8 million for 1999.

CIE Consult

CIÉ Consult returned a loss of IR£272,000 during the year with a turnover of IR£924,000. In general terms, 2000 was not a good year for consultancy projects in the transport sector, and all our competitors had the same problem. The consultancy business is cyclical in nature, and was in one of its troughs during the year, as new projects were slow to come on stream.

LUAS

CIÉ is implementing the LUAS Project on behalf of the Government. During 2000 the Light Rail Project Office (LRPO) continued to work on the completion of the detailed design for Line A/C, Tallaght to Connolly Station and Line B, Sandyford to St. Stephen's Green.

Further design work including feasibility studies and public consultation were carried out on a number of other lines including Line E (City Centre to Broadstone, Underground Section), Line D (Broadstone to the Airport) and a possible extension of Line B through a public private partnership.

A number of enabling works and utility diversion contracts commenced on site during the year. The construction of the maintenance depot for Lines A and C was under way at the year end.

Further contracts were signed for rolling stock including a contract to provide fourteen 40 metre trams for Line B. The main contract for the Infrastructure and Control Systems on Lines A/C and B reached the final stage of procurement and will be brought to a conclusion early in 2001.

Following a revised application and a successful Public Inquiry during 2000 the Minister for Public Enterprise made Light Rail Orders for Line C (Abbey Street to Connolly Station).

In the autumn the DTO strategy document "A Platform for Change" was published. The LRPO has begun to develop an implementation programme from the plans in this document.

Employment

The average number of people employed by the group during 2000 was 11,423 - an increase of 409 as compared to 1999.

Employee Pensions

Reorganisation of the Board's six pension schemes into two schemes was finalised. The two wages schemes have been merged into the CIÉ Pension Scheme for Regular Wages Staff (Amendment) Scheme 1996. The other four schemes have been consolidated into the CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000.

Staff Participation

CIÉ's main asset is its staff. It is group policy to utilise this asset to the fullest extent by progressively developing a teamwork and participative culture throughout the group. Staff are encouraged to participate in the running of the group through active involvement in project teams, working parties and customer focused service improvement initiatives. There is provision for four worker directors on the CIÉ Board.

Equal Opportunities

The group continues to keep under review opportunities for enhancing equality of opportunities. It is a member of the partnership in the Employment of Disabled Persons Scheme, which was established under the aegis of the Department of Equality and Law Reform. It also has regular consultations with representatives of organisations for the mobility impaired to establish priorities for investments in facilities for such groups.

Safety, Health and Welfare

The safety of customers and employees is paramount in all CIÉ businesses. The Board Safety Committee monitors the safety performance of each operating company against formal annual safety plans. It actively supports the safety programmes of each company and encourages the widest possible involvement in safety promotion and accident prevention.

Payment Practices

CIÉ acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act, 1997. Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Act. The payment policy throughout the group in 2000 was to comply with the requirements of the Act.

Euro Compliance

The Group Euro Changeover Programme Manager liases with the operating companies' Euro Programme Managers in reviewing all business systems, functions and activities impacted upon by the euro changeover 1999 to 2002. Euro changeover procedures and routines will be synchronised in so far as possible within the group. Progress to date and the ongoing project commitments indicate achievement of a successful euro changeover exercise.

Procurement Policy

The CIÉ Group Procurement Policy is in place to ensure compliance with the EU Public Procurements and Utilities Directives, as well as Board and Government policies. All procurements over the qualifying thresholds were put to open tender and inserted in the EU Journal where appropriate.

Córas Iompair Éireann is the national statutory authority providing land public transport within the Republic of Ireland. It is wholly owned by the Government of Ireland and reports to the Minister for Public Enterprise.

The group holding company is organised into five subsidiary operating companies, three business units and other ancillary service providers. Between them they provide services for:

- Rail passenger travel
- Rail freight haulage
- Train and ground catering
- City, InterCity, rural and school bus travel
- Road freight haulage
- Harbour management
- Event/holiday tours
- International consultancy
- Ancillary services:
  Project management; Property; Legal; Insurance/Liability management.

Strategic direction, control and overall co-ordination is provided by the holding company whilst each subsidiary and business unit has a high degree of operating autonomy.

Córas Iompair Éireann

CIE Tours International Inc.
CIÉ Consult
CIÉ Group Property
Commuter Advertising (CAN)
Insurance/Liability Management
Legal Services

Iarnród Éireann

InterCity
Suburban
Long Distance Commuter
Rail Freight
Road Freight
Rosslare Harbour
Network Catering (Dubel Ltd.)

Bus Éireann

Expressway
Rural Services
Provincial City Services
School Bus Services
Commercial Vehicle Testing
Private Hire

Bus Átha Cliath

City Services
Cityswift
City Speed
City Imp
Nitelink
Airlink
Private Hire

Members of the Board

The names of the persons who were board members at any time during the year ended 31st December, 2000, are set out here. Except where indicated they served as board members for the whole year.

Brian A. Joyce	Chairman *(Resigned 6th March, 2000)*
John J. Lynch	Chairman *(Appointed 28th March, 2000)*
● Jim Cullen	Chief Financial Officer *(Reappointed 1st February, 2000, retired 31st December, 2000)*
■ Paul Cullen	
Gerry Duggan	
David Egan	
■ Michael Faherty	*(Resigned 1st March, 2001)*
Tras Honan	Deputy Chairperson *(Reappointed 28th November, 2000)*
Paul Kiely	
■ Anne Marie Mannix	
■ Bill McCamley	
● Michael P. McDonnell	Group Chief Executive *(Reappointed 1st February, 2000; retired 31st December, 2000)*
Susan Spence	

■ Worker director
● Executive board member

Secretary of the Board

Geraldine Finucane

Heuston Station,
Dublin 8.
Telephone +353 1 703 2008
Facsimile +353 1 703 2276

Board Committees

Audit Committee

Brian A. Joyce	Chairman *(Resigned 6th March, 2000)*
Paul Kiely	Chairman *(Appointed 6th December, 2000)*
David Egan	*(Appointed 6th December, 2000)*
Anne Marie Mannix	
Bill McCamley	

Finance Committee

Paul Kiely	Chairman
Jim Cullen	*(Retired 31st December, 2000)*
David Egan	
Brian A. Joyce	*(Resigned 6th March, 2000)*
Bill McCamley	
Michael P. McDonnell	*(Retired 31st December, 2000)*

Remuneration Committee

Brian A. Joyce	Chairman *(Resigned 6th March, 2000)*
John J. Lynch	Chairman *(Appointed 5th April, 2000)*
Tras Honan	
Paul Kiely	

Safety Committee

Gerry Duggan	Chairman
Paul Cullen	
David Egan	
Michael Faherty	*(Resigned 1st March, 2001)*

Property Committee

Tras Honan	Chairman *(Appointed 12th July, 2000)*
Anne Marie Mannix	*(Appointed 12th July, 2000)*
Michael Faherty	*(Appointed 12th July, 2000; resigned 1st March, 2001)*
Michael P. McDonnell	*(Appointed 12th July, 2000; retired 31st December, 2000)*
Susan Spence	*(Appointed 12th July, 2000)*

Group Management

Jim Cullen	Chief Financial Officer
Brian Dowling	Managing Director, CIE Tours International
Bill Lilley	Managing Director, Bus Éireann
Joe Meagher	Managing Director, Iarnród Éireann
Alan Westwell (UK)	Managing Director, Bus Átha Cliath

Auditors

PricewaterhouseCoopers,
Chartered Accountants and
Registered Auditors,
Wilton Place,
Dublin 2.

Solicitor

Michael Carroll,
Bridgewater House,
Islandbridge,
Dublin 8.

Principal Banker

Bank of Ireland,
College Green,
Dublin 2.

The responsibilities of the members of the Board of Córas Iompair Éireann are determined by the Transport Act, 1950 and subsequent amendments. The responsibilities of the directors of its subsidiaries are determined by company law and the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986. This legislation requires the members of the Board to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of Córas Iompair Éireann and of the surplus or deficit of Córas Iompair Éireann for that period.

In preparing those financial statements, the members of the Board are required to ensure that:

- suitable accounting policies are selected and consistently applied;
- any judgements or estimates made are reasonable and prudent; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that Córas Iompair Éireann will continue in business.

The members of the Board are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of Córas Iompair Éireann and enable them to ensure that the financial statements comply with the requirements of the Transport Act, 1950 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of Córas Iompair Éireann and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

It is the policy of the CIÉ group to comply as closely as possible with best practice in the area of corporate governance and financial disclosure. The group complies with the provisions of the Government Guidelines for commercial State bodies.

Córas Iompair Éireann is a statutory company with a Board of twelve members including four worker directors.

The Board operates five subcommittees, Audit, Finance, Property, Remuneration and Safety for which specific terms of reference for each committee are in place.

Auditors' Report to the Minister for Public Enterprise

As auditors appointed by Córas Iompair Éireann under Section 34 (2) of the Transport Act, 1950 with your consent, we have audited the financial statements on pages 26 to 51 which have been prepared under the historical cost convention and the accounting policies set out on pages 26 to 27.

Respective responsibilities of the members of the Board and the auditors

As described on page 24 the members of the Board are responsible for the preparation of the financial statements in accordance with accounting standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs, results and cash flows of the group. We state whether we have obtained all the information and explanations we consider necessary for the purpose of our audit and whether the Córas Iompair Éireann balance sheet is in agreement with the books of account. We also report to you our opinion as to whether Córas Iompair Éireann has kept proper books of account.

We also report to you if, in our opinion, information specified by law regarding board members' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 members of the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 affairs of Córas Iompair Éireann and of the group as at 31st December, 2000 and of the surplus and cash flows of the group for the year then ended.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of accounts have been kept by Córas Iompair Éireann. Córas Iompair Éireann's balance sheet is in agreement with the books of account.

PricewaterhouseCoopers,
Chartered Accountants and
Registered Auditors,
Dublin.

9th May, 2001.

(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£.

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

(B) Basis of consolidation

The group financial statements are a consolidation of the financial statements of Córas Iompair Éireann and the following subsidiaries:
Iarnród Éireann - Irish Rail and its subsidiary Dubel Limited
Bus Éireann - Irish Bus
Bus Átha Cliath - Dublin Bus.

CIE Tours International Incorporated is treated as a branch of Córas Iompair Éireann for accounting purposes. Dubel Limited is treated as a branch of Iarnród Éireann - Irish Rail for accounting purposes.

(C) Revenue

Revenue comprises the gross value of services provided, except in the case of CIE Tours International Incorporated where the net value is included.

(D) Tangible assets, depreciation and provision for renewals

Tangible assets are stated at net book amount which represents the historical cost of these assets less, where applicable, accumulated depreciation based on that historical cost. The basis of calculation of depreciation is as follows:

(i) Railway lines and works

Railway lines and works comprise a network of systems. Expenditure on the network which increases its capacity or which maintains or enhances its operating capability in accordance with defined standards of service is treated as an addition to tangible fixed assets and included at cost after deducting grants.

The depreciation charge for railway lines and works is the estimated level of annual expenditure required to maintain the operating capability of the network which is based on the Company's asset management plan.

This represents a change in accounting policy as previously the cost of renewals necessary to maintain the rail network was charged to the consolidated profit and loss account in the year in which it was incurred.

This change in accounting policy has had no effect on the results for 1999 or 2000, as there has been no net cost of renewals to the Company as this expenditure has been fully grant aided.

(ii) Railway rolling stock

Locomotives (other than those fully depreciated or acquired at no cost) are depreciated, by equal annual instalments, on the basis of their historical cost spread over their expected useful lives.

Railcars, coaching stock and wagons are also depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

(iii) Road passenger vehicles

The historical cost of road passenger vehicles is depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives.

School buses are depreciated by equal annual instalments, on the basis of their written down value at that date spread over the remainder of their expected useful lives.

(iv) Road freight vehicles

These assets are depreciated on the basis of historical cost spread over their expected useful lives using the sum of the digits method.

(v) Docks, harbours and wharves; plant and machinery; catering services equipment

The above classes of assets are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives.

(E) 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 consolidated profit and loss account over the primary period of the lease.

(ii) Operating Leases

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

(F) Stocks

Stocks of materials and spare parts are valued at the lower of average cost and net realisable 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.

(G) European Union and State Grants

(i) Grants for railway lines and works

Grants received for railway lines and works are deducted from the cost of the related assets. This represents a change to accounting policy. Previously grants in respect of additions to railway lines and works were treated as deferred income and grants for renewals of railway lines and works were taken to the profit and loss account in the same year as the related renewals expenditure was charged to the consolidated profit and loss account.

The new policy is not in accordance with the Companies (Amendment) Act 1986, which requires tangible fixed assets to be shown at cost and hence grants and contributions as deferred income. This departure from the requirements of the Companies (Amendment) Act 1986 is, in the opinion of the Board, necessary for the financial statements to show a true and fair view as these railway lines and works do not have determinable lives and therefore no basis exists on which to recognise grants and contributions and deferred income

(ii) Grants for other capital expenditure

Grants for other capital expenditure are credited to deferred income as they become receivable. They are amortised to the consolidated profit and loss account on the same basis as the related assets are depreciated.

(iii) Revenue Grants

Revenue grants are taken to the consolidated profit and loss account in the year in which they become receivable.

(iV) Safety Investment Grants

Safety investment grants are amortised to the consolidated profit and loss account by reference to the Safety Investment Programme.

(H) 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 currenciés are translated at the exchange rates ruling at the balance sheet date or at contract rates where applicable.

Long-term foreign currency borrowings, including that portion payable within one year of the balance sheet date, are translated at the rates of exchange ruling at the balance sheet date (closing rates) with the resulting gains or losses included in the consolidated profit and loss account.

(I) Pensions

The expected cost of providing pensions to employees is charged to the consolidated 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 schemes.

The capital cost of supplementary pension benefits is provided for and charged to the consolidated profit and loss account in the year that the related employee severance is recognised and is included in the cost of severance.

(J) Railway infrastructure costs

In accordance with EU Council Directive 91/440 Iarnród Éireann - Irish Rail is required to ensure that the accounts for the business of transport services and those for the business of management of the railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70.

Year ended 31st December	Notes	2000 IR£000	1999 IR£000 (Restated)	2000 €000	1999 €000 (Restated)
Revenue	1	**395,963**	375,256	**502,769**	476,477
Costs					
Payroll and related costs	3	**(281,568)**	(248,282)	**(357,517)**	(315,253)
Materials and services	4	**(194,597)**	(167,973)	**(247,087)**	(213,282)
Depreciation	5	**(54,802)**	(30,443)	**(69,584)**	(38,654)
Exceptional operating income/(costs) (net)	6	**525**	(2,000)	**666**	(2,540)
Total operating costs		**(530,442)**	(448,698)	**(673,522)**	(569,729)
Deficit before profit/(loss) on disposal of tangible assets, interest and State grants		**(134,479)**	(73,442)	**(170,753)**	(93,252)
Profit/(Loss) on disposal of tangible assets	7	**3**	(41)	**4**	(52)
Deficit before interest and State grants		**(134,476)**	(73,483)	**(170,749)**	(93,304)
Interest receivable	8	**348**	488	**442**	619
Interest payable - operational	9	**(6,722)**	(6,793)	**(8,535)**	(8,625)
- railway infrastructure	9	**(3,297)**	(3,514)	**(4,186)**	(4,462)
Gains/(Losses) on foreign currency loans		**646**	(846)	**820**	(1,074)
Deficit for the year before State grants		**(143,501)**	(84,148)	**(182,208)**	(106,846)
State grants	10	**160,724**	115,520	**204,077**	146,680
Surplus for the year after State grants		**17,223**	31,372	**21,869**	39,834
Transfer from/(to) reserves	23	**1,117**	(14,229)	**1,418**	(18,067)
Change in the profit and loss account for the year		**18,340**	17,143	**23,287**	21,767
Accumulated deficit at beginning of the year		**(77,250)**	(94,393)	**(98,087)**	(119,854)
Accumulated deficit at end of the year		**(58,910)**	(77,250)	**(74,800)**	(98,087)

Movements in reserves are shown in Notes 22 and 23 to the financial statements.
All figures relate to the continuing activities of the group.
There were no recognised gains or losses other than those included in the consolidated profit and loss account.

On behalf of the Board

Dr. John J. Lynch Chairman

Paul Kiely Board Member

As at 31st December	Notes	2000 IR£000	1999 IR£000 (Restated)	2000 €000	1999 €000 (Restated)
Fixed assets					
Tangible assets	12	677,844	578,166	860,684	734,119
Financial assets	13	17	17	22	22
		677,861	578,183	860,706	734,141
Current assets					
Stocks	14	35,212	27,132	44,710	34,451
Debtors	15	96,719	116,592	122,808	148,041
Bank deposits	16	1,043	974	1,324	1,237
Cash at bank and in hand		1,302	2,033	1,653	2,581
		134,276	146,731	170,495	186,310
Creditors (amounts falling due within one year)	17	(207,421)	(193,210)	(263,370)	(245,326)
Net current liabilities		(73,145)	(46,479)	(92,875)	(59,016)
Total assets less current liabilities		604,716	531,704	767,831	675,125
Financed by:					
Creditors (amounts falling due after more than one year)	18	66,475	78,090	84,406	99,154
Provisions for liabilities and charges	20	106,605	114,643	135,360	145,567
Deferred income	21	271,306	195,864	344,488	248,696
		444,386	388,597	564,254	493,417
Reserves					
Insurance reserve	23	-	1,117	-	1,418
Asset replacement reserve	24	186,897	186,897	237,310	237,310
Capital reserve	25	22,490	22,490	28,556	28,556
Profit and loss account deficit		(58,910)	(77,250)	(74,800)	(98,087)
Non-repayable State advances		9,853	9,853	12,511	12,511
	22	160,330	143,107	203,577	181,708
		604,716	531,704	767,831	675,125

On behalf of the Board

Dr. John J. Lynch Chairman

Paul Kiely Board Member

As at 31st December

	Notes	2000 IR£000	1999 IR£000	2000 €000	1999 €000
Fixed assets					
Tangible assets	12	117,293	97,904	148,932	124,312
Financial assets	13	254,429	258,237	323,058	327,859
		371,722	356,141	471,990	452,171
Current assets					
Debtors	15	28,466	24,943	36,144	31,671
Bank deposits	16	1,043	974	1,324	1,237
Cash at bank and in hand		1,181	976	1,500	1,239
		30,690	26,893	38,968	34,147
Creditors (amounts falling due within one year)	17	(210,867)	(191,836)	(267,746)	(243,547)
Net current liabilities		(180,177)	(164,943)	(228,778)	(209,400)
Total assets less current liabilities		191,545	191,198	243,212	242,771
Financed by:					
Creditors (amounts falling due after more than one year)	18	66,475	78,090	84,406	99,154
Deferred income	21	17,625	8,801	22,379	11,175
		84,100	86,891	106,785	110,329
Reserves					
Insurance reserve	23	-	1,117	-	1,418
Asset replacement reserve	24	85,563	85,563	108,643	108,643
Capital reserve	25	22,490	22,490	28,556	28,556
Profit and loss account deficit		(10,461)	(14,716)	(13,283)	(18,686)
Non-repayable State advances		9,853	9,853	12,511	12,511
	22	107,445	104,307	136,427	132,442
		191,545	191,198	243,212	242,771

On behalf of the Board

Dr. John J. Lynch Chairman

Paul Kiely Board Member

Year ended 31st December	Notes	2000 IR£000	1999 IR£000 (Restated)	2000 €000	1999 €000 (Restated)
Net cash inflow from operating activities	*26(A)*	**66,985**	35,829	***85,053***	*45,494*
Return on investments and servicing of finance	*26(B)*	**(4,991)**	(5,595)	***(6,337)***	*(7,104)*
Acquisitions		-	(65)	-	*(83)*
Capital expenditure and financial investment	*26(B)*	**(59,208)**	(37,914)	***(75,179)***	*(48,141)*
Cash inflow/(outflow) before use of liquid resources and financing		**2,786**	(7,745)	***3,537***	*(9,834)*
Financing - (decrease)/increase in debt	*26(B)*	**(11,728)**	5,625	***(14,891)***	*7,142*
Decrease in cash in the year		**(8,942)**	(2,120)	***(11,354)***	*(2,692)*

Reconciliation of net cash flow to movement in net debt *(note 26(C))*

	2000 IR£000	1999 IR£000 (Restated)	2000 €000	1999 €000 (Restated)
Decrease in cash in the year	**(8,942)**	(2,120)	***(11,354)***	*(2,692)*
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	**11,728**	(5,625)	***14,891***	*(7,142)*
Change in net debt resulting from cash flows	**2,786**	(7,745)	***3,537***	*(9,834)*
Translation difference	**646**	(846)	***820***	*(1,074)*
Movement in net debt in the year	**3,432**	(8,591)	***4,357***	*(10,908)*
Net debt at 1st January	**(156,753)**	(148,162)	***(199,035)***	*(188,127)*
Net debt at 31st December	**(153,321)**	(156,753)	***(194,678)***	*(199,035)*

1 PROFIT AND LOSS FOR YEAR ENDED 31st DECEMBER

	CIÉ IR£000	Iarnród Éireann - Irish Rail IR£000	Bus Éireann - Irish Bus IR£000	Bus Átha Cliath - Dublin Bus IR£000	Total 2000 IR£000	Total 1999 IR£000 (Restated)
Revenue						
Railway						
- Suburban Rail Division		23,732			23,732	23,152
- Mainline Rail Division		81,720			81,720	83,411
		105,452			105,452	106,563
Road freight		20,051			20,051	18,741
Rosslare Harbour		7,901			7,901	7,316
Catering services		9,615			9,615	9,663
Road passenger services						
- Dublin city				112,852	112,852	107,415
- Provincial cities			12,453		12,453	11,675
- Other services			113,311		113,311	100,101
Tours (net)	9,410				9,410	7,407
Consultancy	924				924	2,534
Central business activities	3,994				3,994	3,841
Total revenue	14,328	143,019	125,764	112,852	395,963	375,256
Expenditure						
Railway						
- Suburban Rail Division						
Operational costs		34,557			34,557	30,951
Infrastructure costs		22,266			22,266	15,052
- Mainline Rail Division						
Operational costs		123,378			123,378	111,991
Infrastructure costs		123,567			123,567	85,295
		303,768			303,768	243,289
Road freight		18,412			18,412	17,373
Rosslare Harbour		4,878			4,878	4,476
Catering services		10,100			10,100	9,196
Road passenger services						
- Dublin city				137,285	137,285	115,865
- Provincial cities			18,493		18,493	15,471
- Other services			114,846		114,846	98,232
Tours	7,353				7,353	6,236
Consultancy	1,196				1,196	2,515
Central business activities	3,596				3,596	1,896
Total expenditure	12,145	337,158	133,339	137,285	619,927	514,549

1 **PROFIT AND LOSS FOR YEAR ENDED 31st DECEMBER** (continued)

	CIÉ IR£000	Iarnród Éireann - Irish Rail IR£000	Bus Éireann - Irish Bus IR£000	Bus Átha Cliath - Dublin Bus IR£000	Total 2000 IR£000	Total 1999 IR£000 (Restated)
(Deficit)/surplus from						
Railway						
- Suburban Rail Division		(33,091)			(33,091)	(22,851)
- Mainline Rail Division		(165,225)			(165,225)	(113,875)
		(198,316)			(198,316)	(136,726)
Road freight		1,639			1,639	1,368
Rosslare Harbour		3,023			3,023	2,840
Catering services		(485)			(485)	467
Road passenger services						
- Dublin city				(24,433)	(24,433)	(8,450)
- Provincial cities			(6,040)		(6,040)	(3,796)
- Other Services			(1,535)		(1,535)	1,869
Tours	2,057				2,057	1,171
Consultancy	(272)				(272)	19
Central business activities	398				398	1,945
Operating surplus/(deficit)	2,183	(194,139)	(7,575)	(24,433)	(223,964)	(139,293)
Exceptional items *(note 6)*		1,100		(575)	525	(2,000)
Gains/(loses) on foreign currency loans	646				646	(846)
Profit /(loss) on disposal of tangible assets *(note 7)*	309	39	(30)	(315)	3	(41)
Surplus/(deficit) before State grants	3,138	(193,000)	(7,605)	(25,323)	(222,790)	(142,180)
State grants Infrastructural		79,289			79,289	45,922
State grants Operational		115,875	12,410	32,439	160,724	127,630
Surplus for the year after State grants	3,138	2,164	4,805	7,116	17,223	31,372
Transfer from/(to) reserves	1,117				1,117	(14,229)
Surplus for the year	4,255	2,164	4,805	7,116	18,340	17,143

2 RAILWAY INFRASTRUCTURE COSTS

In compliance with EU Council Directive 91/440 these costs have been computed as follows:

	2000 IR£000	1999 IR£000 (Restated)
Maintenance of railway lines and works	45,358	36,650
Renewal of railway lines and works	79,289	45,922
Operating (signalling) and other expenses	14,159	11,105
Depreciation *(note 12 (g))*	4,361	3,546
Amortisation of capital grants	(631)	(390)
Total railway infrastructure costs before interest	142,536	96,833
Interest payable *(note 9)*	3,297	3,514
Total railway infrastructure costs before grants	145,833	100,347
State grants, EU and Exchequer funding	(145,833)	(100,347)
	-	-
Apportionment of costs:		
Mainline rail division	123,567	85,295
Suburban rail division	22,266	15,052
	145,833	100,347

3 PAYROLL AND RELATED COSTS

	2000 IR£000	1999 IR£000
Staff costs		
Wages and salaries	267,353	234,068
Social welfare costs	24,702	20,792
Other pension costs	9,843	12,546
	301,898	267,406
Own work capitalised	(20,891)	(19,548)
Net staff costs	281,007	247,858
Board members' remuneration		
Emoluments		
- for services as Board members	51	52
- for other services	510	372
Total Board members' remuneration and emoluments	561	424
Total payroll and related costs	281,568	248,282

3 PAYROLL AND RELATED COSTS (continued)

	Staff Numbers 2000	1999
The average number of persons employed by company was as follows:		
CIÉ	407	314
Iarnród Éireann - Irish Rail	5,358	5,234
Bus Éireann - Irish Bus	2,565	2,462
Bus Átha Cliath - Dublin Bus	3,093	3,004
	11,423	11,014

The CIÉ figure for 2000 includes those working on the LUAS Project, which at 31st December, 2000, had a workforce of 88 and 76 in 1999.

	2000 IR£000	1999 IR£000 (Restated)
4 MATERIALS AND SERVICES		
Fuel and electric traction	17,151	15,393
Road tax and licences	640	652
Rates	2,568	2,425
Auditors' remuneration	167	142
Operating lease rentals	6,984	5,034
School contractors	26,470	22,612
Third party and employer's liability claims	20,008	19,221
Materials and other services	120,609	102,494
	194,597	167,973
5 DEPRECIATION		
Depreciation *(note 12)*	63,902	33,844
Amortisation of capital grants *(note 21)*	(9,100)	(3,401)
	54,802	30,443

	2000 IR£000	1999 IR£000
6 EXCEPTIONAL OPERATING INCOME/(COSTS) (net)		
Insurance proceeds	1,100	-
Restructuring costs	(575)	(2,000)
	525	(2,000)
7 PROFIT/(LOSS) ON DISPOSAL OF TANGIBLE ASSETS		
Net proceeds on sale of surplus land and buildings	309	83
Loss on disposal of rolling stock, vehicles, plant and machinery	(306)	(124)
	3	(41)

		2000 IR£000	1999 IR£000
8	**INTEREST RECEIVABLE**		
	Short-term deposits	348	488

		2000 IR£000	1999 IR£000
9	**INTEREST PAYABLE**		
	On loans and leases repayable wholly within five years:		
	Loans	6,873	6,728
	Leases	164	185
	On other loans and leases not wholly repayable within five years:		
	Loans	-	-
	Leases	2,982	3,394
		10,019	10,307
	Interest apportioned:		
	Group operational costs	6,722	6,793
	Railway infrastructure costs *(note 2)*	3,297	3,514
		10,019	10,307

10 **STATE GRANTS - analysis by activity**

The grants payable to Córas Iompair Éireann are in accordance with the relevant EU Regulations governing State aid to transport undertakings.

Particulars of the State grants of IR£160,724,000 received in 2000 under Sub-Head C1 of Vote 32 of Dáil Éireann of 2000 are given in the following table.

State grants relating to 2000 activities	**Total IR£000**
Iarnród Eireann - Irish Rail	
Passenger - mainline and suburban services	43,211
Railway Safety Investment Programme (1999 - 2003)	10,943
Infrastructure	61,721
Total rail	115,875
Bus Átha Cliath - Dublin Bus	32,439
Bus Éireann - Irish Bus	12,410
Total	160,724

Further State grants amounting to IR£132.999 million, as set out below, are included in the financial statements as credits to the tangible fixed assets and deferred income.

Iarnród Éireann	109,959
Bus Átha Cliath	13,994
Bus Éireann	5,102
Córas Iompair Éireann	3,944
	132,999

CIÉ was also re-imbursed with IR£56 million for expenditure incurred on the LUAS project which was undertaken on behalf of the Government.

State grants for 1999 of IR£142.145 million have been restated at IR£115.52 million. This arises from the transfer of IR£26.625 million of the State grant for Railway Safety Investment Programme of IR£29.141 million to the credit of the restated depreciation figure.

11 **NET SURPLUS FOR YEAR**

A summary of the financial results of the holding company and its subsidiaries is shown in note 1.

The holding company's surplus for the year, after exceptional items and profit on disposal of tangible assets, amounted to IR£4,255,000.

12 **TANGIBLE FIXED ASSETS**

	1st Jan IR£000	Prior Year Adjustments IR£000	Additions IR£000	Scrappings & Disposals IR£000	31st Dec IR£000
Group					
Cost					
Railway lines and works	15,958	216,365	84,409		316,732
Funding received for railway lines and works		(85,929)	(84,130)		(170,059)
Railway rolling stock	295,469		35,293		330,762
Road passenger vehicles	243,832		70,811	(27,289)	287,354
Road freight vehicles	5,771		265		6,036
Land and buildings	89,375		20,026		109,401
Plant and machinery	187,966		31,297		219,263
Docks, harbours and wharves	33,293		185		33,478
Capital work in progress			5,994		5,994
Total 2000	871,664	130,436	164,150	(27,289)	1,138,961
Total 1999	761,988		124,110	(14,434)	871,664

	1st Jan IR£000	Prior Year Adjustments IR£000	Charge for year IR£000	Scrappings & Disposals IR£000	31st Dec IR£000
Depreciation					
Railway Lines and Works	-	218,834	84,130		302,964
Funding received for railway Lines and works		(85,929)	(84,130)		(170,059)
Railway rolling stock	76,178		26,814		102,992
Road passenger vehicles	126,063		23,415	(26,719)	122,759
Road freight vehicles	3,955		412		4,367
Land and buildings			1,737		1,737
Plant and machinery	79,314		10,868		90,182
Docks, harbours and wharves	5,519		656		6,175
Total 2000	291,029	132,905	63,902	(26,719)	461,117
Total 1999	271,359		33,844	(14,174)	291,029

12 TANGIBLE FIXED ASSETS (continued)

Group	31st Dec 2000 IR£000	31st Dec 1999 IR£000 (Restated)
Net book amounts		
Railway lines and works	13,768	13,489
Railway rolling stock	227,770	219,291
Road passenger vehicles	164,595	117,769
Road freight vehicles	1,669	1,816
Land and buildings	107,664	89,375
Plant and machinery	129,081	108,652
Docks, harbours and wharves	27,303	27,774
Capital work in progress	5,994	-
Total	677,844	578,166

Company	1st Jan IR£000	Additions IR£000	31st Dec IR£000
Cost			
Land and buildings	89,375	20,026	109,401
Plant and machinery	14,122	2,835	16,957
Total 2000	103,497	22,861	126,358
Total 1999	81,411	22,086	103,497

	1st Jan IR£000	Charge for Year IR£000	31st Dec IR£000
Depreciation			
Land and buildings		1,737	1,737
Plant and machinery	5,593	1,735	7,328
Total 2000	5,593	3,472	9,065
Total 1999	4,490	1,103	5,593

	31st Dec 2000 IR£000	31st Dec 1999 IR£000
Net book amounts		
Land and buildings	107,664	89,375
Plant and machinery	9,629	8,529
Total	117,293	97,904

(a) The group's adoption of FRS 15, Tangible fixed assets, has necessitated two changes in the basis of accounting for additions to and renewals of railway lines and works.

Under the previously applied accounting policy the grants received for additions to the railway network were credited to deferred income. Under the new accounting policy they are credited against the cost of additions to the railway network.

12 **TANGIBLE FIXED ASSETS** (continued)

As a result of the change in accounting policy, grants of IR£4.841 million have been credited in arriving at additions to railway lines and works in 2000 and grants accounted for in previous years of IR£2.469 million have been credited against the opening cost of railway lines and works as a prior year adjustment. The consolidated profit and loss account for 1999 has been restated so that grants for railway lines and works renewals of IR£26,625,000 have been credited in arriving at a restated depreciation figure.

Previously the cost of renewals necessary to maintain the railway network was charged to the consolidated profit and loss account in the year in which it was incurred. Under the new accounting policy such expenditure is included in tangible fixed assets after deducting grants. As this expenditure was fully grant aided in 1999 and 2000 no depreciation charge arises.

The cost and accumulated depreciation of railway lines and works at 31st December, 1999 has been restated in accordance with the accounting policy now adopted. As a result, both cost and accumulated depreciation have been increased by IR£132,905,000, being gross expenditure from 1987 to 1998 of IR£218,834,000 less grants of IR£85,929,000.

These changes in accounting policy have no effect on the consolidated profit and loss for the year.

As a result of the adoption of FRS 15, depreciation is now provided on the cost of buildings. The first depreciation of buildings has given rise to a charge of IR£1,737,000 in these accounts.

(b) Road passenger vehicles at a cost of IR£13,258,000 (1999 - IR£22,613,000) were fully depreciated but still in use at the balance sheet date.

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

	Lives (Years)
Buildings	50
Railway lines and works	40
Railway rolling stock	15 to 20
Road passenger vehicles	8 to 14
Road freight vehicles	6 to 10
Plant and machinery	3 to 25
Docks, harbours and wharves	50

The Board has revised the estimated useful lives of railway rolling stock and of certain road passenger vehicles. A useful life of 20 years has been adopted for all rolling stock, except for certain second hand assets which are being depreciated over 15 years. Previously rolling stock, other than locomotives, was written off over 35 or 40 years. A useful life of 10 years has been adopted for city passenger road vehicles in place of the useful life of 12 years previously used. The effect of these changes is to increase the depreciation charge for 2000 to IR£63,902,000 (1999 - IR£33,844,000), which includes an amount of IR£4,900,000 in relation to the impairment of certain categories of railway rolling stock.

12 TANGIBLE FIXED ASSETS (continued)

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

	Rail Locomotives IR£000	Road Passenger Vehicles IR£000	Total IR£000
2000			
Cost	**67,240**	**7,942**	**75,182**
Accumulated depreciation	**(13,860)**	**(5,388)**	**(19,248)**
Net book value at 31st December, 2000	**53,380**	**2,554**	**55,934**
Depreciation for 2000	**(3,781)**	**(829)**	**(4,610)**
1999			
Cost	67,010	7,942	74,952
Accumulated depreciation	(10,079)	(4,559)	(14,638)
Net book value at 31st December, 1999	56,931	3,383	60,314
Depreciation for 1999	(2,111)	(810)	(2,921)

(e) All tangible fixed assets, other than land and buildings, which related to its activity are vested in the relevant subsidiary company.

(f) Included in the additions above are payments on account and assets in the course of construction and assets not yet in service as follows:

	2000 IR£000	1999 IR£000
Railway rolling stock	**49,946**	30,848
Road passenger vehicles	**15,156**	7,779
	65,102	38,627

(g) Tangible fixed assets include railway infrastructure assets as follows:

	2000 IR£000	1999 IR£000 (Restated)
Cost	**292,801**	264,830
Accumulated depreciation	**(185,884)**	(181,523)
Net book value at 31st December	**106,917**	83,307
Depreciation for year *(note 2)*	**4,361**	3,546

13 FINANCIAL ASSETS

	Trade investments					
	Listed shares		Unlisted shares		Total	
	2000	1999	2000	1999	2000	1999
	IR£000	IR£000	IR£000	IR£000	IR£000	IR£000
Group						
Cost or valuation	77	77	10	10	87	87
Provision for permanent						
diminution in value	(60)	(60)	(10)	(10)	(70)	(70)
Net book amounts						
At 31st December	17	17	-	-	17	17
Market value at 31st December	83	81			83	81

	Subsidiary companies			Trade investments		
	Unlisted Shares	Loan	Finance Leases	Listed Shares	Unlisted Shares	Total
	IR£000	IR£000	IR£000	IR£000	IR£000	IR£000
Company						
Cost or valuation						
At 1st January, 2000	71,000	130,000	57,236	27	10	258,273
Less: Reduction in finance leases			(3,808)			(3,808)
At 31st December, 2000	71,000	130,000	53,428	27	10	254,465
Provision for permanent						
diminution in value						
At 31st December, 2000	-	-	-	(26)	(10)	(36)
Net book amounts						
At 31st December, 2000	71,000	130,000	53,428	1	-	254,429
At 31st December, 1999	71,000	130,000	57,236	1	-	258,237
Market value						
At 31st December, 2000				44		44
At 31st December, 1999				42		42

Loan to subsidiary company represents the net assets assigned to Iarnród Éireann - Irish Rail by Córas Iompair Éireann less share capital issued on its establishment following the re-organisation of Córas Iompair Éireann in 1987.

14 STOCKS

	2000	1999
	IR£000	IR£000
Group		
Maintenance materials and spare parts	11,859	9,297
Infrastructure stocks	19,612	15,286
Fuel, lubricants and other sundry stocks	3,741	2,549
	35,212	27,132

These amounts include parts and components necessarily held to meet long-term operational requirements. The replacement value of stocks is not materially different from the book values shown above.

		2000 IR£000	1999 IR£000
15	**DEBTORS**		
	Group		
	Trade debtors	16,997	19,279
	LRT project	2,019	1,647
	EU grants receivable	41,479	62,328
	Other debtors and accrued income	36,224	33,338
		96,719	116,592
	Company		
	Trade debtors	873	2,439
	LRT project	2,019	1,647
	Other debtors and accrued income	25,574	20,857
		28,466	24,943
16	**BANK DEPOSITS**		
	Group and Company		
	Demand deposits	1,043	974
17	**CREDITORS** (amounts falling due within one year)		
	Group		
	Bank overdraft	18,902	10,622
	Bank loans *(note 19)*	71,260	72,544
	Finance lease obligations *(note 30)*	3,501	3,386
	Trade creditors	44,538	36,267
	Income tax deducted under PAYE	3,452	4,015
	Pay related social insurance	2,424	1,956
	Value added tax (including finance leases and other taxes)	2,685	2,495
	Other creditors	5,234	4,731
	Restructuring provisions *(note 20)*	14,305	18,039
	Accruals	26,006	23,123
	Third party and employer's liability claims *(note 20)*	15,114	16,032
		207,421	193,210
	Creditors for taxation and social welfare included above	12,491	11,610
	Company		
	Bank overdraft	8,815	4,137
	Bank loans *(note 19)*	71,260	72,544
	Finance lease obligations *(note 30)*	3,501	3,386
	Trade creditors	2,907	2,171
	Amounts owed to subsidiary companies	105,925	90,378
	Income tax deducted under PAYE	312	733
	Pay related social insurance	113	90
	Value added tax (including finance leases and other taxes)	1,322	1,109
	Other creditors	3,011	2,144
	Restructuring provisions	1,252	3,460
	Accruals	12,449	11,684
		210,867	191,836
	Creditors for taxation and social welfare included above	1,747	1,932

		2000 IR£000	1999 IR£000
18	**CREDITORS** (amounts falling due after more than one year)		
	Group and Company		
	Bank loans *(note 19)*	**16,958**	24,663
	Finance lease obligations *(note 30)*	**45,045**	48,545
	Value added tax on finance leases	**4,472**	4,882
		66,475	78,090
19	**BANK LOANS**		
	Group and Company		
	These loans are repayable as follows:		
	Within one year *(note 17)*	**71,260**	72,544
	Between one and two years	**5,233**	7,747
	Between two and five years	**11,725**	11,916
	After five years	**-**	5,000
		16,958	24,663
	Total	**88,218**	97,207

The presentation of the maturity analysis of loans and other debt above complies with the provisions of FRS 4, Capital Instruments. The standard requires that the maturity of debt should be determined by reference to the earliest date on which the lender can require repayment. Included in amounts repayable within one year are amounts of IR£63,500,000 (1999 - IR£65,500,000) relating to Irish commercial paper which are backed by committed medium term facilities which effectively extends the maturity of these instruments.

The following table shows the amount and type of currency in which these loans are to be repaid:

		2000 '000	1999 '000
Current Liabilities			
United States	USD	**399**	359
United Kingdom	GBP	**2,133**	1,912
Republic of Ireland	IR£	**64,500**	66,500
Germany	DEM	**1,634**	1,470
The Netherlands	NLG	**7,211**	6,456
European Union	EUR	**751**	668
Loan capital			
United States	USD	**938**	1,337
United Kingdom	GBP	**2,582**	4,715
Republic of Ireland	IR£	**8,000**	9,000
Germany	DEM	**3,844**	5,478
The Netherlands	NLG	**5,743**	12,954
European Union	EUR	**1,793**	2,544

The Minister for Finance has fully guaranteed the above loans.

20 PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring Provisions IR£000	Third Party & Employer's Liability Claims IR£000	TOTAL IR£000
Third party and employer's liability claims			
Group and company			
Balance at 1st January, 2000	40,528	108,186	148,714
Utilised during year	(20,655)	(12,457)	(33,112)
Transfer from profit and loss account	575	19,847	20,422
Balance carried forward	20,448	115,576	136,024
Less: Transfer to current liabilities *(note 17)*	(14,305)	(15,114)	(29,419)
Balance at 31st December, 2000	6,143	100,462	106,605

The Board considers that it has a constructive obligation in respect of the costs of staff restructuring. Substantial progress was made with certain categories of staff during 2000 and the group is at an advanced stage of negotiation with staff representatives for other categories. The amount of the provision is based on agreements reached and on the discussions to date with staff and their representative unions.

Provision is made by the Board 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 Board has had regard to the results of an independent actuarial review.

The Board has the following external insurance cover:

(i) third party liability in excess of IR£3,000,000 and up to IR£113,000,000 on any one occurrence or series of occurrences arising out of any one railway event;

(ii) third party liability in excess of IR£1,000,000 and up to IR£111,000,000 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;

(iii) third party liability in excess of IR£50,000 and up to IR£110,050,000 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;

(iv) in addition each of the subsidiary companies within the group has aggregate cover in the twelve month period, April 2000 to March 2001, for railway and road transport third party liabilities in excess of a self insured retention of:

Iarnród Éireann - Irish Rail	IR£ 6,615,000
Bus Éireann - Irish Bus	IR£ 4,410,000
Bus Átha Cliath - Dublin Bus	IR£ 8,820,000

subject to an overall group self insured retention of IR£15,435,000; and

(v) 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 consolidated profit and loss account and unsettled amounts are included in provision for liabilities and charges.

21 **DEFERRED INCOME**

This account, comprising non-repayable EU grants, State grants, and other deferred income which will be credited to the consolidated profit and loss on the same basis as the related tangible assets are depreciated (accounting policy G), includes the following:

	1st Jan 2000 IR£000	Prior Year Adjustment IR£000	Received and Receivable IR£000	Profit and Loss A/c IR£000	31st Dec 2000 IR£000
Group					
Capital grants					
Railway lines and works	2,469	(2,469)	-	-	-
Railway rolling stock	64,173		29,678	(2,162)	91,689
Plant and machinery	33,011		21,287	(1,395)	52,903
Docks, harbours and wharves	12,537		-	(247)	12,290
Land and buildings	8,801		9,000	(176)	17,625
Road passenger vehicles	29,325		24,577	(3,949)	49,953
	150,316	(2,469)	84,542	(7,929)	224,460
State grant for Railway Safety Investment					
Programme (1999 - 2003)	46,859		-	(1,171)	45,688
Other deferred income	1,158		-	-	1,158
Total	198,333	(2,469)	84,542	(9,100)	271,306
Company					
Capital grant					
Land and buildings	8,801		9,000	(176)	17,625

The amount of IR£84.5 million for capital grants received and receivable comprises State grants of IR£53.4 million and EU grants of IR£31.1 million.

		2000 IR£000	1999 IR£000
22	**RECONCILIATION OF MOVEMENTS IN RESERVES**		
	Group		
	Surplus for the year after State grants	17,223	31,372
	Opening reserves	143,107	111,735
	Closing reserves	160,330	143,107
	Company		
	Surplus for the year	3,138	2,372
	Opening reserves	104,307	101,935
	Closing reserves	107,445	104,307
23	**INSURANCE RESERVES**		
	Group and company		
	Balance at 1st January	1,117	1,117
	Transfer to profit and loss A/c	(1,117)	-
	Balance at 31st December	-	1,117

The Group Insurance Fund was established to meet exceptional claims and is now deemed unnecessary.

		Railway Rolling Stock IR£000	Road Passenger Vehicles IR£000	Total IR£000
24	**ASSET REPLACEMENT RESERVE**			
	Group			
	Balance at 31st December, 2000 and 1999	106,956	79,941	186,897
	Company			
	Balance at 31st December, 2000 and 1999			85,563

		2000 IR£000	1999 IR£000
25	**CAPITAL RESERVE**		
	Group and company		
	Balance at 1st January and 31st December	22,490	22,490

	2000 IR£000	1999 IR£000 (Restated)

26 **CASH FLOW STATEMENT**

Year ended 31st December

(A) **Reconciliation of operating deficit to operating cash flows**

	2000 IR£000	1999 IR£000 (Restated)
Operating deficit before State grants	(134,476)	(73,483)
State grants	156,143	111,020
	21,667	37,537
Exceptional operating costs	575	2,000
Redundancy payments made	(10,788)	(4,393)
Depreciation	63,902	33,844
Amortisation of capital grants	(9,100)	(3,401)
Profit on disposal of tangible assets	(318)	(142)
Increase in stocks	(8,080)	(4,560)
Increase in revenue grants	(3,106)	(15,098)
Increase in debtors	(975)	(7,823)
Increase/(decrease) in creditors and provisions	13,208	(2,135)
Net cash inflow from operating activities	66,985	35,829

(B) **Analysis of cash flows for headings netted in the cash flow statement**

	2000 IR£000	1999 IR£000 (Restated)
Returns on investments and servicing of finance		
Interest received	348	488
Interest paid	(6,774)	(6,930)
Interest element of finance lease rental payments	(3,146)	(3,653)
State grant - DART interest	4,581	4,500
Net cash outflow for returns on investments and servicing of finance	(4,991)	(5,595)
Capital expenditure and financial investment		
Purchase of tangible assets	(252,587)	(165,276)
Disposal of tangible assets	752	214
State and EU capital grants	192,627	127,148
Net cash outflow for capital expenditure and financial investment	(59,208)	(37,914)
Financing		
Repayment of debt due within one year	(71,843)	(56,784)
New loans	63,500	65,500
Capital element of finance lease rental payments	(3,385)	(3,091)
Net cash (outflow)/inflow from financing	(11,728)	5,625

26 **CASH FLOW STATEMENT** (continued)

(C) **Analysis of net debt**

	At 1st Jan 2000 IR£000	Cash Flow IR£000	Other non-cash changes IR£000	Exchange movement IR£000	At 31st Dec 2000 IR£000
Cash at bank and in hand	3,007	(662)		-	2,345
Bank overdrafts	(10,622)	(8,280)		-	(18,902)
		(8,942)			
Debt due after one year	(24,663)	95	7,705	(95)	(16,958)
Debt due within one year	(72,544)	8,248	(7,705)	741	(71,260)
Finance leases	(51,931)	3,385			(48,546)
		11,728			
Total	(156,753)	2,786	-	646	(153,321)

	At 1st Jan 1999 IR£000	Cash Flow IR£000	Other non-cash changes IR£000	Exchange movement IR£000	At 31st Dec 1999 IR£000
Cash at bank and in hand	2,160	847		-	3,007
Bank overdrafts	(7,655)	(2,967)		-	(10,622)
		(2,120)			
Debt due after one year	(30,525)	367	5,862	(367)	(24,663)
Debt Due within one year	(57,120)	(9,083)	(5,862)	(479)	(72,544)
Finance leases	(55,022)	3,091		-	(51,931)
		(5,625)			
Total	(148,162)	(7,745)	-	(846)	(156,753)

27. **PENSIONS**

The majority of the group's employees participate in defined benefit pension schemes based on final pensionable pay. Contributions by the Board, its subsidiaries and the employees are invested in trustee administered funds. Amalgamation of the CIÉ group's six pension schemes into two schemes has been completed. Statutory Instrument No. 115 of 1996 confirmed the CIÉ Pension Scheme for Regular Wages Staff (Amendment) Scheme, 1996 and Statutory Instrument 323 of 2000 confirmed the CIÉ Superannuation Scheme 1951 (Amendment) Scheme, 2000. Contributions to the schemes are charged to the consolidated 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 schemes' assets at 31st December, 2000 was IR£1,063,368,000.

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1999. The market value of the assets of the schemes at that date was IR£1,067,371,000 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 108% in respect of the Regular Wages Staff Scheme and 115% in respect of the Superannuation Scheme 1951.

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 provided for public inspection.

The pensions cost for 2000 was IR£9,866,000 (1999 - IR£12,567,000).

	2000	1999
	IR£000	IR£000
28 CAPITAL COMMITMENTS		
Contracted for	**162,560**	108,571
Authorised by Board but not contracted for	**35,832**	47,169
	198,392	155,740

Capital grants totalling IR£124.3 million have been approved in respect of IR£179 million of the above expenditure (1999 - IR£71 million on IR£110 million).

29 **CONTINGENT LIABILITIES**

Iarnród Éireann has received claims from contractors in relation to a project to install a new signalling system on certain railway lines. Provision has been made for the amount which, in the opinion of the directors, is payable in respect of work done at the balance sheet date. The claims are under discussion with the contractors and the resolution of them may result in amounts payable exceeding the amount provided in the accounts.

Pending Litigation

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

Finance Leases

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

29 **CONTINGENT LIABILITIES** (continued)

Letters of credit
Under lease agreements relating to railway rolling stock the company has certain obligations to the lessor which could arise in the event of early termination of the agreements. These obligations are covered by letters of credit which are indemnified by the company. No liability is expected to arise in respect of this indemnity.

	2000 IR£000	1999 IR£000
30 LEASE OBLIGATIONS		
(A) **Finance leases**		
Net obligations under finance leases fall due as follows :		
Within one year *(note 17)*	**3,501**	3,386
Between one and five years	**14,331**	14,467
After five years	**30,714**	34,078
	45,045	48,545
Total	**48,546**	51,931

The Minister for Finance has fully guaranteed the above finance leases.

(B) **Operating leases**
Commitments under non-cancellable operating leases payable in the coming year expire as follows:

	On other than Land and Buildings IR£000
Within one year	**1,946**
Between one and five years	**4,429**
	6,375

31 **RELATED PARTY TRANSACTIONS**

(A) **The ownership of the company**
CIÉ is a statutory body set up under the Transport Act 1950.
The members of the Board are appointed by the Minister for Public Enterprise.

(B) **Provision of services to entities owned by the Irish Government**
The group provides rail and road transport services in the ordinary course of its business to Government departments and to entities controlled by the Irish Government, the principal of these being the Departments of Education and Science, the Department of Social, Community and Family Affairs, Coillte, Aer Lingus and An Post. Revenue from these services amounted to IR£85.2 million in 2000 and amounts due from these entities to the group at 31st December, 2000 for these services totalled IR£7 million.

(C) **Purchase of services from entities owned by the Irish Government**
In the ordinary course of its business the group purchases services from entities controlled by the Irish Government, the principal of these being Aer Lingus, the ESB and Great Southern Hotels. Expenditure on these services amounted to IR£5.6 million in 2000 and amounts due to these entities by the group at 31st December, 2000 for these services totalled IR£0.3 million.

(D) **In the ordinary course of its business the group has a finance lease for equipment with ACC Bank plc.**

32 GROUP MEMBERSHIP

Name	Principal activity
Holding Company:	
Córas Iompair Éireann	- Public transport services
Subsidiary Companies (all wholly owned)	
Iarnród Éireann - Irish Rail	- Public rail (passenger and freight) and
	- Road freight services
Bus Éireann - Irish Bus	- Public bus passenger services
Bus Átha Cliath - Dublin Bus	- Public bus passenger services
CIE Tours International Incorporated	- Tours
Dubel Limited.	- Catering services

Iarnród Éireann - Irish Rail, Bus Éireann - Irish Bus and Bus Átha Cliath - Dublin Bus are incorporated and operate principally in the Republic of Ireland. These three companies are incorporated under the provisions of the Companies Acts 1963-1999, as wholly owned subsidiaries of Córas Iompair Éireann in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986. All of the group's interests in the subsidiary companies consist of ordinary share capital.

CIE Tours International is incorporated in New York and operates in North America.

Dubel Limited is incorporated in Northern Ireland where it provides catering services for Northern Ireland Railways including their cross-border trains.

The registered offices of the subsidiary companies are as follows:

Iarnród Éireann - Irish Rail	Connolly Station, Dublin 1.
Bus Éireann - Irish Bus	Broadstone, Dublin 7.
Bus Átha Cliath - Dublin Bus	59, Upper O'Connell Street, Dublin 1.
CIE Tours International Incorporated	100, Hanover Avenue, PO Box 501 Cedar Knolls, New Jersey.
Dubel Limited	Central Station, East Bridge Street, Belfast.

33 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements on 9th May, 2001.

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