Annual Report and Financial Statements 2001

Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain 2001

Bus Átha Cliath

CIE Group of Companies

Contents

Bus Átha Cliath 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.

Directors and Other Information

Directors at 30th April, 2002

· Chairman	Dr. J. J. Lynch
· Managing Director	Dr. A. R. Westwell (UK)
· Directors	Mr. G. Charles, Mr. T. Coffey, Mr. D. Egan, Ms. A. M. Mannix, Mr. W. McCamley, Mr. A. O'Byrne, Mr. P. Webster
Secretary	Ms. K. Murphy
and Registered Office	59 Upper O'Connell Street, Dublin 1
· Telephone	+353 1 872 0000
· Facsimile	+353 1 873 1195
· Website	www.dublinbus.ie
· Registered Number	119569
Auditors	PricewaterhouseCoopers Chartered Accountants and Registered Auditors Wilton Place, Dublin 2

SOLUTIONS FOR A GROWING CITY

CUSTOMERS ON NITELINK SERVICES HAVE INCREASED BY 62% IN 2001

Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2001.

Principal Activities and Business Review

The principal activities of the company are the provision of a comprehensive bus service for the city and the county of Dublin and its hinterland.

The Bus Átha Cliath business performed well during the year 2001. The revenue trend was strong throughout the year and this was very encouraging.

The ticketing system was streamlined and rationalised into a redesigned new look Rambler range of pre-paid ticketing. This proved attractive to the customer giving unlimited travel across the Bus Átha Cliath network for 1, 3, 5 or 7 days. These tickets are very flexible giving the customer the choice of when to start using the ticket. This was a feature requested by customers in our market research. A Handy Pack – a specially designed book of five One Day Tickets – was made available to help a smooth changeover to the euro. This has proved so successful that it has been retained as part of the Rambler range of tickets. We also introduced the on-line selling of pre-paid tickets on our website www.dublinbus.ie. All of these developments were heavily promoted during the latter half of 2001 and contributed to healthy revenue growth and a successful euro introduction.

Driver recruitment continued to be a challenge for most of the year. A total of 200 additional drivers were recruited during the year to provide the increased peak service in accord with the National Development Plan (NDP) Policy to increase the modal split at peak periods in favour of public transport. The costs associated with such increased staff numbers are reflected in the additional payroll costs.

The full year impact of the productivity agreement reached in 2000 is reflected in the payroll costs and incorporates the 7.5% PPF.

A comprehensive training programme for all employee groups with the aim of improving the quality of service delivered to the customer took place during the year, incorporating accessibility, equality and racial awareness.

Customer Focus Teams were established in each depot and department of the company. A very successful work programme of employee participation was achieved culminating in 23 awards being made for best achievement across the company.

The successful changeover to the euro for Bus Átha Cliath followed a high level of investment by the company in training for all staff, particularly drivers who were liaising with customers from the very introduction of the new currency. Bus Átha Cliath would like to take this opportunity to thank both staff and customers for their patience and co-operation during the transition period.

Although the fleet has increased by 29% over a three-year period, there has been a significant reduction in accidents and claims. This has been as a result of increased investment in training and corrective training.

The total capital investment under the NDP in 2000 and 2001 was €72 million of which €32 million was funded through a combination of European Union (EU) and Exchequer grants. The increased costs associated with the operation of the additional NDP fleet has severely reduced the profitability of the company and serves to re-enforce the need to formalise Public Service Contracts on a route by route basis clearly identifying those routes which serve a social need.

The NDP investment programme enabled a range of projects to be pursued. A total of 44 new double deck buses and 12 new midi buses were delivered during the year. These buses were in accord with the Policy declared in the year 2000 that every new bus would be a fully accessible low floor design. By the end of 2001 Bus Átha Cliath had 306 fully accessible buses, or almost 34% of the fleet. We launched twelve fully accessible bus routes earlier in the year, and we will progressively roll out this program across the city as new buses are delivered. Public response to the new vehicles has been excellent.

A total of 20 articulated buses have been introduced and are working on specific routes. We will shortly convert a major route to articulated buses, to gauge public and driver reaction in continuous operation. To date these buses have been mainly used on peak time commuter routes demonstrating the strength of this type of bus as a people mover.

A total of five new Quality Bus Corridors (QBC) were introduced during the year; Rathfarnham, Tallaght, Whitehall, Swords and Blanchardstown. These, in addition to the four already in place at the end of 2000, means that 43% of customers now significantly benefit from the QBCs which have demonstrated that dedicated road space for buses can deliver consistent journey time performance. The introduction of these QBCs was accompanied by additional buses and improved service levels. However, we also recognise that there is considerably more work to be done to raise the standard of QBCs and to maintain the quality of

Report of the Directors

service in the long term. Bus Átha Cliath supports the Dublin City Council in their appointment of the Quality Bus Network (QBN) team in their efforts to improve and develop both existing and new QBCs.

We have achieved significant success particularly where continuous bus priority is delivered. For example, some of the QBCs have delivered significant growth compared to the pre-QBC (1995) position:

QBC	Peak Passenger Growth
Stillorgan	243%
Tallaght	24%
Malahide	44%
Rathfarnham	39%

Gridlock and traffic congestion continue as the biggest challenges for Bus Átha Cliath. A significant percentage of the network is not on QBCs which highlights the impact that gridlock has upon the company's operation. A study commissioned by Bus Átha Cliath, and carried out by BDO Simpson Xavier, concluded that congestion could be costing the company approximately €34 million per annum. These costs include additional overtime and running costs resulting directly from the cost of journeys running over their scheduled times. In addition, most of the major routes require extra buses in the morning and evening peak to maintain the timetables. The Bus Átha Cliath fleet is scheduled to operate at 14.6 km's per hour (kph) during peak times and 17.6 kph during off-peak times. However, the actual speed of operation is lower than the scheduled speeds due to traffic congestion. This compares to an international city average scheduled bus speed of 19.6 kph for peak times (a difference of 34%) and 23.5 kph for off-peak times (a difference of 33%). If such speeds could be achieved by traffic moving more freely through the city, it is estimated that the current service could operate with a reduced fleet size.

The congestion which is impacting most significantly on Bus Átha Cliath is as a result of (a) the volume of private car usage and (b) road works.

While we have recognised above the progress made to date on implementing QBCs, it is unfortunately the case that the rate of general deterioration of traffic far exceeds the rate of introduction of positive developments. Hence we continue to emphasise the need for greater urgency in the delivery of the expanded QBC network.

Road works resulting from the development of Lines A and B of LUAS will continue until 2003. In order to manage the bus network and ensure that services can operate as near normal as possible around the LUAS works, Bus Átha Cliath is working hard to provide additional drivers, inspectors and buses but obviously at a substantial additional cost.

Additional costs have also been incurred from the movement of long established termini from Middle Abbey Street to make way for the LUAS light rail system. Similar costs will continue, as termini will now be moved from Lower Abbey Street.

The commencement of work on Dublin's Port Tunnel during the year was anticipated to cause congestion on northern bound routes. However, as a result of close co-operation between the Project Team responsible for its construction and Bus Átha Cliath, significant bus priority was established early in the planning phase, proving that disruptions to the public transport system can be minimised.

Despite all these challenges Bus Átha Cliath has continued to improve revenue and grow passenger numbers during 2001. Bus Átha Cliath will continue to build on these achievements and meet customer needs by improving services, developing pre-paid tickets and ensuring value for money.

Results and Reserves

The financial statements for the year ended 31st December, 2001 are set out in detail on pages 10 to 22. The results for 2001 show a surplus of €1,145,000 (2000 - €9,035,000).

The Euro

During the year the company successfully completed its preparations to deal with the impact of the introduction of the euro. The total cost to the company was €1,412,000, of which €1,104,000 has been expensed in 2001 and €308,000 capitalised. Since the year-end, the transition of legal tender status from Irish pounds to euro has been successfully managed.

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, which would best suit Bus Átha Cliath.

Report of the Directors

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 Bus Átha Cliath Equality Programme is committed to creating an environment that is encouraging to all employees, where people are fully supported to contribute and develop in the organisation.

The company is also committed to promoting a service that is accessible and relevant to all our customers and accommodates needs and aspirations specific to particular groups of customers covered under the equality legislation.

An equality audit was undertaken which explored policies, procedures and practices in relation to employees. This process included the preparation of an action plan which establishes targets and institutes actions to achieve these targets.

In recognition of the diversity of our workforce we launched a Cultural Awareness Action Programme, which sets out to celebrate diversity and acknowledge the existence of racism, wherever it might occur. The Programme was approved and commended by the Equality Authority and the Irish Congress of Trade Unions.

We have put in place information, awareness sessions and training on all equality issues for all staff.

Books of Account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Bus Átha Cliath, 59 Upper O'Connell Street, Dublin 1.

Code of Best Practice

The requirements of the newly published Code of Practice for the Governance of State Bodies is being reviewed by management and will be reported on in next year's Annual Report.

Directors

The directors of the company are appointed by the chairman of Córas Iompair Éireann with the consent of the Minister for Public Enterprise. The names of persons who were directors during the year ended 31st December, 2001 are as set out below. Except where indicated, they served as directors for the entire year.

Mr. M. P. McDonnell	**Chairman** (Retired 13th February, 2001)
Dr. J. J. Lynch	**Chairman** (Appointed 23rd April, 2002)
Dr. A. R. Westwell (UK)	**Managing Director**
Mr. G. Charles	(Appointed 1st December, 2001)
Mr. D. Egan	(Reappointed 1st March, 2002)
Mr. M. Faherty	(Resigned 1st March, 2001)
Mr. W. McCamley	(Reappointed 1st December, 2001)
Mr. A. O'Byrne	(Appointed 1st August,2001)
Ms. S. Spence	(Resigned 2nd May, 2001)
Mr. P. Webster	(Appointed 1st August, 2001)

On the 29th April, 2002 the following were appointed as directors :
Mr. T. Coffey
Ms. A. M. Mannix

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

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Dr. A. R. Westwell Managing Director
D. Egan Director

30th April, 2002.

SOLUTIONS FOR A GROWING CITY

MULTI ETHNIC BUS ÁTHA CLIATH HAS
EMPLOYEES FROM OVER 40 COUNTRIES

Statement of Directors' Responsibilities

Irish company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Make judgements and estimates that are reasonable and prudent; and

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the requirements of the Irish Companies Acts, 1963 to 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

Independent auditors' report to the members of Bus Átha Cliath - Dublin Bus

We have audited the financial statements on pages 10 to 22.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and Accounting Standards generally accepted in Ireland are set out on page 7, in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half its called-up share capital.

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

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December, 2001 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

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

In our opinion, the information given in the directors' report on pages 3 to 5 is consistent with the financial statements.

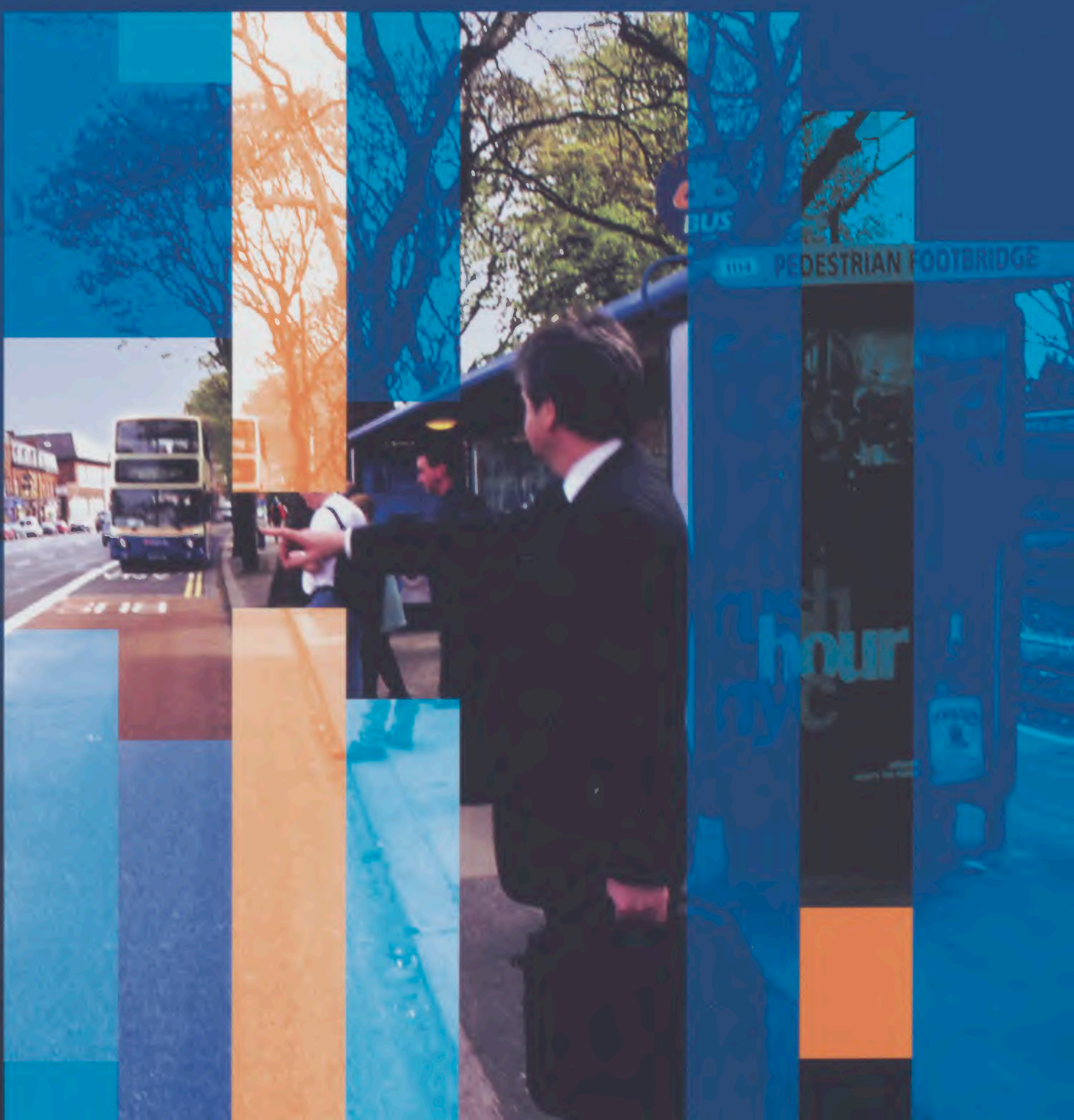
The net assets of the company, as stated in the balance sheet on page 12, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31st December, 2001, a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers,
Chartered Accountants and Registered Auditors,
Dublin.

30th April, 2002.

SOLUTIONS FOR A GROWING CITY

PEAK USAGE OF STILLORGAN, MALAHIDE AND RATHFARNHAM QBCs UP BY 243%, 44% AND 39% RESPECTIVELY



Principal Accounting Policies

The significant accounting policies and estimation techniques adopted by the company are as follows:

(A) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. 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.

The financial statements are presented in euro. The comparative figures, which were previously presented in Irish pounds, have been restated at the fixed rate of €1 = IR£0.787564.

The prior year comparatives have been revised to conform with the current year presentation.

(B) TANGIBLE ASSETS AND DEPRECIATION

Tangible assets are stated at historical cost less accumulated depreciation based on that historical cost.

The bases of calculation of depreciation are as follows:

(i) Road passenger vehicles

Road passenger vehicles are depreciated on the basis of the historical cost of vehicles in the fleet spread over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives.

(ii) Plant and machinery

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

(C) LEASED ASSETS

(i) Finance Leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital cost of such assets is included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital element of the outstanding lease obligations is included in creditors. Finance charges are charged to the profit and loss account over the primary period of the lease.

(ii) Operating Leases

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

(D) STOCKS

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

(E) GRANTS

(i) European Union and Exchequer grants

European Union (EU) and Exchequer grants, which relate to capital expenditure on specific projects, are credited to deferred income as they become receivable. They are amortised to the profit and loss account on the same basis as the related assets are depreciated. EU grants in respect of revenue expenditure are credited to deferred income as they become receivable and released to the relevant expenditure account in the year to which the expenditure relates.

(ii) State grants

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

(F) FOREIGN CURRENCY

Transactions denominated in foreign currency are translated into euro at the rate ruling at the date of the transaction, or at contract rates where the amounts payable or receivable are covered by forward contracts.

Realised exchange gains or losses on transactions settled during the year are treated as part of the surplus or deficit for the year from ordinary activities.

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

(G) PENSIONS

The expected cost of providing pensions to employees is charged to the profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from the independent actuary, at what is expected to be a stable percentage of pensionable pay. Variations from regular pension costs, identified by periodic actuarial valuations, are spread over the expected average remaining service lives of the members of the scheme.

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

Profit and Loss Account

Year ended 31st December	Notes	2001 €000	2000 €000
Revenue		153,386	143,292
Costs			
Payroll and related costs	1	(132,129)	(109,687)
Materials and services	2	(55,271)	(46,889)
Depreciation	3	(16,811)	(18,049)
Exceptional operating costs	4	-	(731)
Total operating costs		(204,211)	(175,356)
Deficit before loss on disposal of tangible assets, interest and State grants		(50,825)	(32,064)
Loss on disposal of tangible assets		(313)	(400)
Deficit before interest and State grants		(51,138)	(32,464)
Interest (payable)/receivable	5	(94)	310
Deficit for the year before State grants		(51,232)	(32,154)
State grants	6	52,377	41,189
Surplus for the year after State grants		1,145	9,035
Accumulated deficit at beginning of the year		(26,355)	(35,390)
Accumulated deficit at end of the year		(25,210)	(26,355)

All figures relate to the continuing activities of the company.
There were no recognised gains or losses other than those included in the profit and loss account.

On behalf of the board

Dr. A. R. Westwell Managing Director

D. Egan Director

Balance Sheet

As at 31st December	Notes	2001 €000	2000 €000
Fixed assets			
Tangible assets	7	140,234	143,569
Current assets			
Stocks	8	2,551	2,248
Debtors	9	42,244	20,461
Cash at bank and in hand		645	–
		45,440	22,709
Creditors (amounts falling due within one year)	10	(41,762)	(35,018)
Net current assets/(liabilities)		3,678	(12,309)
Total assets less current liabilities		143,912	131,260
Creditors (amounts falling due after more than one year)	11	(1,756)	(2,862)
Provision for liabilities and charges	13	(57,810)	(52,739)
Deferred income	14	(56,783)	(49,241)
		27,563	26,418
Financed by:			
Capital and reserves			
Called up share capital	15	31,743	31,743
Asset replacement reserve		21,030	21,030
Profit and loss account		(25,210)	(26,355)
Shareholders' funds	16	27,563	26,418

On behalf of the board

Dr. A. R. Westwell Managing Director

D. Egan Director

Cash Flow Statement

Year ended 31st December	Notes	2001 €000	2000 €000
Net cash inflow from operating activities	17 (A)	27,844	33,141
Returns on investments and servicing of finance	17 (B)	(94)	310
Capital expenditure	17 (B)	(21,500)	(56,397)
Grants received	17 (B)	24,017	27,298
Cash inflow before use of liquid resources and financing		30,267	4,352
Net management of liquid resources		(28,354)	(3,633)
Financing	17 (B)	(1,058)	(1,011)
Increase/(decrease) in cash in the year		855	(292)

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

Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year	17 (C)	855	(292)
Net cash inflow from holding company balance and lease financing	17 (C)	29,412	4,644
Movement in net funds in the year		30,267	4,352
Net funds at 1st January	17 (C)	5,447	1,095
Net funds at 31st December	17 (C)	35,714	5,447

Notes to the Financial Statements

	2001 €000	2000 €000
1 PAYROLL AND RELATED COSTS		
Staff costs		
Wages and salaries	115,171	97,141
Social welfare costs	11,540	9,696
Other pension costs	5,263	2,599
Own work capitalised	(93)	–
Total staff costs	131,881	109,436
Directors' remuneration		
Emoluments		
– for services as directors	9	–
– for other services	239	251
Total directors' remuneration and emoluments	248	251
Total payroll and related costs	132,129	109,687

	Staff Numbers 2001	2000
The average number of employees during the year was:	3,332	3,093

	2001 €000	2000 €000
2 MATERIALS AND SERVICES		
Fuel and lubricants	9,276	6,081
Materials	14,173	13,150
Road tax and licences	461	434
Rent and rates	417	388
Auditors' remuneration	27	25
Operating lease rentals	180	107
Third party and employer's liability claims	12,610	11,988
Other services	18,127	14,716
	55,271	46,889
3 DEPRECIATION		
Depreciation (*note 7*)	24,835	22,747
Amortisation of EU/Exchequer capital grants (*note 14*)	(8,024)	(4,698)
	16,811	18,049
4 EXCEPTIONAL OPERATING COSTS		
Restructuring costs	–	731

Notes to the Financial Statements

5 INTEREST PAYABLE/(RECEIVABLE)

	2001 €000	2000 €000
On balances with holding company	-	(612)
On finance leases	159	208
Other interest (receipts)/payments	(65)	94
	94	(310)

6 STATE GRANTS

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

Under this regulation a State grant of €52,377,000 was made to Bus Átha Cliath - Dublin Bus for the year ended 31st December, 2001 (2000 – €41,189,000).

7 TANGIBLE FIXED ASSETS

	Road Passenger Vehicles €000	Plant & Machinery €000	Total €000
Cost			
At 1st January, 2001	214,071	16,305	230,376
Additions	18,964	3,091	22,055
Disposals	(4,124)	(37)	(4,161)
At 31st December, 2001	228,911	19,359	248,270
Depreciation			
At 1st January, 2001	76,268	10,539	86,807
Charge for the year	23,601	1,234	24,835
Disposals	(3,569)	(37)	(3,606)
At 31st December, 2001	96,300	11,736	108,036
Net book amounts			
At 31st December, 2001	132,611	7,623	140,234
At 31st December, 2000	137,803	5,766	143,569

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

	Lives (Years)
Road passenger vehicles	8 – 10
Plant and machinery	3 – 10

Notes to the Financial Statements

7 TANGIBLE FIXED ASSETS (continued)

(b) Road passenger vehicles at a cost of €20,947,000 (2000 – €11,452,000) were fully depreciated but still in use at the balance sheet date.

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

	2001	2000
	€000	€000
Road passenger vehicles		
Cost	10,085	10,085
Accumulated depreciation	(7,894)	(6,841)
Net book amounts at 31st December	2,191	3,244
Depreciation for the year	(1,053)	(1,052)

(d) Included in additions above are €3,963,000 (2000 - €19,244,000) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

8 STOCKS

Maintenance materials and spare parts	1,757	1,436
Fuel, lubricants and other sundry stocks	794	812
	2,551	2,248

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

9 DEBTORS

Trade debtors	3,442	2,802
Amounts owed by holding company	37,931	9,577
EU/Exchequer grants receivable	99	7,057
Other debtors and accrued income	772	1,025
	42,244	20,461

Notes to the Financial Statements

	2001	2000
	€000	€000
10 CREDITORS (amounts falling due within one year)		
Bank overdraft	-	210
Trade creditors	3,305	2,814
Finance lease obligations (*note 12*)	1,106	1,058
Income tax deducted under PAYE	1,614	2,373
Pay related social insurance	2,735	1,911
Value added tax and other taxes	153	255
Other creditors	2,848	1,116
Accruals	8,921	6,756
Third party and employer's liability claims (*note 13*)	11,563	10,501
Deferred income (*note 14*)	9,517	8,024
	41,762	35,018
Creditors for taxation and social welfare included above	4,502	4,539

	2001	2000
11 CREDITORS (amounts falling due after more than one year)		
Finance lease obligations (*note 12*)	1,756	2,862

12 LEASE OBLIGATIONS

	2001	2000
(A) Finance Leases		
Net obligations under finance leases fall due as follows:		
within one year(*note 10*)	1,106	1,058
Between one and five years	1,756	2,862
After five years	-	-
	1,756	2,862
	2,862	3,920
(B) Operating Leases		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	127	125
Between one and five years	106	198
	233	323

Notes to the Financial Statements

	2001	2000
	€000	€000
13 PROVISION FOR LIABILITIES AND CHARGES		
Third party and employer's liability claims		
Balance at 1st January	63,240	59,286
Utilised during the year	(6,275)	(7,830)
Transfer from profit and loss account	12,408	11,784
Balance carried forward	69,373	63,240
Less amount classified as current liability (*note 10*)	(11,563)	(10,501)
Balance at 31st December	57,810	52,739

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

(A) External Insurance Cover

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

(i) third party liability in excess of €1,269,740 and up to €140,940,930 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of actions taken for road claims subject to United States jurisdiction where the excess is US$3,000,000;

(ii) third party liability in excess of €63,490 and up to €139,734,680 on any one occurrence or series of occurrences arising out of all other risks events, except in the case of actions taken for all other risks claims subject to United States jurisdiction where the excess is US$100,000;

(iii) road transport third party liabilities in excess of a self insured retention of €11,199,090 in aggregate in the twelve month period, April 2001 to March 2002; and

(iv) fire and special perils, including storm damage, to property in excess of €253,950 on any one loss.

(B) Third Party & Employer Liability Claims Provisions and Related Recoveries.

Provision is made at the year-end for the estimated cost of liabilities incurred but not finalised at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company. The estimated cost of claims includes expenses to be incurred externally in managing claims but excludes the internal overhead of claims management fees. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Notes to the Financial Statements

13 PROVISION FOR LIABILITIES AND CHARGES (continued)

In calculating the estimated cost of outstanding potential liabilities the company calculates individual file valuations to which contingency provisions are added with the assistance of external actuarial advice. The actuary's mathematical modelling is generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the potential liabilities to increase or reduce when compared with the cost of previously finalised claims including, for example, changes in the legal environment, the effects of inflation, changes in operational activity and the impact of large losses.

In estimating the cost of claims notified but outstanding, the company has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the company, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is therefore high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to notification from the company's brokers of any re-insurers in run off.

	2001	2000
	€000	€000
14 DEFERRED INCOME		
This account represents EU/Exchequer grants which are accounted for in accordance with accounting policy E.		
European Union/Exchequer capital grants		
Balance at 1st January	57,265	37,235
Received and receivable	17,059	24,728
Transfer to profit and loss account	(8,024)	(4,698)
Balance carried forward	66,300	57,265
Less amount classified as current liability (*note 10*)	(9,517)	(8,024)
Balance at 31st December	56,783	49,241

Notes to the Financial Statements

	2001	2000
	€000	€000
15 SHARE CAPITAL		
Authorised:		
Ordinary shares of €1.27 each	38,092	38,092
Allotted, called up and fully paid:		
Ordinary shares of €1.27 each	31,743	31,743

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 €000	2000 €000
Surplus for the year after State grants	1,145	9,035
Opening equity shareholders' funds	26,418	17,383
Closing equity shareholders' funds	27,563	26,418

17 CASH FLOW STATEMENT

	2001 €000	2000 €000
(A) Reconciliation of operating deficit to operating cash flows		
Operating deficit before State grant	(51,138)	(32,464)
State grant (*note 6*)	52,377	41,189
	1,239	8,725
Exceptional operating costs (*note 4*)	-	731
Restructuring payments made	-	(3,593)
Depreciation (*note 7*)	24,835	22,747
Amortisation of capital grants (*note 14*)	(8,024)	(4,698)
Increase in stocks	(303)	(262)
Increase in debtors	(387)	(279)
Increase in creditors and provisions	10,484	9,770
Net cash inflow from operating activities	27,844	33,141
(B) Analysis of cash flows for headings netted in the cash flow statement		
Servicing of finance		
Interest received	-	612
Interest element of finance lease rentals	(159)	(208)
Other interest receipts/(payments)	65	(94)
Net cash (outflow)/inflow from servicing of finance	(94)	310
Capital expenditure		
Purchase of tangible fixed assets	(21,500)	(56,397)
EU/Exchequer capital grants	24,017	27,298
Net cash inflow/(outflow) from capital expenditure	2,517	(29,099)
Financing		
Debt due within one year:		
Capital element of finance lease rentals	(1,058)	(1,011)
Net cash outflow from financing	(1,058)	(1,011)

Notes to the Financial Statements

17 CASH FLOW STATEMENT (continued)

	At 1st Jan 2001 €000	Cash Flow €000	At 31st Dec 2001 €000
(C) Analysis of net funds			
Cash in hand and at bank	-	645	645
Overdraft	(210)	210	-
		855	
Finance leases	(3,920)	1,058	(2,862)
Holding company balance	9,577	28,354	37,931
		29,412	
Total	5,447	30,267	35,714

18 PENSIONS

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

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

Whilst the schemes are defined benefit schemes the company is unable to identify its share of the underlying assets and liabilities of the schemes. The most recent valuation of the schemes was performed as at 31st December, 2001. The valuation indicated a surplus of €69.2 million in the schemes.

19 CAPITAL COMMITMENTS

	2001 €000	2000 €000
Contracted for	4,833	12,371
Authorised by the directors but not contracted for	9,002	451
	13,835	12,822

Notes to the Financial Statements

20 CONTINGENT LIABILITIES

(A) **Pending Litigation**

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

(B) **Finance Leases**

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

21 RELATED PARTY TRANSACTIONS

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

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

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

22 MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

Bus Átha Cliath - Dublin Bus is a wholly owned subsidiary of Córas Iompair Éireann (the group) and the financial statements reflect the effects of group membership.

23 APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 30th April, 2002.

Notes

Notes

PHOTOGRAPHERS : NEIL WARNER **:** JONATHAN MC DONNELL **DESIGN :** CREATIVE INPUTS

PN No. 11384