



## Annual Report and Financial Statements 2008



## Driving Investment

# Contents



Operations Review	3	Principal Accounting Policies	22
Directors and Other Information	15	Profit and Loss Account	23
Report of the Directors	16	Balance Sheet	24
Statement of Directors' Responsibilities	19	Cash Flow Statement	25
Report of the Auditors	20	Notes to the Financial Statements	26



Bus Éireann would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2007-2013 and Transport 21 as well as co-funding by the European Union.

## Financial Performance

The company incurred a loss of €8.1 million in 2008 after exceptional items compared to a loss of €2.1 million before the release of provision for liabilities and charges in 2007. Overall 2008 after exceptional items proved to be a challenging year for the company as the downturn in the economy impacted on passenger revenue. Increased costs in respect of fuel, the loss of the excise duty rebate from 1 November 2008, increased payroll costs arising from national wage agreements and the continuing cost of worsening traffic congestion contributed to the deterioration in the financial results.

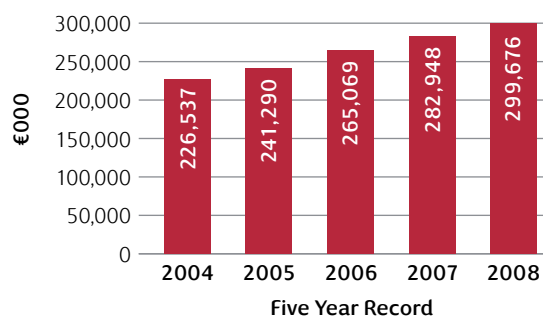
The company has had in place cost saving programmes over the last number of years and these programmes were escalated in 2008 to reduce the impact of lower revenue levels. Reductions in road passenger costs were achieved through strong financial controls and the introduction of ongoing improvements in operations and cost management programmes.

Competition from other modes of transport as well as increased competition within the bus market arising from the issuing of licences on primary routes continued to impact on the revenue performance of the company. Road Passenger revenue for 2008 was 5.6% lower than in 2007.

Total revenue earned in 2008 amounted to €299.7 million compared to €282.9 million in 2007.

The revenue performance over recent years is set out in the table below:

### Revenue



## Effectiveness and Efficiency Report

In 2008, the Department of Transport commissioned consultants Deloitte to conduct a review of operations at Bus Éireann and Dublin Bus. The report, Cost and Efficiency Review of Dublin Bus and Bus Éireann, was published in January 2009 and Bus Éireann is pleased to say that it found that Bus Éireann had an efficient and effective network when compared to European peers. The Deloitte report follows the 2006 Booz Allen Hamilton Value for Money report, which was also positive about Bus Éireann's operations.



In summary, the Deloitte report said that Bus Éireann had grown passenger numbers by 15 per cent from 2001 to 2007. It also noted that Bus Éireann's PSO funding is low compared to European counterparts. In addition, the report noted that Bus Éireann has been using its own resources, generated from its commercial services, to subsidise PSO services.

The Deloitte report stated the company's integrated network allows customers to travel from rural areas to larger towns/cities and from there to destinations across the country. Some of the examples of this integration in action were cited in the report such as journeys made by passengers from O'Rourke's Cross, Co Limerick, to Ballina and Kinsale, and from Crusheen, Co Clare to Tralee and Sligo.

"Given the comprehensive and integrated nature of the services being offered to the public, we have found Bus Éireann's network to be as efficient as its peers," said the report.

The Deloitte report also found that Bus Éireann's administration and back office expenses are in line with benchmarks, while the scheduling of services and driver duties is efficient.

It also stated that because of these efficiencies, the scope for savings at the company is limited and that Bus Éireann has already completed various cost reduction measures. The report said that if further savings are to be made they will largely have to be made through service rationalisation, while minimising the impact of any changes to service levels on the company's integrated network.

Bus Éireann has already introduced or is in the process of introducing a number of the recommendations made in the report including the introduction of double deck coaches, the provision of real-time information, enhanced bus stop and customer information, integrated ticketing, and ticket vending.

Bus Éireann welcomes the findings of the Deloitte report and will work to implement its recommendations within the timeframes outlined in the report.

### Subvention

Bus Éireann received a subvention from the State, as payment for its Public Service Obligation (PSO) of

€41.8 million in 2008. This was an increase of approximately €5 million from the year before and in the current economic circumstances is greatly welcomed.

As the Deloitte report noted, Bus Éireann receives a low level of subvention compared to European peers. In 2008, the net cost of providing PSO service amounted to €49 million. Bus Éireann has been using its own resources, generated on its commercial services, to subsidise the under funding of social services.

Bus Éireann and the Department of Transport have a memorandum of understanding on service levels and targets for 2008 which includes the level of state support. The company met the performance targets set out in this memorandum.

### Subcontractors

Bus Éireann hired a range of subcontractors in 2008 to provide services such as mini-bus and taxi hire to the School Transport Scheme.

### Major Employer

Bus Éireann is a large national employer with a workforce of 2,837 (including 541 part-time school bus drivers).

A further 1,490 suppliers are contracted to provide services mainly to the School Transport Scheme. Our business activities also create employment for people in many other sectors who supply Bus Éireann with goods and services.

Bus Éireann contributed €42.6 million to the Exchequer in 2008 through PAYE/PRSI payments and VAT payments.

### Focus on Customers

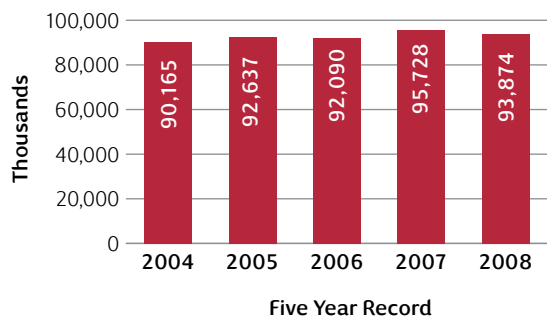
Between 2001 and 2007, Bus Éireann grew passenger numbers by 15 per cent. However, the global economic downturn in 2008 saw fewer people going to work, a drop in retail sales, people taking fewer discretionary trips, a fall in tourist numbers and a reduction in the number of non-Irish nationals resident in the country, all leading to fewer numbers travelling. This resulted in Bus Éireann road passenger customer numbers decreasing to 48.2m in 2008 from 50.2m in 2007, a change of 4 per cent.

Customer journey breakdown and Vehicle Kilometres

	Year ended 31st Dec 2008			Year ended 31st Dec 2007		
	Thousands	Thousands		Thousands	Thousands	
<b>Customer journeys</b>						
Provincial city services	21,217	22,085	-4%	8,841	8,529	4%
Other scheduled services	26,948	28,136	-4%	87,007	84,400	3%
School transport scheme	45,709	45,507	0%	83,652	74,695	12%
	<b>93,874</b>	<b>95,728</b>	<b>-2%</b>	<b>179,500</b>	<b>167,624</b>	<b>7%</b>
Total RP journeys	48,165	50,221	-2,056 -4%			
				Subcontracted km as % of total	47%	45%



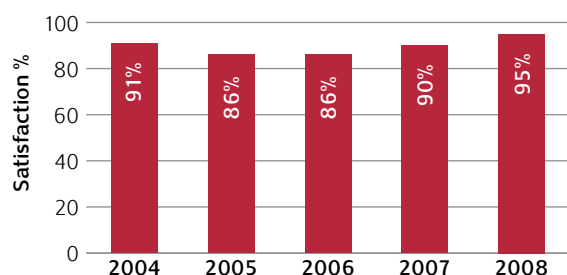
### Overall Customer Journeys



### Increase in Customer Satisfaction

The ninth independent audit of commitments given in the Bus Éireann customer charter was undertaken in 2008. This audit rates customer satisfaction against a range of performance commitments given in the customer charter.

### Overall Customer Satisfaction



As the table shows, customer satisfaction has been rising steadily each year. An overall customer satisfaction rating of 95 per cent was recorded in 2008, while the company also scored highly in terms of bus safety, cleanliness and comfort (99 per cent); punctuality (95 per cent); service frequency (92 per cent); queuing times (94 per cent); friendliness of drivers (95 per cent); and station staff (97 per cent).

Bus Éireann's website - [www.buseireann.ie](http://www.buseireann.ie) - continued to be a highly popular resource for the travelling public with the site receiving an average of over 200,000 individual visits a month in 2008, which was a 30 per cent increase from 2007 and meant Bus Éireann's site remained one of the top ten visited Irish websites.

Results of the independent audit indicated that 43 per cent of Bus Éireann customers accessed information online and availed of the journey planner with some also purchasing tickets. The journey planner enables people travelling to different destinations across the country to see how they can make onward connections using Bus Éireann's integrated network.

### New Customer Services

Under Transport 21 and due to the on-going support of the Minister for Transport and his Department, a range of new, improved and innovative customer services were introduced in 2008 to service growing population centres and meet customer demands.

#### Eastern Region

New services introduced in the region included the new high frequency 109A service from DCU to Navan via Dublin Airport, which was launched in January 2008 and has attracted significant customer numbers.

In addition, the frequency of Wicklow-Dublin 133 route was enhanced to 30 minutes at peak hours with the service extended to the IFSC and Dublin Airport via the Port Tunnel to meet customer demand.

Further enhancements were made to the network of services in the region with improvements being made to commuter routes such as Dublin-Monaghan, Dublin-Ratoath, and Dublin-Kildare. Additional services to Dublin Airport were also introduced to meet passenger demand.

#### Western Region

The new high frequency service with new vehicles from Galway city to the fast growing area of Doughiska has proven to be hugely popular since its introduction in 2008. This success has been very much supported by the introduction of a bus lane on the route.

Other new services introduced during 2008 included a new early morning service departing from Birr to Athlone on a trial basis. Services to Galway Airport were also improved to meet customer demand.

Bus Éireann operated 16 services daily to Dublin with one of these departures operating direct to Dublin Airport departing Galway at midnight. Connecting Galway on the Atlantic corridor, Bus Éireann operated 12 services daily to Cork and 14 services to Shannon Airport. Derry and Letterkenny can also be accessed with ease as there are four services each weekday to both Derry and Letterkenny and six services direct to Sligo.

### Southern Region

Two new Transport 21 routes for Cork city were introduced in 2008 to serve growing population areas. The 10A operates from South Mall to Mahon via Borreenmanna Rd. The 16 operates from South Mall to Clarkes Hill via Rochestown Road returning to the City Centre via Garryduff, Maryborough Hill and Douglas. Both have proven popular with commuters.

### South-Western Region

The Limerick City/University of Limerick route was extended to operate via Plassey Technology Park to facilitate workers.

Nine new state-of-the-art low wheelchair accessible buses were introduced to the Limerick city bus fleet. These were funded under Transport 21.

### North-Western Region

Expressway coach services to Dublin and Dublin Airport from the North West were significantly improved during 2008 in response to growing demand and to assist in attracting tourists to the region.

There are now nine daily services on the Donegal town/Enniskillen/Dublin Airport/Dublin route, operating on a 24 hour schedule. The service improvements have been very well received by customers, particularly those who want to travel to Dublin Airport in a direct and cost-effective manner.

Furthermore, daily services from Sligo and Ballina to Dublin were improved and extended to Dublin Airport in line with demand.

By making efficient use of resources, an additional Expressway service between Ballina and Galway was also introduced in 2008, bringing the number of Expressway services on that route to six in each direction.

Bus Éireann also started a successful new day tour in Summer 2008, serving Slieve League sea cliffs and Donegal Bay, which was well utilised by visitors to the region and by locals.



### Festivals & Events

Bus Éireann operated coaches to and from some of the country's biggest festivals during 2008. These included Oxegen in Punchestown, Electric Picnic in Stradbally, Westlife in Galway, the National Ploughing Championships in Kilkenny, and the Cork Jazz Festival.

### Sporting Events

Bus Éireann took the initiative to trial Park and Ride services to Croke Park from Naas GAA during the All-Ireland Football and Hurling Championships. This trial had proved successful.

It also operated a shuttle service from Limerick city to the new Thomond Park stadium for Munster Rugby matches.

Bus Éireann again transported a record number to and from the Galway Races.

### Community Involvement

The Limerick Community Awareness Programme again promoted thousands of schoolchildren in Limerick city to become 'anti-vandalism ambassadors' in a community programme run by Bus Éireann in order to reduce the anti-social behaviour that affects its buses and services.

The aim of the programme, which was in its fifth year, is to inform children of the important role the bus plays in the local community and how negatively vandalism of buses can affect neighbourhoods.

In conjunction with Foras na Gaeilge, Gaillimh le Gaeilge, Raidió na Gaeltachta and the Galway Independent, Bus Éireann recognised eight innovative community initiatives encouraging people in the Galway region to speak Irish at the inaugural Bus Éireann Galway Gaeilge Community Awards.

Bus Éireann is grateful for the support of the Minister for Community, Rural and Gaeltacht Affairs, Éamon Ó Cuív, TD, who presented the organisations with their awards at a ceremony in Galway during November, and Micheál Ó Muircheartaigh, who was chair of the judging panel.

### Traffic Congestion

Traffic congestion continues to have a significantly adverse effect on the company's costs and reliability of service and, as such, is a major source of concern.

Congestion results in Bus Éireann services, particularly those at peak times, operating at greatly reduced operating speeds with a resulting increase in journey times. This significantly affects the reliability of the company's services.

It is estimated that congestion in Ireland costs the company €24 million per annum over and above the equivalent cost to European bus operators from congestion because of lower traffic speeds in Ireland.

Traffic flows and average speeds are considerably worse than in comparable cities and towns in other European countries. In order to tackle this problem, Bus Éireann has long supported the introduction of bus lanes and bus priority measures in cities and towns across Ireland. Freeing up road space for public transport results in shorter journey times, increasing the appeal of public transport. This in turn reduces the number of private cars on the road, which improves the general traffic conditions and reduces emissions.

### Bus Priority Measures

The introduction of bus priority measures are critical to the provision of a cost-effective and efficient service is geared towards meeting the needs of customers.

Measures such as Green Routes and Quality Bus Corridors are vital for separating the bus from traffic jams and improving the reliability and attractiveness of public transport.

The following progress was made in the development of bus priority measures across the main cities in 2008:

#### Southern Region

In Cork, further progress was made on the nine Green Routes outlined in the Cork Area Strategic Plan (CASP) including completion of the Curraheen to City Centre Green Route (No 8 Route south) and the Knocknaheeny/Gurrana Braher to City Centre (Routes 2/3) Green Routes.

Bus Éireann, in conjunction with the Lord Mayor of Cork, Cork City Council, An Garda Síochána and Cork Business Association, also launched an initiative in November to demonstrate the benefits of using Green Routes when travelling to and from Cork city.



### Western Region

In Galway, the inbound bus lane on the Dublin Road, which runs for approximately 2 kilometres, continues to contribute to reduced journey times on this road.

During the year, Galway City Council started work on the outbound lane on the Dublin Road, although this is for a much shorter portion of the route compared to the inbound bus lane. There is an urgent requirement for more bus priority measures in Galway.

### Eastern Region

Management continue to work closely with the Quality Bus Network Office and all local authorities in relation to the provision of additional bus priority measures, especially on the main radial approaches to Dublin.

During 2008, a significant number of these schemes were progressed including the introduction of QBCs on the N3 at Fairyhouse and The North Quays in Dublin City Centre, while work continued on the bus lane at the Blanchardstown By-pass. In addition, there are proposals

for QBCs or Bus Priority Measures in the following areas – Amiens Street, North Wall, Naas and Navan. All these improvements are of benefit to our customers.

### South Western Region

Traffic congestion continued to be a significant cost to the company in Limerick city during 2008.

Limerick County Council has introduced valuable green routes to the perimeter of the city. However, despite the support of Limerick City Council officials for the introduction of three green routes along key roads within the city, Limerick City Councillors rejected their introduction in 2008. The introduction of these green routes would have greatly reduced journey times for the thousands of people who use our services into Limerick city every day.

Bus Éireann will continue to work with local officials and representatives in Limerick County Council and Limerick City Council on the introduction of bus priority measures for the city and county. However, the difficulty of



maintaining a reliable service in Limerick City continues to be a source of concern and failure to make progress on long standing plans for bus priority measures in the city will regretfully force Bus Éireann to review the level of services that can be provided to Limerick city.

At both regional and national levels, Bus Éireann has been working with the relevant authorities on solutions to traffic congestion such as the opening of hard shoulders for use as bus lanes where possible and further bus priority measures. We look forward to making significant progress in this area during 2009.

### Park and Ride

Bus Éireann operates the Black Ash Park and Ride service in Cork under contract to Cork City Council. The service continued to be popular with customers.

Bus Éireann also successfully operated the annual Christmas Park and Ride from Cork County Hall to the city centre.

### Technology

Bus Éireann conducted its initial trial of the Automatic Vehicle Location System (AVL) technology during late 2008, which has proved to be successful. The trial saw customers being able to access real time information on arrivals and departures for routes via the company's website, using SMS and at the arrivals display at Busáras.

In addition, all road passenger vehicles have now been fitted with the AVL system, which includes improved on-board communications technology and alarms with direct communication between the driver and the depot to improve driver and customer security.

The trials of the system have been progressing well. It is envisaged that the system will be fully operational by Autumn 2009 when customers will be able to access information via the company's website and SMS on when individual buses will arrive and depart at Bus Éireann stops across the country for all road passenger routes.

In addition, the roll-out of real-time arrivals screens to other locations around the country are currently underway. Plans are also in progress to install Real Time Passenger Information (RTPI) road sign displays on a selected number of stops on a trial basis.

In response to customer demand, Bus Éireann also introduced additional Ticket Vending Machines (TVMs) at bus stations throughout the country during the year. The machines are proving popular with customers who find them quick and easy to use, while also reducing queues at ticket offices in bus stations.

Further technological advances were made in other areas of the business during 2008. These included the introduction of credit card payments on the school transport website, upgrades to the company's website, and the provision of a Web-based facility for third-party firms to issue travel warrants.

### Accessibility

Under Transport 21 and Bus Éireann's fleet upgrade programme, during 2008 all new vehicles in operation were wheelchair accessible. This has meant that all of Bus Éireann's city buses became low floor wheelchair accessible during the year, which was ahead of the Department of Transport target.

New buses introduced into the fleet during 2008 for commuter and Expressway services are also accessible. Further accessible vehicles will enter the fleet in 2009.

During the year, Bus Éireann began piloting accessible coaches with wheelchair lifts on two routes - 109A Navan to DCU, and Waterford to Cork - and these trials will continue in 2009. Drivers operating on these routes underwent specialist training in order to operate the service.

The main challenge is to ensure there are adequate footpath facilities and space at bus stops to ensure the safe use of the wheelchair lift on coaches. Under the chairmanship of the Department of Transport, a Bus Stop Working Group, which included Bus Éireann and local authorities, has completed a template for the design of wheelchair accessible bus stops.

The Bus Éireann Disability User Group, which comprises members from representative organisations, met four times during the year to review and input on the progress being made by Bus Éireann in this area including infrastructural projects.

## School Transport

Bus Éireann worked very closely with the Department of Education & Science in 2008 in order to ensure that school transport services provided under the School Transport Scheme continued to be delivered in the most cost-effective and efficient manner, and represented good value for money, while enhancing safety and service quality.

In the region of 135,000 children were transported twice daily on dedicated Bus Éireann and contracted school transport fleet, and also on publicly owned and privately licensed scheduled local and national bus and rail services.

More than 45,000,000 journeys are undertaken by children travelling under the School Transport Scheme each year.

The quality and range of school transport services being provided under the School Transport Scheme continued to improve with 210 new services introduced in 2008.

New services for children with special needs continued to be the main component of newly introduced services, with a large proportion of these now provided by taxi.

A significant number of the new services were also provided to serve an increasing number of Gael Scoileanna and Educate Together schools nationally.

All Bus Éireann and Contractors school buses providing services under the Department of Education & Science School Transport Scheme have safety belts of an appropriate standard installed, and accommodation for pupils is provided on a one schoolchild per adult seat basis.

Safety is of paramount importance. A number of initiatives were undertaken during the year to promote school bus safety and, in particular, to communicate key safety messages, such as the importance of wearing the safety belt provided, to schoolchildren. Specifically they included:

- Bus Éireann participated with other agencies including the Gardaí, the Road Safety Authority, the Department of Education & Science, HSE, and Local Authorities in a Safety Module for Transition Year students in second level schools.
- The Bus Éireann School Bus Safety Roadshow visited more than 30 agricultural shows and events all over the country in 2008 including the Community Games in Mosney and the National Ploughing Championships in Kilkenny.
- Bus Éireann actively participated in local safety campaigns to promote school bus safety in conjunction with other agencies such as Donegal VEC, ESB, Emergency Services, Teagasc, Garda, FAI and Cork City FC.



In 2008, Bus Éireann introduced on-line payments for school transport permits. This convenient and more efficient method of payment proved very popular and it is anticipated that an increasing number of customers will avail of this system for making payments going forward.

In conjunction with the Garda Central Vetting Unit, all new and existing personnel involved in the provision of school transport services under the School Transport Scheme are being vetted, involving some 6,000 Bus Éireann staff and Contractors.

The number of vehicles used to transport children under the Department of Education & Science School Transport Scheme has increased by some 60 per cent since 2000, and now involves almost four thousand vehicles every school day, most of which are medium-sized and mini-buses. There are now 308 wheelchair accessible vehicles providing school transport services every school day, representing an increase of 45 from 2007.

## Safety & Risk Management

The safety of our customers and staff is Bus Éireann's main priority. The management continues to reinforce a safety culture throughout the organisation. As part of this, the company continued to invest in training for staff such as Advanced Driver Training and vehicle inspection for maintenance staff in 2008. In line with policy, the company regularly reviews and updates its safety management systems.

## Fleet Upgrades

The last significant fleet upgrade programme for Bus Éireann was in 1999/2000, so the introduction of new vehicles under Transport 21 was very much required and welcomed. The new vehicles funded under Transport 21 have seen Bus Éireann expand social services, encourage modal shift, and benefit from increased fuel and operational efficiencies.

Under Transport 21, Bus Éireann introduced over 150 new accessible buses into service in 2008 with a further 65 to be launched in early 2009. Over the last 18 months, Bus Éireann has taken delivery of 239 new buses and coaches in an investment of approximately €71 million.

The company purchased from its own resources a further 60 Expressway coaches during 2008 to be used for commercial purposes.

These enhancements mean that 40 per cent of Bus Éireann's fleet adhere to the highest EU engine emissions standards, which has led to a major reduction in the company's carbon emissions.

Fleet enhancements in 2008 included the first accessible double deck commuter coaches in the Republic of Ireland, additional wheelchair accessible buses for city and commuter fleets, double deck buses for Cork city services, and upgrades to the fleets in Waterford, Galway, Limerick and the north-west of the country. These enhancements across the fleet have had significant benefits for customers in terms of accessibility, comfort and reducing their carbon footprint.



Bus Éireann also began operating the first of its high capacity, high-specification double deck commuter coaches on the 109 Dublin-Navan-Cavan and the 111 Dublin-Athboy-Granard routes at the end of 2008. These high-specification coaches have a number of safety and customer-friendly features.

In addition, six accessible double deck buses were re-introduced to scheduled services in Cork city. They are being used to increase capacity on busy suburban routes.

Bus Éireann took possession of an additional 25 single deck buses for use on Cork city services, and 23 single midi-buses for services in Galway, Waterford, Sligo and Dundalk. These buses are compliant to the Euro 4 emissions standard, have high-spec interiors, and are fully wheelchair accessible. They will go into service in early 2009.

### Garage Upgrades

The building of a new bus garage for the company's fleet in Galway commenced in 2008 and will be completed by the end of 2009.

On-going upgrading of necessary garage equipment continued during the year.

### Improvements to the Road Network Across the Country

According to the Deloitte report, which was commissioned by the Department of Transport, the opening of motorways and by-passes presents both opportunities and hurdles for the company.

The report noted that the opening of motorways and town bypasses place additional pressure on the maintenance of the existing network. The report states, "However, with major improvements to the road network, customers from large towns will opt for direct express services where possible, thus diluting the financial viability of services to smaller towns. Secondary locations by-passed as a result of direct express services may become uneconomic and may require PSO funding."

This situation is compounded by licences being issued to other operators to run more direct services and some just ahead of Bus Éireann services along the main corridors.



In summary, as the Deloitte report stated, the maintenance of such services via certain secondary locations will be very much dependant upon the level of PSO funding available.

### Investing in People

In 2008, Bus Éireann continued its on-going investment in staff training and development, across all staff groups.

#### Driver Training

In 2008, driver training focused on safety training, advancement of defensive driving techniques, customer care, the introduction of new technology, as well as vehicle familiarisation on all new vehicles introduced into the fleet.

The *Drivers' Handbook and Ticketing Manual* was updated and distributed to all drivers in 2008.

Bus Éireann's training centres were approved by the Road Safety Authority for the delivery of the CPC (Certificate of Professional Competence).

#### Maintenance and Apprentice Staff

There was extensive training for maintenance staff in 2008 in relation to new vehicle systems. Training on safety issues and maintenance best practice was also addressed on an ongoing basis.

The training of apprentices continued with 14 new apprentices hired in 2008. The apprentices undertake a four year training programme which is provided by Bus Éireann in conjunction with FÁS.

#### Clerical Staff

A number of training courses were provided to relevant staff throughout the year including training on new and existing IT systems, which are extensively deployed within the business.

#### Supervisory Development

The Supervisory Development Programme, which commenced in 2007, was completed in 2008. This programme, for inspectors and maintenance supervisors, had a particular focus on understanding the role of a supervisor in Bus Éireann with an emphasis on people skills, both with regard to employees and customers.

All School Transport Inspectors attended a further course dealing with a range of operational and supervisory issues.

### An Duaiscáim

Through An Duaiscáim, a scheme open to all staff, a variety of courses were provided to staff to assist them in developing their skills in the workplace.

#### Management Development

Bus Éireann continued to sponsor a number of staff on a Diploma programme in Management Studies for the Transport Sector. This course, run by the Irish Aviation Authority (IAA), Dublin Institute of Technology (DIT) and FÁS, focuses on developing individuals skilled in the area of people management and providing them with a full understanding of the wider business environment in which Bus Éireann operates. Seventeen staff have completed the two year course and there are currently twenty-one staff in first and second year.

#### Bus Licensing/Policy

The Dublin Transport Authority Act was enacted in 2008. According to the Act, where the Dublin Transport Authority secures the provision of public bus passenger transport services to which a public service obligation applies, it shall enter into a direct award contract with Bus Éireann, giving it an exclusive right to continue to provide the public bus passenger services that it provides.

Bus Éireann notes plans to update the Road Transport Act 1932 in 2009. The company is hopeful that this new Act will have regard to the company's integrated nationwide network of services which is based on interlinking timetables and interchange locations.

According to the Deloitte report, Bus Éireann's integrated network is an integral part of its efficient operations. It is hoped that the new licensing framework will not undermine the services that are currently in place. These services are particularly important for provincial locations as they enable smaller locations to be linked to towns and onwards to a wide range of destinations. A significant number of Bus Éireann customers avail of this integrated network to make journeys from their homes to a wide range of locations throughout the country that are not connected directly.

## Directors at 24th August 2009

**Dr. J.J. Lynch, Chairman**

**Mrs. T. Honan**

**Mr. J. Pender**

**Mr. J. Byrne**

**Mr. J. Griffin**

**Mr. R. Langford**

**Mr. J. Moloney**

**Mr. B. McCamley**

**Chief Executive**

**Mr. T. Hayes**

## Secretary and Registered Office

**Ms. A. Keane,**

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Website: [www.buseireann.ie](http://www.buseireann.ie)

Registered Number: 119570

## Auditors

**PricewaterhouseCoopers,**

Chartered Accountants and Registered Auditors,

One Spencer Dock,

North Wall Quay,

Dublin 1.

## For the year ended 31st December, 2008

The directors present their annual report in accordance with their obligations under the Irish Companies Acts 1963 to 2009 and the Transport (Re-organisation of Córas Iompar Éireann) Act 1986. The accounts of the company and the related notes, which form part of the accounts and are included in this report, have been prepared in accordance with accounting standards generally accepted in Ireland.

## Principal Activities and Financial Review

Bus Éireann, is a transport management company, whose principal activities are the management and planning of an integrated network of services, using its own and subcontractor resources. This integrated network covers long distance coach services, local, rural, commuter, provincial city and town bus services. The company is also responsible for the management and provision of the nationwide school transport scheme on behalf of the Department of Education and Science.

The company recorded an overall deficit of €8,092,000. The net cost of providing PSO services amounted to €49,013,000. A Public Service Obligation payment of €41,846,000 was received. Road passenger journeys decreased by 2.06 million journeys and School journeys increased by 0.20 million journeys in 2008.

Revenue increased by €16.73 million to € 299.67 million despite a difficult year of trading, with increased competition on the most lucrative elements of the network, which saw a 4% decrease in customer journeys on provincial city and other scheduled services. Payroll and related costs increased to € 142.31 million during the year in line with the increase in the national wage agreement and increased change programme costs.

Materials and services costs increased primarily as a result of higher fuel costs, contractor costs and maintenance costs.

€40 million was invested in fleet improvements during the year as part of Transport 21.

The company continues its strong focus on improving quality and efficiency of its services for all customers. In monitoring the company's performance a range of key operating and financial performance indicators are regularly reviewed by both the management and directors of the company.

A detailed review of the company's activity for the year is contained in the Operations Review on pages 3 to 14.

## Results and Reserves

The financial statements for the year ended 31st December, 2008 are set out in detail on pages 22 to 35. The results for the year ended 31st December, 2008 show a deficit of €8,092,000 (2007- Surplus €6,903,000 ).

## Internal Control and Risk Management

The board of Bus Éireann has an Audit Review Group in place to review the annual accounts, internal controls and compliance matters, the effectiveness of internal and external audit and risk management. A risk register is maintained by the company and is updated for review by the directors and senior management on an ongoing basis.

A Board Safety Committee and a Board Maintenance Committee are also in place to review safety matters, maintenance matters and procedures and which report to the Bus Éireann board.

## Employee Participation

The terms of the local partnership councils elected in 2003 expired in December, 2007. Much of 2008 was taken up with the planning and organising of elections to the new councils. This was done through a management/trade union implementation working party. Elections for the new local councils took place in September, 2008. By the end of the year two local council meetings had taken place.

## Health and Safety

The company is committed to ensuring the well-being 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, 2005.

The Bus Éireann Board safety committee, which was established at sub board level in 2004, met regularly during the year. This committee monitors the safety of the company against an annual safety plan and encourages the widest participation in safety awareness and accident prevention in the company.



## EC (Late Payment) Regulation 2002

The directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the EC (late payment) Regulation 2002. Procedures have been implemented to identify the dates upon which all 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 regulations.

## Equality and Diversity

In 2008 the Equality and Advisory Group continued its work with four meetings held during the year. This Group has come to the end of its two year remit. The function and impact of the Group will be reviewed, to ensure that the structure that replaces it continues the good work already achieved by the Equality Advisory Group.

Under the Disability Act 2005, public service bodies have a duty to promote and support the employment of people with disabilities, and to ensure that at least 3% of their employees are people with disabilities. As a result of the safety critical nature of the environment in which Bus Éireann operates and the need to ensure the safety of employees and customers, this target is not easily reached in Bus Éireann. To provide more focus and support for employees with disabilities a new Policy 'Bus Éireann's Policy for the Employment of People with Disabilities' has been developed with the assistance of the National Disability Authority.

There are currently employees of thirty-one different nationalities working in Bus Éireann, with non-Irish nationals representing 6% of the total workforce. Focus groups were held with a number of these employees in 2008 to gain a better understanding of their experience of working in Bus Éireann. The information gathered during these focus groups was both very informative and very positive. All the employees involved in the focus groups spoke very positively about working for Bus Éireann and they all demonstrated great commitment and interest in the Company.

Continuing the focus on mainstreaming Equality & Diversity the updated version of the Drivers' Handbook and Ticketing Manual, which was distributed to all drivers in 2008, includes significant information on the care to be provided to Bus Éireann's varied and diverse customers.

## 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 Éireann, Broadstone, Dublin 7.

## Directors

The directors of the company are appointed by the Minister for Transport. Prior to 1st August, 2008 directors were appointed by the Chairman of Córas Iompair Éireann with the consent of the Minister. The names of persons who were directors during the year ended 31st December, 2008 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Dr. J.J. Lynch, Chairman (Re-appointed 28th March, 2008)

Mr. J. Byrne

Mr. T. Byrne (Appointed 24th June, 2008)

(Resigned 3rd November, 2008)

Mr. J. Hegarty (Re-appointed 29th March, 2008)

(Retired 28th March 2009)

Mrs. T. Honan

Mr. R. Langford

Mr. J. Moloney (Re-appointed 1st January, 2009)

Mr. B. Mc Camley (Re-appointed 1st January, 2009)

Mr. J. Pender

Mr. J. Griffin (Appointed 18th May 2009)

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.

## **Code of Practice for the Governance of State Bodies**

Details of the policies and procedures implemented by the company following publication of the Code of Practice for the Governance of State Bodies are set out in the Córás Iompar Éireann group accounts.

## **Auditors**

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

On behalf of the board

**Dr. J.J. Lynch** Chairman

**Mr. R. Langford** Director

# 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 for that year.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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 Irish Companies Acts, 1963 to 2009. 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.

## Independent Auditors' Report to the Members of Bus Éireann

We have audited the financial statements on pages 22 to 35. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 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 the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 19.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. 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 of its called-up share capital.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

## Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2008 and of its loss and cash flows for the period then ended; and

- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations which 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 16 to 18 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 24, 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, 2008, 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, Ireland

24th August 2009

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 2009. 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) Revenue

Revenue comprises the gross value of services provided

## (C) 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

The historical costs of road passenger vehicles other than school buses are depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles' usage throughout their lives. The historical costs of school buses are depreciated in equal annual instalments over their expected useful 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.

## (D) Leased Assets

### Operating leases

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

## (E) 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.

## (F) Public Service Obligation Payments and Grants

### (i) Public Service Obligation payment

Public Service Obligation payments received during the year are dealt with in the profit and loss account.

### (ii) European Union and Exchequer grants

European Union (EU) and Exchequer grants which relate to capital expenditure 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.

## (G) Foreign Currency

Transactions denominated in a 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 currencies are translated at the exchange rates ruling at the balance sheet date or at contract rates where applicable.

## (H) Pensions

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

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

# Profit and Loss Account



Year ended 31st December	Notes	2008 €000	2007 €000
<b>Revenue</b>		<b>299,676</b>	282,948
<b>Costs</b>			
Payroll and related costs	1	(142,311)	(130,014)
Materials and services	2(a)	(195,108)	(179,296)
Depreciation less amortisation of grants	3	(11,886)	(13,113)
<b>Total operating costs</b>		<b>(349,305)</b>	(322,423)
<b>Deficit before loss on disposal, interest receivable, Public Service Obligation payment and before release of provision for liabilities and charges and before exceptional items</b>		<b>(49,629)</b>	(39,475)
Loss on disposal of tangible assets		(149)	(756)
<b>Deficit before interest receivable, Public Service Obligation payment and before release of provision for liabilities and charges and before exceptional items</b>		<b>(49,778)</b>	(40,231)
Interest receivable		1,840	1,516
<b>Deficit before Public Service Obligation payment and before release of provision for liabilities and charges and before exceptional items</b>		<b>(47,938)</b>	(38,715)
Public Service Obligation payment	20	41,846	36,595
<b>Deficit for the year after Public Service Obligation payment and before release of provision for liabilities and charges and before exceptional items</b>		<b>(6,092)</b>	(2,120)
Release of provisions for liabilities and charges	8	-	9,023
Exceptional item	2(b)	(2,000)	-
<b>(Deficit)/Surplus for the year after Public Service Obligation payment and after release of provision for liabilities and charges and after exceptional items</b>		<b>(8,092)</b>	6,903
<b>Accumulated surplus at start of the year</b>		<b>14,842</b>	987
Transfer from asset replacement reserve	11	-	6,952
<b>Accumulated surplus at end of the year</b>		<b>6,750</b>	14,842

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. J.J. Lynch** Chairman

**Mr. R. Langford** Director

# Balance Sheet



As at 31st December	Notes	2008 €000	2007 €000
<b>Fixed assets</b>			
Tangible fixed assets	4	153,440	121,706
<b>Current assets</b>			
Stocks	5	4,816	4,732
Debtors	6	75,854	69,218
Cash at bank and in hand		348	843
		<b>81,018</b>	74,793
<b>Creditors</b> (amounts falling due within one year)	7	<b>(69,422)</b>	(54,065)
<b>Net current assets</b>		<b>11,596</b>	20,728
<b>Total assets less current liabilities</b>		<b>165,036</b>	142,434
<b>Provision for liabilities and charges</b>	8	<b>(44,270)</b>	(39,500)
<b>Deferred Income</b>	9	<b>(84,812)</b>	(58,888)
		<b>35,954</b>	44,046
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Called up share capital	10	29,204	29,204
Profit and loss account		6,750	14,842
<b>Shareholders' funds</b>	12	<b>35,954</b>	44,046

On behalf of the board

**Dr. J.J. Lynch** Chairman

**Mr. R. Langford** Director



# Cash Flow Statement



Year ended 31st December		2008 €000	2007 €000
<b>Net cash inflow from operating activities</b>	Notes 13(a)	22,830	14,157
<b>Returns on investment and servicing of finance</b>			
Interest receivable		1,840	1,516
		<b>24,670</b>	15,673
<b>Capital expenditure</b>			
Additions to tangible assets	4	(54,539)	(46,281)
Disposal of tangible assets		24	-
Capital grants received	9	41,139	40,361
		<b>(13,376)</b>	(5,920)
<b>Inflow before use of liquid resources and financing</b>		<b>11,294</b>	9,753
<b>Management of liquid resources</b>			
Movement in amounts owed by holding company	13(b)	(11,789)	(9,311)
<b>(Decrease)/Increase in cash</b>	13(b)	<b>(495)</b>	442

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

<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash in the year		(495)	442
Cash from change in liquid resources		11,789	9,311
<b>Movement in net funds</b>		<b>11,294</b>	9,753
Net funds at 1st January		51,538	41,785
<b>Net funds at 31st December</b>		<b>62,832</b>	51,538

## 1. Payroll and Related Costs

	2008 €000	2007 €000
<b>Staff Costs</b>		
Wages and salaries	123,293	110,768
Social welfare costs	10,296	9,380
Other pension costs	7,563	5,808
	<b>141,152</b>	<b>125,956</b>
Change programme costs	1,080	4,006
Engineering work for group companies	(58)	(80)
<b>Net staff costs</b>	<b>142,174</b>	<b>129,882</b>
<b>Directors' remuneration</b>		
<b>Emoluments</b>		
- for services as directors	83	79
- for other services	54	53
<b>Total directors' remuneration and emoluments</b>	<b>137</b>	<b>132</b>
<b>Payroll and related costs</b>	<b>142,311</b>	<b>130,014</b>

The average numbers of employees during the year were as follows:

	<b>Staff Numbers</b>	
	2008	2007
Full-time	2,296	2,249
Part-time school bus drivers	541	535
<b>Total</b>	<b>2,837</b>	<b>2,784</b>

## 2(a). Materials and Services

	2008 €000	2007 €000
Fuels and lubricants	20,895	15,823
Other contractors	124,156	115,916
Road tax and licences	482	339
Operating lease rental of vehicles	612	674
Third party and employer's liability claims ( <i>note 8</i> )	8,940	7,903
Rates	827	736
Auditors' remuneration	50	50
Other materials and services	39,146	37,855
	<b>195,108</b>	<b>179,296</b>

## 2(b). Exceptional Item

	2008 €000	2007 €000
Fine	2,000	-

This fine relates to the court fine in respect of the Kentstown accident.

## 3. Depreciation and Loss on Disposal of Tangible Assets

	2008 €000	2007 €000
Depreciation of tangible fixed assets <i>(note 4)</i>	22,632	19,011
Grant amortisation <i>(note 9)</i>	(10,746)	(5,898)
	<b>11,886</b>	<b>13,113</b>

## 4. Tangible Fixed Assets

	Road Passenger Vehicles €000	Plant And Machinery €000	Total €000
<b>Cost</b>			
At 1st January, 2008	236,603	14,414	251,017
Additions	52,354	2,185	54,539
Disposals	(7,045)	(780)	(7,825)
<b>At 31st December, 2008</b>	<b>281,912</b>	<b>15,819</b>	<b>297,731</b>
<b>Depreciation</b>			
At 1st January, 2008	122,175	7,136	129,311
Charge for the year	21,097	1,535	22,632
Disposals	(6,872)	(780)	(7,652)
<b>At 31st December, 2008</b>	<b>136,400</b>	<b>7,891</b>	<b>144,291</b>
<b>Net book amounts</b>			
<b>At 31st December, 2008</b>	<b>145,512</b>	<b>7,928</b>	<b>153,440</b>
At 31st December, 2007	114,428	7,278	121,706

#### 4. Tangible Fixed Assets *(continued)*

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

	Lives (Years)
Road passenger vehicles	8 - 14
Plant and machinery	5 - 10

(b) Road passenger vehicles at a cost of €27,701,438 (2007- €24,355,556 ) were fully depreciated but still in use at the balance sheet date.

(c) Tangible fixed assets at 31st December, 2008 include €14,961,175 (2007 – €21,548,709) in respect of tangible fixed assets not yet in service.

#### 5. Stocks

	2008 €000	2007 €000
Maintenance materials and spare parts	3,617	3,543
Fuels, lubricants and sundry stocks	1,199	1,189
	<b>4,816</b>	<b>4,732</b>

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.

#### 6. Debtors

	2008 €000	2007 €000
Trade debtors	2,438	1,966
Department of Education and Science	9,439	12,207
Amounts owed by holding company <i>(note 13(b))</i>	62,484	50,695
Other debtors and accrued income	1,493	4,350
	<b>75,854</b>	<b>69,218</b>

## 7. Creditors

	2008 €000	2007 €000
<b>Amounts falling due within one year</b>		
Trade creditors	18,700	17,209
Income tax deducted under PAYE	1,134	1,379
Pay-related social insurance	1,191	1,457
Value added tax and other taxes	918	514
Other creditors	194	1,995
Accruals	23,774	12,469
Third party and employer's liability claims <i>(note 8)</i>	9,000	9,000
Deferred Income <i>(note 9)</i>	14,511	10,042
	<b>69,422</b>	<b>54,065</b>
Creditors for taxation and social welfare included above	<b>3,243</b>	<b>3,350</b>

## 8. Provisions for Liabilities and Charges

	2008 €000	2007 €000
<b>Third party &amp; Employers Liability Claims</b>		
Balance at 1st January	48,500	54,525
Utilised during the year	(4,170)	(4,905)
Transfer from profit and loss account <i>(note 2(a))</i>	8,940	7,903
Release of provision for liabilities and charges	-	(9,023)
<b>Balance carried forward at 31st December, 2008</b>	<b>53,270</b>	<b>48,500</b>
<b>Apportioned:</b>		
Current liabilities <i>(note 7)</i>	9,000	9,000
Amounts falling due after one year	44,270	39,500
	<b>53,270</b>	<b>48,500</b>

### Third party and employer's liability claims

Provisions coming forward from previous years have been transferred to the Profit & Loss Account based on recent claims history.

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

## 8. Provisions for Liabilities and Charges *(continued)*

### (A) External Insurance Cover

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

- (i) Third party liability in excess of €2,000,000 for school buses and €2,000,000 for other road transport on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US\$3,300,000.
- (ii) Tour Operators liability for the group with an indemnity of €2,000,000 on any one incident and in the aggregate, subject to an excess of €250,000.
- (iii) Third party liability for the Group in excess of €150,000 on any one occurrence or series of occurrences arising out of Other Risk events, except;
  - (a) at Ossory Road, Dublin, in the case of flood damage, where the excess is a non-ranking €1,000,000, and
  - (b) any other flood damage where the excess is €250,000.
  - (c) any claim subject to United States of America jurisdiction where the excess is US\$150,000
- (iv) Road transport liabilities in excess of a self-insured retention of €11,000,000 in aggregate in the twelve month period, April 2008 to March 2009, subject to an overall Group self insured retention of €27,000,000.
- (v) Group Combined Liability Insurance which does not include Terrorism liability, overall indemnity is €200,000,000 for the twelve month period, April 2008 to March 2009, for rail and road transport Third Party and Other Risks Liabilities.
- (vi) All risks, including storm damage, with an indemnity of €200,000,000 in respect of Group's property in excess of €1,000,000 on any one loss or series of losses, with the annual excess capped at €5,000,000 in aggregate.
- (vii) Terrorism indemnity cover for the Group is €200,000,000 with an excess of €500,000 in respect of railway and road rolling stock and €150,000 in respect of other property damage, for each and every loss.

### (B) Third Party and Employer Liability Claims Provision and Related Recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled 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 in settling claims. 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.

In calculating the estimated cost of unpaid claims the company uses a variety of estimation techniques, 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 cause distortion in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including, for example, changes in company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, changes in the legal environment, the effect of inflation, changes in mix of business and the impact of large losses.

In estimating the cost of claims notified but unpaid, the company has regard to the claim circumstance as reported, any information available from legal or other experts and information on the cost of settling claims with similar characteristics in previous periods.

## 8. Provisions for Liabilities and Charges *(continued)*

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, because of the lack of any information about the claim event. Claim types which have a longer reporting 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 where such recoveries can be reasonably estimated. 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 having regard to notification from the company's brokers of any re-insurers in run off.

## 9. Deferred Income

This account comprises of non-repayable EU and Exchequer grants which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated (accounting policy F).

	2008 €000	2007 €000
<b>Capital Grants</b>		
Balance at 1st January	68,930	34,467
Received and receivable	41,139	40,361
Transfer to profit and loss account <i>(note 3)</i>	(10,746)	(5,898)
Balance carried forward	99,323	68,930
Less transfer to current liabilities <i>(note 7)</i>	(14,511)	(10,042)
Balance at 31st December	<b>84,812</b>	58,888

## 10. Share Capital

	2008 €000	2007 €000
<b>Authorised</b>		
Ordinary shares of €1.27 each	40,632	40,632
<b>Allotted, called up and fully paid</b>		
Ordinary shares of €1.27 each	29,204	29,204

## 11. Asset Replacement Reserve

	2008 €000	2007 €000
Balance at 31st December	-	6,952
Transfer to profit and loss	-	(6,952)
<b>Balance at 31st December</b>	<b>-</b>	<b>-</b>

## 12. Reconciliation of Movement in Shareholders' Funds

	2008 €000	2007 €000
(Deficit)/Surplus for the year	(8,092)	6,903
Opening equity shareholders' funds	44,046	37,143
<b>Closing equity shareholders' funds</b>	<b>35,954</b>	<b>44,046</b>

## 13. Cash Flow Statement

### (a) Reconciliation of operating deficit to net cash inflow from operating activities

	2008 €000	2007 €000
Operating deficit before Public Service Obligation payment	(49,778)	(40,231)
Public service obligation payment	41,846	36,595
	(7,932)	(3,636)
Depreciation and loss on disposal of tangible fixed assets	22,781	19,767
Capital grants amortised	(10,746)	(5,898)
Release of provision for liabilities and charges	-	9,023
Exceptional item	(2,000)	-
(Increase)/Decrease in stocks	(84)	188
Decrease/(Increase) in debtors	5,153	(3,633)
Increase in creditors	10,888	4,371
Increase/(Decrease) in provisions for liabilities and charges	4,770	(6,025)
<b>Net cash inflow from operating activities</b>	<b>22,830</b>	<b>14,157</b>

	At 1st Jan. 2008 €000	Flows €000	At 31st Dec. 2008 €000
<b>(b) Analysis of change in net funds</b>			
Cash at bank and in hand	843	(495)	348
Amounts owed by holding company <i>(note 6)</i>	50,695	11,789	62,484
	<b>51,538</b>	<b>11,294</b>	<b>62,832</b>



## 14. Operating Lease Obligations

	2008 €000	2007 €000
Commitments under non-cancellable operating leases payable expire as follows:		
Within one year	488	-
Between one and five years	377	141
	<b>865</b>	<b>141</b>

## 15. Pensions

The employees of Bus Éireann are members of Córas Iompair Éireann Group pension schemes. The Córas Iompair Éireann Group operates two defined benefit schemes covering the majority of employees, each of which is funded by contributions from the group and the members.

The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. It is not possible to identify the individual members' shares of the Córas Iompair Éireann Group pension scheme assets and liabilities, on a consistent and reasonable basis as even if it were possible to allocate non-active members across subsidiaries based on last day of employment, members may have worked for more than one subsidiary. Therefore, it is not possible to identify to whom the liability (and corresponding asset) for successive periods of employment belongs. The contributions to these schemes have been accounted for, as if it were a defined contribution scheme as permitted by FRS 17 - 'Retirement Benefits' by the Córas Iompair Éireann Group companies.

The most recent actuarial valuations of the schemes for the provisions of FRS 17 showed that at 31st December 2008, that there was a deficit of €567.6 million on the schemes.

The pension cost for the year on the defined benefit schemes was €7.56 million, these costs are also included in note 1.

## 16. Capital Commitments

	2008 €000	2007 €000
Contracted for	6,082	62,859
Authorised by the directors, but not contracted for	-	11,095
	<b>6,082</b>	<b>73,954</b>
Funded	-	41,888

## 17. Contingent Liabilities

The company, from time to time, is party to various legal proceedings relating to commercial matters which are being handled and defended in the ordinary course of business. The status of pending or threatened proceedings is reviewed with CIE Group's legal counsel on a regular basis. It is the opinion of the directors that losses, if any, arising in connection with these matters will not be materially different from the provisions made in the financial statements.

## 18. Net Surplus/Deficit by Activity

	Public Services				Total €'000
	Commercial €'000	City €'000	Stage Carriage €'000	Non- Commercial €'000	
<b>2008</b>					
Revenue	227,052	25,042	47,582	72,624	299,676
Costs	225,977	47,809	73,828	121,637	347,614
	<b>1,075</b>	<b>(22,767)</b>	<b>(26,246)</b>	<b>(49,013)</b>	<b>(47,938)</b>
<b>Surplus/(deficit) Public Service Obligation Payment</b>				41,846	41,846
<b>(Deficit)/surplus after Public Service Obligation Payment</b>	<b>1,075</b>			<b>(7,167)</b>	<b>(6,092)</b>
Exceptional Item					(2,000)
<b>Deficit for year</b>					<b>(8,092)</b>
<b>2007</b>					
Surplus/(deficit) after release of provision for liabilities and charges	<b>7,982</b>			<b>(1,079)</b>	<b>6,903</b>

The company operates commercial, schools transport and public service activities. The principal activity operated on a commercial basis is Expressway. The School Transport scheme is operated under contract with the Department of Education and Science on a cost recovery basis. The remaining principal activities are Stage Carriage and City Services for which the company receives Public Service Obligation payments in respect of these public service activities. Costs for Expressway, Stage Carriage and City Services are allocated on the basis of metrics derived from prior period actual costs, independent studies of Bus Éireann operations, numbers of buses and mileage.

## 19. Related Parties

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.

## 20. Public Service Obligation Payment

The Public Service Obligation payable to the company through the holding company, Córas Iompair Éireann, amounted to €41,846,000 for the year ended 31st December, 2008 (2007- €36,595,000).

## **21. Membership of Córas Iompair Éireann Group**

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

## **22. Approval of Financial Statements**

The directors approved the financial statements on 24th August 2009.