



Annual Report & Financial Statements **2010**



Serving the community in  
a changing world



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



# Operations Review

## Financial Review/Overview

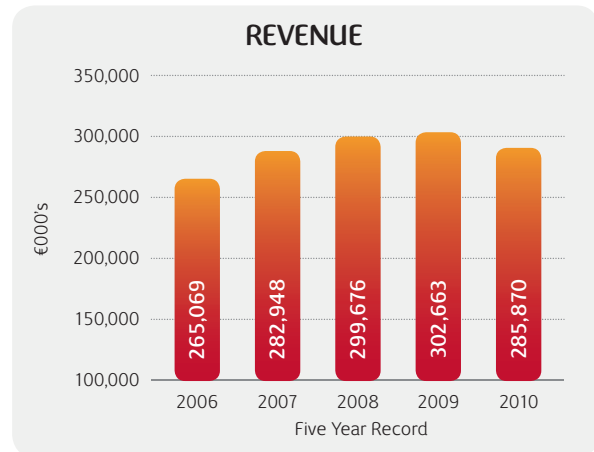
The company incurred a loss of €2.2m in 2010 compared to a loss of €4.7m before exceptional items in 2009.

Bus Éireann continued to face serious challenges during 2010. Factors such as the continuing downturn in the economy and fall in retail sales had a severe impact on passenger numbers. Core road passenger products recorded a drop in passenger numbers of approx 11% against 2009 levels. The reduction in passenger revenue amounted to 6%.

The company continued the successful introduction of its cost reduction plans during 2010. There are two main elements to the plans which assisted in significantly reducing the deficit in 2010. These elements involved both reductions in the core cost base of the company and the reorganisation and restructuring of certain bus services. The service changes were necessary due to the drop in revenue and the reduction in funding for PSO services. The network review also included looking at innovative ways of maintaining certain services. The service changes are agreed in advance with the NTA and the company has ensured that customers receive adequate notice of the planned service changes.

Significant cost savings were achieved during 2010 while still providing a comprehensive integrated transport network of services. Road passenger expenditure reduced by €19m (10%) compared to 2009 levels. Staff numbers have also reduced across all grades of staff during 2010. Payroll costs have reduced by €9m (6.2%) in 2010. These savings required implementation of a range of challenging actions. In addition to in-house efficiencies significant cost reductions have been realised from external suppliers.

Total revenue earned in 2010 amounted to €285.9m compared to €302.7m in 2009. The revenue performance over recent years is set out in the table:



## An Efficient Public Transport Service

Bus Éireann has had in place ongoing cost saving programmes over the last number of years and challenging targets are included in each annual budget. Savings of approximately 4% were achieved in both 2008 and 2009, which equated to approximately €6m in savings in each year, without any impact on services levels or the standard of services being delivered.

According to the independent Deloitte report, which was commissioned by the Department of Transport, Bus Éireann is an efficient and effective public transport operator compared to European standards operating on a low subvention compared to other similar operators in Europe. During 2010, the company continued to implement further efficiency measures as recommended by the Deloitte report. This included utilisation of higher capacity vehicles, integration with Rural Transport Programme and HSE transport services, and involvement in the Real Time Passenger Information (RTPI) Display project.

In light of the significant economic downturn, the company strengthened and escalated its ongoing cost reduction programme with road passenger expenditure reduced by €19m (10%) in 2010. This was achieved through changes in terms and conditions, reductions in staff numbers, service curtailments and other measures.

Changes to services were in line with the Deloitte report and followed an extensive review of our network. The



## Operations Review (continued)

changes were designed to bring service levels in line with passenger demand while maintaining as many services as possible given the funding available to the company. The changes were concentrated on services with low passenger usage and the majority of alterations were to the frequency of a service or its routing rather than curtailments. All changes were approved by the National Transport Authority (NTA).

Changes to terms and conditions were also introduced in agreement with the trade unions and the Labour Court, which led to a reduction in both payroll costs and staff numbers.

Further cost savings were achieved in all areas through company-wide efficiencies and from reducing external supplier costs. Efficiencies were achieved in areas such as overtime and absenteeism, fuel efficiency, vehicle accident damage, and maintenance and bus hire costs.

The company introduced an eco-driving programme in association with the Sustainable Energy Association Ireland that is projected to reduce fuel costs by at least 5% per annum through training drivers to make adjustments to their driving style. In addition, savings in lighting and heating costs were achieved by retro-fitting induction lights in some garages, which have seen electricity consumption significantly reduced and lighting levels improved.

Technology has also been used to reduce costs. The increase in on-line ticket sales and use of ticket vending machines led to a reduction in opening hours for tickets offices.

The company also made significant procurement savings in external supplier costs during the year. Material and services costs were reduced by €1.8m in total. Rates paid to bus hire and maintenance contractors were reduced as part of the cost reduction programme. There was also a reduction in professional fees paid to suppliers. The review of all of the above costs is on-going.

**SAVINGS OF APPROXIMATELY 4% WERE ACHIEVED IN BOTH 2008 AND 2009, WHICH EQUATED TO APPROXIMATELY €6M IN SAVINGS IN EACH YEAR, WITHOUT ANY IMPACT ON SERVICES LEVELS OR THE STANDARD OF SERVICES BEING DELIVERED.**

### Network Planning

During 2010, Bus Éireann continually reviewed its network of scheduled services to ensure that it was providing effective customer services in a cost-efficient manner.

Significant cost efficiencies were also achieved in school transport services through network planning to fully utilise resources, the amalgamation of routes, and the renegotiation of contractor rates.

### Subvention

Bus Éireann received a subvention from the State, as payment for its Public Service Obligation (PSO) of €45.0m in 2010 down from €49.4m in 2009.

As the Deloitte report noted, Bus Éireann receives a low level of subvention compared to European peers. In 2010, the net cost of providing PSO Services amounted to €42.0m.

The funding of PSO services is governed by Public Transport Contracts between the National Transport Authority and Bus Éireann. The current contract is for five years until 2014. The contract outlines standards of operational performance and customer service that Bus Éireann must maintain. In 2010, the company met the performance targets set out in the contract.

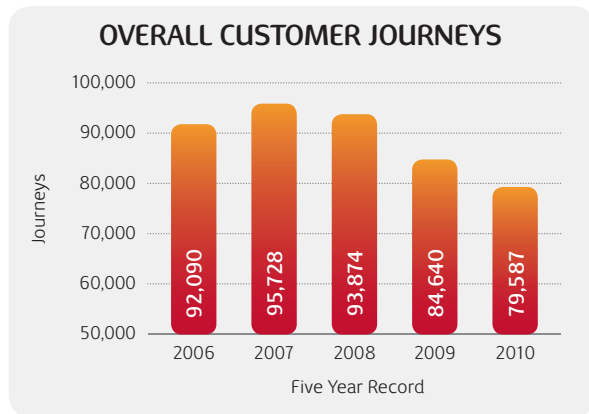
## Operations Review (continued)

### Market Trends

In recent years, Bus Éireann has significantly expanded its network of services across the country. However, the economic downturn has seen a significant drop in demand for public transport because of the fall in the number of people in work, the drop in the number of non-Irish nationals in the country, the significant slowdown in retailing, and a substantial reduction in the number of tourists visiting Ireland. This has resulted in Bus Éireann road passenger customer journey numbers decreasing from 42.2m in 2009 to 37.2m in 2010, a change of 11.8%.

Customer journeys	2010	2009
Provincial city services	16,620	18,323
Other scheduled services	20,640	23,929
School transport scheme	42,327	42,388
<b>TOTAL</b>	<b>79,587</b>	<b>84,640</b>

#### Year ended 31st December



**BUS ÉIREANN CONTRIBUTED €50.12M TO THE EXCHEQUER IN 2010 THROUGH PAYE/PRSI PAYMENTS, VAT, CARBON TAX, AND EXCISE DUTY.**

### Major Employer & Contributor to Local Economies

Bus Éireann is a large national employer with a workforce of 2,704 at locations throughout the country.

A further 1,490 suppliers, who provide approximately 3,300 vehicles, 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 at local and national level.

Bus Éireann contributed €50.12m to the Exchequer in 2010 through PAYE/ PRSI payments, VAT, Carbon Tax, and Excise Duty.

### Local Integrated Transport Services

In line with Government policy and the Deloitte report, Bus Éireann worked closely with Pobál/Rural Transport Programme (RTP), the HSE, the Irish Wheelchair Association and the Departments of Education and Skills and Transport to develop a co-ordinated Local Integrated Transport Services (LITS) solution that would provide an enhanced range of local and rural transport services in a value for money way through network planning and better utilisation of resources.

A range of pilots were undertaken during the year, which saw RTP and HSE services link-in with existing Bus Éireann services. An external evaluation of the pilot projects was undertaken and its recommendations are currently being reviewed to see how further synergies between all the participants can be leveraged.



## Operations Review (continued)

### Focus on Communities & Customers

Bus Éireann continues to have a high level of customer satisfaction. Independent surveys show that the company achieved an overall customer satisfaction of 88% in 2010 with more than 95% of respondents saying they would recommend Bus Éireann to a friend.

The company also scored highly in terms of bus safety (96%); station staff (92%); friendliness of drivers (90%); and information provision (89%).

Bus Éireann's website – [www.buseireann.ie](http://www.buseireann.ie) - continued to be a highly popular information and journey planning resource for the travelling public with the site receiving an average of 377,000 individual visits a month in 2010, which was a 57% increase on the year before and meant Bus Éireann's website remained one of the most visited Irish websites. Sales through the company's website grew by over 40% during the year.

As well as information and ticket purchasing, the company's website also has a journey planning feature that enables customers travelling to different destinations across the country to see how they can make onward connections using Bus Éireann's integrated network.

Further customer initiatives implemented during the year include making up-to-the second arrival and departures times at our stops across the country available via the Web and SMS, trialling Wi-Fi across inter-city services, and having School Transport tickets available to purchase on-line.

### Service Enhancements

During 2010, Bus Éireann introduced a number of service enhancements in line with customer demand by revamping several routes to make better use of existing resources.

These included providing additional daily departures on Route 111 Dublin-Trim-Athboy-Cavan, delivering greater connectivity between Cavan, Granard, Delvin and Athboy, and integrating the service with the new Dunboyne-Dublin rail line at the M3 Parkway park n ride facility.

The 343 Shannonlink service linking Limerick and Shannon Airport replaced the existing 343 service.

The Shannonlink service provides a greater number of services between Limerick, Shannon town, Shannon Industrial Estate and Shannon Airport, and operates every half hour during morning and evening peak.

A new timetable was introduced for the 109A Navan-Dublin Airport-DCU service with early morning and late evening services introduced, as well connections to Ashbourne and Ikea in Ballymun.

Following the closure of the Rosslare-Waterford rail line, Bus Éireann, in conjunction with the NTA, introduced a local transport plan for South Wexford that saw an expansion of coach and bus services for the area with greater frequency of services from rural locations in the region and enhanced direct links to Waterford city, Wexford town, New Ross, WIT, and regional hospitals and health centres.

Bus Éireann also introduced new and revamped Expressway services during 2010 that make best use of the new motorway infrastructure and link to the country's Airports where commercially feasible. For instance, seven direct coach services a day to Ireland West Airport Knock from Sligo and Galway were introduced on Route 64 Galway-Sligo-Derry.

The new motorway network was also utilised to introduce limited stop services with improved travel times between Galway and Limerick, and Galway and Dublin Airport.

The high frequency X51 Galway-Limerick services provides the fastest coach connection between the two cities with a journey time of only 80 minutes each way. The X20 Galway-Dublin Airport service is the fastest coach service from Galway city to Dublin Airport with a journey time of just 2 hours 40 minutes.

An association between Bus Éireann and Galway-based transport provider Gobus.ie brought increased benefits to both Gobus.ie and Bus Éireann customers by providing them with a greater choice of services between Galway-Dublin City-Dublin Airport.

As part of the company's on-going plan to improve information at bus stops and bus shelters, over 50 bus shelters have been erected in conjunction with the company's commercial partner. Bus Éireann has a network of over 500 shelters across the country.

## Operations Review (continued)

### Encouraging Public Transport Usage

A wide range of successful marketing initiatives were implemented in 2010 to help promote services, retain customers and improve under-performing routes. These initiatives will continue in 2011.

This included offering special fares on local and national routes to encourage travel at key periods such as school holidays and in the run-up to Christmas. Promotional fares were also used on specific local routes that had not been performing well.

Joint promotions were also established with a range of third-parties including Dunnes Stores, Dublin Zoo, Guinness Storehouse, Allianz, Dublin Airport, Burger King, local retailers and shopping centres.

A highly focused student campaign was also activated that saw student passenger numbers increase.

Our Passport to Summer campaign encouraged family travel within Ireland during the summer months and received excellent feedback from customers. A number of initiatives were also introduced with local and national tourism bodies and organisations to encourage tourists to travel with Bus Éireann while in Ireland.

In conjunction with Dublin Bus and Irish Rail, Bus Éireann launched a significant promotional campaign for the Tax saver commuter ticket, which offers customers significant savings on their commuting costs.

Bus Éireann continued its award-winning digital media initiatives with on-line promotions through its website, Facebook and Twitter pages that led to a significant rise in on-line ticket purchasing.

### Maintaining Services in Difficult Conditions

Bus Éireann recognises its role as a key provider of public transport throughout the country and this was demonstrated on several occasions during 2010 when the company provided a high level of services in a safe manner in difficult circumstances.

During the severe weather conditions in January and December, Bus Éireann, with the assistance of the Departments of Transport and Education, Gardai, NRA and local authorities, maintained the vast majority of its services throughout the country to ensure that customers could continue to travel to work, to school/college, to the shops and to visit family and friends. Regular updates on service disruption were made available to customers through our website, Facebook and Twitter sites, as well as local and national media.

Bus Éireann also played an active and valued role as a member of the inter-agency Severe Weather Group established by the Department of the Environment, Heritage and Local Government to co-ordinate the multi-agency response to the weather crisis and provide a public information service.

In response to disruption to air travel during the period, the company also operated a number of inter-city services on Christmas Day to ensure that people who were delayed getting into the country could get home for Christmas.

The company has received a large number of correspondence from customers thanking our staff for maintaining services safely during these times.

In April and May when volcanic ash closed many airports around Europe, Bus Éireann's Eurolines service provided a crucial transport link for people between Ireland and the UK and Continental Europe. Bus Éireann Eurolines reacted to the crisis by adding additional departures to and from the UK, and worked closely with counterparts across Europe to cater for the large number of people that travelled on Eurolines to and from Ireland during this time.

To maintain services in such circumstances in a safe manner requires significant skills and expertise and the commitment of our employees in this regard, particularly during the severe weather incidents and was recognised and applauded by the Government.





## Operations Review (continued)

### School Transport

In the region of 125,000 children were transported twice daily during the school year by the School Transport Scheme in 2010.

Bus Éireann worked very closely with the Department of Education & Skills throughout 2010 in order to ensure that school transport services provided under the School Transport Scheme were delivered in the most cost effective and efficient manner. Significant efficiencies were achieved during the year by using network management skills to revamp a range of services and to provide better and more effective utilisation of vehicle resources.

The severe weather events during the year presented considerable challenges to the delivery of school bus services.

The School Transport Scheme is mainly rural-based largely using secondary roads and serving isolated and often hilly locations. Despite this, disruption to services was kept to a minimum. A comprehensive daily school transport update outlining the position each morning in the various parts of the country was fed into the Department of Education and Skills, while close contact was maintained with school authorities, VEC Offices and the media, to keep the public up-to-date with developments.

The safety of schoolchildren travelling on board our school transport services is our highest priority and the promotion of school bus safety, communication of key safety messages, and initiatives to encourage schoolchildren in this regard continued to receive particular attention at a local level throughout the country.

The Bus Éireann School Bus Safety Roadshow visited more than 30 agricultural shows in 2010 including the Community Games in Athlone. The specially adapted Safety Roadshow School Bus also visited over 30 schools and school centres promoting school bus safety to several thousand schoolchildren. Comprehensive school visits to promote school bus safety and the wearing of seat belts by schoolchildren were undertaken throughout Donegal, and in Cork, Westmeath, Clare and Kildare, amongst other counties.

**125,000 CHILDREN  
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Bus Éireann actively participated in local safety campaigns to promote school bus safety at multi-agency events in 2010 including the 'Be Safe' programme in various parts of the country, and worked with local authorities and their Safety Officers. We also worked in conjunction with the Gardai, the RSA, the HSA, the Department of Education & Skills, and the Emergency Services in order to communicate important safety messages to schoolchildren.

Bus Éireann personnel from all over the country including management, administration officers, School Bus Inspectors, and Drivers, have all been involved in delivering these important safety messages at various events.

The quality and range of school transport services being provided under the School Transport Scheme continues to improve, with 95 new services introduced in 2010. However, the total number of vehicles increased by only 19 with effective and careful network planning contributing significantly to cost efficiencies.

There are now 369 wheelchair accessible vehicles providing school transport services every school day under the Scheme, continuing a pattern of increases each year in the number of wheelchair accessible vehicles being used to more suitably accommodate children travelling under the Scheme each day.

In line with Government policy and the Deloitte report, potential synergies between school transport, rural transport, and HSE services were further explored and developed in 2010.

## Operations Review (continued)

### Supporting Festivals & Events

Bus Éireann operated coaches to and from some of the country's biggest festivals during 2010. These included Oxegen in Punchestown, Electric Picnic in Stradbally, the Lissadell House Concerts, the National Ploughing Championships, and the Cork Jazz Festival.

Bus Éireann also supported events such as the Temple House Music and Arts Festival in Ballymote, the Sea Sessions Festival in Bundoran, and the Sligo Slow Food Festival.

### Sporting Events

Bus Éireann operated special services to the All-Ireland Football and Hurling Championships Finals, and the Leinster Hurling Final.

It also operated special services to the Irish Open, the FAI Cup Final, and the Galway Races, as well as shuttle services from Limerick city to Thomond Park stadium for Munster rugby matches.

Bus Éireann provided transport to over 12,500 people during the five days of the Special Olympics Ireland Games held in Limerick in June. The event was a tremendous success and Bus Éireann and its staff was praised for their involvement in successfully transporting 2,500 athletes and their coaches, as well as the 5,000 volunteers and 5,000 supporters during the Games.

### Community Involvement

Bus Éireann continued its commitment to communities throughout the country with its support for local projects.

For instance, a number of local events for Culture Night in Cork and Sligo were supported by Bus Éireann including the hosting of concerts by local musical groups at bus stations in Sligo and special services in Cork to Culture Night events.

Bus Éireann continued its support for the development of the Irish language by assisting Gailimh le Gaeilge's campaign to encourage children living and visiting the West to speak Irish by offering a special day return fare to the Gaeltacht areas of Clifden and Connemara. The

initiative was launched by Minister for Social Protection, Éamon O'Cuiv, TD, and Chairman of the Oireachtas Committee on Transport, Frank Fahey, TD.

Bus Éireann also supported campaigns from organisations such as unicef, Reachout.com - a mental health support service for young people, Dublin City Council's One City, One People anti-racism campaign, and the Society of St Vincent de Paul's Toys for Tubs campaign.

Bus Éireann also played an active role working with the Department of Transport, and other State and local bodies to promote European Mobility Week, which is an initiative to encourage greater public transport use at national and local level.

### Traffic Congestion

Although traffic congestion was not as high as previous years due to the economic downturn, it remained a significant impediment to our operations, which impacts on the company's costs and reliability of service. Ongoing progress is required if the disadvantages arising from traffic congestion are to be reduced and to make public transport more attractive than the car.

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.

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 geared towards meeting the needs of customers.

## Operations Review (continued)

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.

Bus Éireann management at national and local level continue to work closely with national and local authorities to progress Green Routes and Quality Bus Corridors.

### Park n 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. This year, Bus Éireann also operated a special Park and Ride service for Christmas shoppers visiting Cork city in co-operation with Cork County Council, Cork City Council and An Garda Síochána.

Bus Éireann also successfully operated the annual Christmas Park and Ride from Galway Racecourse on behalf of Galway City Council.

### Environmental Benefits

All new vehicles meet the highest EU emission standards. These enhancements mean that 40% of Bus Éireann's fleet adhere to these standards, which has led to a major reduction in the company's carbon emissions.

The company is also working with Sustainable Energy Authority Ireland to implement a range of eco-friendly initiatives in its locations and on vehicles that are designed to reduce waste, fuel usage and emissions.

Bus Éireann's has also promoted the environmental benefits of car commuters switching to the bus at least once a week in order to reduce their carbon emissions.

### Enhanced Services through Technology

In 2010, Bus Éireann became one of the first transport providers in Europe to introduce a nationwide real-time passenger information system.

The system uses GPS tracking systems and Automatic Vehicle Location System (AVL) technology to provide customers with up-to-the-second information on arrivals and departures at stops across our network via SMS and the web.

Real-time information tells customers exactly when the next bus is due to arrive at their stop, as distinct from the scheduled time of arrival, which can be distorted due to congestion, road works, diversions and adverse weather conditions. The system has proven to be very popular with customers.

Bus Éireann is also working with the NTA on the Real Time Passenger Information (RTPI) project, which it is envisaged will see approximately 500 RTPI displays erected at bus stops in the Greater Dublin Area and Cork city by the end of 2011.

Bus Éireann also made Wi-Fi available to customers on a select number of inter-city services during the year on a trial basis. There was positive feedback from customers on the availability of Wi-Fi and it is now hoped to expand to further inter-city services during 2011.

### Accessibility

Bus Éireann continued to make progress in relation to the provision of accessible services.

All city services are fully accessible, as well as major town services such as Athlone, Sligo, Dundalk and Drogheda.

Bus Éireann has also introduced wheelchair accessible services on its Waterford-Cork, Galway-Ballina and Galway-Athlone inter-city services, as well as its Navan-DCU-Dublin Airport 109A service.

The main challenge in delivering accessible services outside of cities and towns remains the provision of adequate space and facilities at bus stops to ensure the safe use of the wheelchair lift on coaches. Under the Sectoral Plan, accessibility at bus stops is the responsibility of local authorities.

Over 280 new coaches and buses purchased in the last number of years under Transport 21 and the company's own resources, are accessible either through low floor access, "kneeling" access that sees the vehicle lowered to bring the entrance step area in line with or closer to the kerb, or wheelchair lift. These include low floor accessible

## Operations Review (continued)

double deck coaches and buses used on some commuter routes such as Cavan-Kells-Navan-Dunshaughlin-Dublin route, Athboy-Trim-Dublin and Edenderry-Dublin.

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

### 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 Driver Certificate of Professional Competence (CPC) and technical training for maintenance staff in 2010. In line with policy, the company regularly reviews and updates its safety management systems.

The Bus Éireann Safety Statement is reviewed and updated regularly.

### Garage Upgrades

Many of our garages had refurbishment work carried out during the year including upgrading of pits, roofs, electrical systems, heating systems, storage of chemicals, painting of floors, and safety and fire suppression systems and infrastructure.

Garage equipment continued to be upgraded in all locations including the latest in computer diagnostic tools.

### Investing in People

In 2010, Bus Éireann continued its on-going investment in staff training and development, across all staff groups.

### Driver Training

In 2010, the third module of Driver CPC training as approved by the Road Safety Authority was undertaken during the year. More than 250 drivers were also trained in eco-driving.

Instructors have been trained in defensive/eco-driving and had Fetac Level 5 training in Health and Safety in preparation for delivery of third module of Driver CPC.

The Drivers' Handbook and Ticketing Manual was updated and distributed to all drivers in 2010. A Quarterly Driver Safety Bulletin was also produced and distributed.

### Maintenance Staff

A substantial amount of technical training was completed in 2010 in preparation for the implementing of a three year plan for all craftworkers. In addition, statutory training required for craftworkers such as Working at heights, F Gas Air con training, Forklift Truck training, and various courses for all grades, fire warden, first aid etc were also conducted. A number of staff also availed of Management CPC training.

### Apprentice Training

The training of apprentices continued with 16 new apprentices hired in 2010. 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, as well as areas such as people and time management, which are important skills to possess as the company seeks to utilise further efficiencies with a reduced workforce.

### An Duaiscéim

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

## Operations Review (continued)

### 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) and the Carlow Institute of Technology (CIT) 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. Thirty two staff have successfully completed the Diploma programme and there are currently eight students attending the second year of the course.

Bus Éireann also continued to invest in its managerial experience during the year with staff undertaking a number of professional development programmes.

### Bus Licensing/Policy

#### Direct Award Contract for PSO services

Bus Éireann continues to operate a network of public service obligation (PSO) services, including city and local services, under a direct award contract with the National Transport Authority.

#### Commercial Licensing

In late 2010, licensing of public bus passenger services moved from the Department of Transport to the National Transport Authority. In accordance with recently updated licensing guidelines and the PTR Act 2009, the NTA can now grant or refuse license applications made by both Bus Éireann and private operators.

### Overview of Bus Éireann's Energy Usage in 2010

Over 96% of Bus Éireann's annual energy consumption is the diesel fuel used by the 1,300 vehicle fleet (over 28 million litres of diesel per annum). Electricity is used for lighting (interior and exterior), office equipment and garage workshop compressors. Natural gas and heating oil are used for space heating of offices and workshops.

In 2010, Bus Éireann's consumption of energy was as follows:

**28,195,930** Litres of Diesel used by Bus fleet

**6,505,958** Units Electricity used

**3,423,962** Units Gas used

**134,306** Litres Heating Oil used

When converted to standardised units, energy type totals are:

**297,467** MWh Diesel used by Bus fleet (96.5%)

**6,506** MWh Electricity (2%)

**3,424** MWh Gas (1%)

**1,417** MWh Heating Oil (0.5%)



## Operations Review (continued)

In 2010, Bus Éireann completed a number of programmes to formalise Energy Management within the organisation and to improve its Energy Efficiencies. These included:

- Development and circulation of Bus Éireann's Energy Management Strategy document.
- Bus Éireann joined SEAI's Energy Exemplar Partnership Programme.
- Appointment of internal management structures, led by the Chief Executive, to drive energy management efficiencies within the organisation.
- Bus Éireann's Central Energy Team completed the first stage of SEAI's Energy MAP training course in August.
- Arrangement of web access to utilities bills for Bus Éireann personnel. This facilitates drill-down analysis and management of electricity and gas energy consumption data for individual sites across the organisation.
- Development and implementation of procedures for evaluation and consideration of energy efficiency during the procurement process.

As the vast majority of Bus Éireann's annual energy consumption is used by its vehicle fleet, fuel consumption in this area has been prioritised for a number of initiatives including;

- Ecodriving training programme for 250 Drivers in September / October.
- Implementation of a Fuel Dispensing Monitoring Project to supply electronic data on vehicle fuel consumption for the Company's fleet.
- Internal publicity campaign to alert drivers to the energy waste and exhaust emissions that take place due to unnecessary engine idling.

Broadstone and Waterford Garages were refitted with increased energy efficient lighting systems.

## Programmes and Initiatives planned for 2011

- Prepare an Energy Policy based on the Company's Energy Management Strategy.
- Complete a trial of onboard vehicle fleet (Telematics) management systems which facilitate improved driving technique leading to improved energy efficiency.
- Implementation of a vehicle fleet engine idling measurement system to allow quantification and so improve matters.
- Analysis of Ecodriving Programme and implementation if required.
- Continue upgrades of workshop lighting to increase energy efficient systems.
- Identify and assess significant energy consumers at individual sites.
- Assess performance / efficiency of gas and oil heating systems at Bus Éireann sites.
- Formalise a process for internal identification of opportunities for energy savings on an ongoing basis.
- Promote energy efficiency and develop an energy efficiency culture within the Company through an internal company awareness campaign.



# Directors and Other Information

## **Directors at 28th March 2011**

Dr John. J. Lynch, Chairman  
Susan Donohoe  
John Griffin  
Tom Hussey  
John Moloney  
Bill Mc Camley  
Michéal O'Faoláin

## **Chief Executive**

Martin Nolan

## **Secretary and Registered Office**

Andrea Keane  
Broadstone, Dublin 7.  
Telephone: 00 353 1 703 3447  
Facsimile: 00 353 1 703 3486  
Website: [www.buseireann.ie](http://www.buseireann.ie)  
Registered Number: 119570

## **Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors,  
One Spencer Dock, Dublin 1.

## Directors and Other Information (continued)

### Board of Directors

#### Dr John Lynch

Dr John Lynch was first appointed as Executive Chairman of CIE and its subsidiary companies in March 2000. Prior to his appointment to the CIE Group of companies he was Chairman and Director General of Fás. Previously he was Chief Executive of Bord Gáis and the Irish Productivity Centre. He has also been a director of a number of private companies. John qualified as an engineer at Dublin Institute of Technology. He is also a graduate of University College Dublin receiving a BComm in 1971 and an MBA in 1974. In addition, he earned a doctorate from Trinity College Dublin.

#### Susan Donohoe

Susan Donohoe was first appointed to the Board in March 2010. Susan is a Fellow of the Association of Chartered Certified Accountants and has experience in a variety of finance roles since 1978. Susan worked in practice for 16 years and was a registered auditor from 1997 to 2003. She has also undertaken the role of finance manager in a variety of industries. A graduate of UCD, Susan previously served as a member of the Council of CERT and a member of the interim board of Fáilte Ireland. Susan was appointed Chairperson of the Bus Éireann Audit Review Group during 2010.

#### John Griffin

John Griffin was first appointed to the Board in May 2009. John served for thirty three years as a Public Servant with O.P.W. and An Post. He held elected office for almost thirty years with Limerick County Council and Committees. He was a Member of Governing Body Tralee Institute of Technology, Member of Tralee Institute of Technology Audit Committee. Member of Limerick Institute of Education Member of L.I.T. Audit Committee. Chairman of Foynes Harbour Trustees. Chairman Co.Limerick V.E.C. Chairman Finance Committee Member of I.V.E.A. for ten years.

#### Tom Hussey

Tom was appointed to the Board in December 2010. Tom is a former Public Representative and was T.D. for Galway East Constituency between 1969 and 1981. He served as Minister of State for Agriculture, Health and Social Welfare from 1977 to 1981 and was subsequently elected as Senator and sat on the Agricultural Panel for 12 years until 1992.

Tom was Chairman of Galway County Council for four consecutive years in the mid -1970's and also chaired the Western Health Board.

A graduate of NUI Galway, Tom previously served as a member of County Galway Vocational Education Committee as a Director of Aontas and National Adult Education Board. He has been a director of Dublin Port Company from 2002 to 2010.

#### John Moloney

John Moloney was appointed to the Board in December 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. John joined Bus Éireann in 1978 and works in Capwell Garage in Cork as a bus driver. He is a member of the NBRU.

#### Bill McCamley

Bill McCamley was first appointed to the Board in December 1997 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Bill joined Bus Átha Cliath in 1974 and works in Phibsboro Garage as a bus driver. He is a member of SIPTU and has represented bus workers at local and branch level over many years.



## Directors and Other Information (continued)

### Board of Directors (continued)

#### Micheál ÓFaoláin

Micheál ÓFaoláin was first appointed to the Board in February 2011. A former director of Bord Gais Éireann, Micheál served on the Audit and P. R. Sub Committees as well as a director of the C.H.P joint venture company C M Power.

As a former secondary school principal, Micheál has practical experience of the School Transport Scheme.

Other business experience comes from his directorships of Telcotec, a mobile phone back office system provider, Three Rock Media, an online training company in the photography/hand held camera area and Athgal a business/educational consultancy.

An Arts and Law graduate from NUI Galway Micheál also holds an Industrial Relations Diploma from the N.C.I.R.



# Report of the Directors

For the year ended 31st December, 2010

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 financial statements of the company and the related notes, which form part of the financial statements 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 sub-contractor 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 Skills.

The company recorded an overall deficit of €2.24m after the Public Service Obligation payment of €45.04m. Road passenger journeys decreased by 4.99 million journeys and school journeys decreased by 0.61 million journeys in 2010.

Revenue decreased by €16.79m to €285.87m in a difficult year of trading with increased competition on the most lucrative elements of the network. Payroll and related costs decreased to €136.95m during the year.

Materials and services costs decreased by €13.02m during 2010.

The company continues its strong focus on the improvement of 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 2 to 12.

## Results and Reserves

The financial statements for the year ended 31st December, 2010 are set out in detail on pages 21 to 35. The results for the year ended 31st December, 2010 show a deficit of €2.24m (2009 - Deficit €11.17m).

## 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 sub Committee are also in place to review safety matters, maintenance matters and procedures and they report to the Bus Éireann board.



## Report of the Directors (continued)

For the year ended 31st December, 2010

### Capital Investment

During 2010, €1.47m was invested in IT and maintenance, including €0.6m on a Fleet Safety System for vehicles.

### Attendance at Board/ Committee Meetings

Listed below are details of director's attendance during 2010.

Name	BE Board	Safety	Maintenance
Dr. John J. Lynch	11/11		
Richard Langford	4/4		
Jim Byrne	8/8	10/10	4/4
John Griffin	10/11		4/4
Tom Hussey	1/1		
John Pender	4/4		
John Moloney	11/11	7/10	3/4
Tras Honan	10/11	10/10	
Bill McCamley	10/11		
Susan Donohoe	9/9		

### Employee Participation

Quarterly meetings of the local councils were held throughout 2010. Issues for discussion at the top group meetings were forwarded by local council secretaries.

### 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 on ten occasions 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

As required under the Disability Act 2005, Bus Éireann continues to monitor the number of its employees with disabilities. Since Bus Éireann commenced this monitoring process there has been a slight but steady increase in the number of employees with disabilities.

Bus Éireann has now commenced an initiative with The National Institute for Intellectual Disability (NIID) at Trinity College Dublin. The NIID is an inclusive institute focusing on lifelong learning for individuals with intellectual disabilities.

At the NIID students with intellectual disabilities can participate in a two year, full time Trinity College approved programme. In the second year of the programme the students are required to complete at least 70 hours work experience and there are now two students carrying out their work experience with Bus Éireann. This has proven to be a very successful initiative and one which Bus Éireann anticipates continuing and expanding.

Bus Éireann continued its involvement with the Equality Authority and with other transport companies in a programme promoting age friendly transport services.

In line with the company's comprehensive "Dignity & Respect at Work Policy" Bus Éireann has established and trained a panel of internal mediators. Through the development of this skill set within the organisation Bus Éireann is building on its commitment to creating a positive work environment where all employees, customers, contractors and visitors are welcome and treated appropriately.

## Report of the Directors (continued)

For the year ended 31st December, 2010

### 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. The names of persons who were directors during the year ended 31st December 2010 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Dr. John J. Lynch Chairman

Tras Honan (Extended to 9th February 2011)

Jim Byrne (Retired 22nd September 2010)

Richard Langford (Retired 28th April 2010)

John Moloney

Bill Mc Camley

Tom Hussey (Appointed 3rd December 2010)

John Griffin

Susan Donohoe (Appointed 15th March 2010)

Michéal O' Faoláin (Appointed 21st February 2011)

John Pender (Retired 28th April 2010)

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.

### Post Balance Sheet Events

There have been no significant post balance sheet events which require adjustment to the financial statements or inclusion of a note thereto.

### Going Concern

The board of directors are satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis for the preparation of the 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

**S. Donohoe** Director

Dated 28th March 2011

# 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.



# Report of the Auditors

## Independent auditors' report to the members of Bus Éireann – Irish Bus

We have audited the financial statements on pages 21 to 35.

## Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 19 in the statement of directors' responsibilities.

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 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 company balance sheet, are not more than half of 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 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 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 as at 31st December, 2010 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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

In our opinion, the information given in the report of the directors on pages 16 to 18 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 23, 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, 2010, 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.*

Date: 6th April 2011

# 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 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) 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.

## (C) Leased assets

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) 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.

## (F) 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.

## (G) Pensions

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

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	2010 €000	2009 €000
<b>Revenue</b>		<b>285,870</b>	302,663
<b>Costs</b>			
Payroll and related costs	1	(136,945)	(145,969)
Materials and services	2(a)	(187,548)	(200,564)
Depreciation less amortisation of grants	3	(7,939)	(10,282)
<b>Total operating costs</b>		<b>(332,432)</b>	(356,815)
<b>Deficit before loss on disposal, interest, Public Service Obligation Payment and before exceptional items</b>		<b>(46,562)</b>	(54,152)
Loss on disposal		(976)	(514)
<b>Deficit before, Public Service Obligation Payment, Interest and before exceptional items</b>		<b>(47,538)</b>	(54,666)
Interest receivable		256	635
<b>Deficit before Public Service Obligation payment and before exceptional items</b>		<b>(47,282)</b>	(54,031)
Public Service Obligation payment	19	45,039	49,365
<b>Deficit for the year after Public Service Obligation payment and before exceptional items</b>		<b>(2,243)</b>	(4,666)
Exceptional item	2(b)	-	(6,500)
<b>Deficit for the year after Public Service Obligation and after exceptional items</b>		<b>(2,243)</b>	(11,166)
<b>Accumulated Deficit at start of the year</b>		<b>(4,416)</b>	6,750
<b>Accumulated Deficit at end of the year</b>		<b>(6,659)</b>	(4,416)

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

**S. Donohoe**, Director



# Balance Sheet

Year ended 31st December

Notes      2010      2009  
 €000      €000

**Fixed assets**

Tangible fixed assets      4      **109,363**      131,746

**Current assets**

Stocks      5      **4,517**      5,342

Debtors      6      **91,918**      81,081

Cash at bank and in hand      **88**      336

**96,523**      86,759

Creditors (amounts falling due within one year)      7      **(78,211)**      (75,943)

**Net current assets**      **18,312**      10,816

**Total assets less current liabilities**      **127,675**      142,562

**Provision for liabilities and charges**      8      **(47,894)**      (46,562)

**Deferred Income**      9      **(57,236)**      (71,212)

**22,545**      24,788

**Financed by:**

**Capital and reserves**

Called up share capital      10      **29,204**      29,204

Profit and loss account      **(6,659)**      (4,416)

**Shareholders' funds**      11      **22,545**      24,788

On behalf of the board  
**Dr. J. J. Lynch**, Chairman  
**S. Donohoe**, Director

# Cash Flow Statement

<b>Year ended 31st December</b>	<i>Notes</i>	<b>2010</b>	2009
		<b>€000</b>	€000
<b>Net cash inflow from operating activities</b>	12(a)	<b>19,962</b>	6,699
<b>Returns on investment and servicing of finance</b>			
Interest receivable		256	635
		<b>20,218</b>	7,334
<b>Capital expenditure</b>			
Additions to tangible assets	4	(1,467)	(3,644)
Disposal of tangible assets		152	38
Capital grants received	9	-	296
		<b>(1,315)</b>	(3,310)
<b>Inflow before use of liquid resources and financing</b>		<b>18,903</b>	4,024
<b>Management of liquid resources</b>			
Movement in amounts owed by holding company	12(b)	(19,151)	(4,036)
<b>Decrease in cash</b>	12(b)	<b>(248)</b>	(12)

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>	<b>2010</b>	2009
	<b>€000</b>	€000
Decrease in cash in the year	(248)	(12)
Cash from change in liquid resources	19,151	4,036
<b>Movement in net funds</b>	<b>18,903</b>	4,024
Net funds at 1st January	66,856	62,832
<b>Net funds at 31st December</b>	<b>85,759</b>	66,856

# Notes to the Financial Statements

## 1. PAYROLL AND RELATED COSTS

	2010	2009
	€000	€000
Staff Costs		
Wages and salaries	117,159	124,788
Social welfare costs	10,025	10,807
Other pension costs	9,703	9,950
	<b>136,887</b>	145,545
Change programme costs		352
Engineering work for group companies	(60)	(55)
<b>Net staff costs</b>	<b>136,827</b>	145,842
<b>Directors' remuneration</b>		
- for services as directors	61	71
- for other services	57	56
<b>Total directors' remuneration and emoluments</b>	<b>118</b>	127
<b>Payroll and related costs</b>	<b>136,945</b>	145,969

The directors of the company were paid directors fees for services as directors as follows:  
 Mr. J. Byrne €9,142, Mr. J. Griffin €12,600, Mrs. T. Honan €19,685, Mr. R. Langford €4,154, Mr. J. Pender €4,119,  
 Mrs. S. Donohoe € 10,045. Mr. T. Hussey was due €1,004 but not paid at balance sheet date.

Dr. J. J. Lynch, Mr. B. McCamley, and Mr. J. Moloney did not receive any directors fees for services as directors.

Included in wages and salaries costs is €216,683 for salary of the Chief Executive, Mr T. Hayes for executive services  
 Mr T. Hayes retired on 31 December 2010.

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

	Staff Numbers	
	2010	2009
Full-time	2,189	2,286
Part-time school bus drivers	515	534
<b>Total</b>	<b>2,704</b>	2,820

## Notes to the Financial Statements (continued)

**2(A). MATERIALS AND SERVICES**

	<i>Notes</i>	<b>2010</b>	2009
		<b>€000</b>	€000
Fuels and lubricants		<b>28,818</b>	34,519
Other contractors		<b>115,589</b>	120,463
Road tax and licences		<b>524</b>	563
Operating lease rental of vehicles		<b>562</b>	581
Third party and employer's liability claims	8	<b>7,100</b>	7,670
Rates		<b>838</b>	847
Expenses paid to directors		<b>2</b>	3
Other materials and services		<b>34,115</b>	35,918
		<b>187,548</b>	200,564

Included in expenses reimbursed to directors are:

	<b>2010</b>	2009
	<b>€000</b>	€000
Subsistence/accommodation	<b>1</b>	1
Other	<b>1</b>	2
	<b>2</b>	3

**2(B). EXCEPTIONAL ITEM**

	<b>2010</b>	2009
	<b>€000</b>	€000
Restructuring cost	<b>-</b>	6,500

As part of the cost recovery programme the company has provided for the costs of voluntary severance and early retirement.

## Notes to the Financial Statements (continued)

### 3. DEPRECIATION AND AMORTISATION OF GRANTS

	2010 €000	2009 €000
Depreciation of tangible fixed assets ( <i>note 4</i> )	22,722	24,786
Grant amortisation ( <i>note 9</i> )	(14,783)	(14,504)
	7,939	10,282

### 4. TANGIBLE FIXED ASSETS

	Road Passenger Vehicles €000	Plant And Machinery €000	Total €000
<b>Cost</b>			
At 1st January, 2010	277,155	17,075	294,230
Additions	10	1,457	1,467
Disposals	(18,969)	(18)	(18,987)
<b>At 31st December, 2010</b>	<b>258,196</b>	<b>18,514</b>	<b>276,710</b>
<b>Depreciation</b>			
At 1st January, 2010	153,051	9,433	162,484
Charge for the year	20,868	1,854	22,722
Disposals	(17,854)	(5)	(17,859)
<b>At 31st December 2010</b>	<b>156,065</b>	<b>11,282</b>	<b>167,347</b>
<b>Net book amounts</b>			
<b>At 31st December, 2010</b>	<b>102,131</b>	<b>7,232</b>	<b>109,363</b>
At 31st December, 2009	124,104	7,642	131,746

## Notes to the Financial Statements (continued)

### 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 € 22,388,172 (2009- €27,171,737) were fully depreciated but still in use at the balance sheet date.
- (c) Tangible fixed assets at 31st December, 2010 include Nil (2009 – Nil) in respect of tangible fixed assets not yet in service.

### 5. STOCKS

	2010 €000	2009 €000
Maintenance materials and spare parts	3,451	3,897
Fuels, lubricants and sundry stocks	1,066	1,445
	<b>4,517</b>	<b>5,342</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

	2010 €000	2009 €000
Trade debtors	2,720	2,639
Department of Education and Skills	2,838	10,615
Amounts owed by holding company (note 12(b))	85,671	66,520
Other debtors and accrued income	689	1,307
	<b>91,918</b>	<b>81,081</b>

## Notes to the Financial Statements (continued)

### 7. CREDITORS

	2010	2009
	€000	€000
<b>Amounts falling due within one year</b>		
Trade creditors	13,902	13,019
Income tax deducted under PAYE and Income levy	1,219	1,297
Pay-related social insurance	1,335	1,415
Value added tax and other taxes	86	230
Other creditors	1	(8)
Accruals	25,685	26,024
Third party and employer's liability claims ( <i>note 8</i> )	9,500	9,500
Deferred Income ( <i>note 9</i> )	13,096	13,903
Restructuring provision	13,387	10,563
	<b>78,211</b>	<b>75,943</b>
Creditors for taxation and social welfare included above	<b>2,640</b>	<b>2,942</b>

### 8. PROVISIONS FOR LIABILITIES AND CHARGES

	2010	2009
	€000	€000
<b>Third party &amp; Employers Liability Claims</b>		
Balance at 1st January	56,062	53,270
Utilised during the year	(5,768)	(4,878)
Transfer from profit and loss account ( <i>note 2a</i> )	7,100	7,670
<b>Balance carried forward at 31st December</b>	<b>57,394</b>	<b>56,062</b>
<b>Apportioned:</b>		
Current liabilities ( <i>note 7</i> )	9,500	9,500
Amounts falling due after one year	47,894	46,562
	<b>57,394</b>	<b>56,062</b>

## Notes to the Financial Statements (continued)

### THIRD PARTY AND EMPLOYER'S LIABILITY CLAIMS (continued)

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.

#### (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 2010 to March 2011, subject to an overall Group self insured retention of €27,000,000 in the annual aggregate after which any individual self insured retention in that period will be € 50,000.
- (v) Group Combined Liability Insurance which does not include Terrorism liability, overall indemnity is €200,000,000 for the twelve month period, April 2010 to March 2011, 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 after which any individual self insured excess in that annual period will be €100,000.
- (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.



## Notes to the Financial Statements (continued)

### (B) THIRD PARTY AND EMPLOYER LIABILITY CLAIMS PROVISION AND RELATED RECOVERIES (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 E).

	2010 €000	2009 €000
<b>Capital Grants</b>		
Balance at 1st January	85,115	99,323
Received and receivable	-	296
Transfer to profit and loss account (note 3)	(14,783)	(14,504)
Balance carried forward	70,332	85,115
Less transfer to current liabilities (note 7)	(13,096)	(13,903)
<b>Balance at 31st December</b>	<b>57,236</b>	<b>71,212</b>

### 10. SHARE CAPITAL

	2010 €000	2009 €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

## Notes to the Financial Statements (continued)

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 €000	2009 €000
Deficit for the year	(2,243)	(11,166)
Opening equity shareholders' funds	24,788	35,954
<b>Closing equity shareholders' funds</b>	<b>22,545</b>	<b>24,788</b>

**12. CASH FLOW STATEMENT**

	2010 €000	2009 €000
<b>(a)</b>		
<b>Reconciliation of operating deficit to net cash inflow from operating activities</b>		
Operating deficit before Public Service Obligation payment	(47,538)	(54,666)
Public service obligation payment	45,039	49,365
	(2,499)	(5,301)
Depreciation and loss on disposal of tangible fixed assets	23,698	25,300
Capital grants amortised	(14,783)	(14,504)
Exceptional item	-	(6,500)
Decrease/(Increase) in stocks	825	(526)
Decrease/(Increase) in debtors	8,314	(1,191)
Increase in creditors	251	129
Increase in provisions for liabilities and charges	1,332	2,792
Restructuring provision	2,824	6,500
<b>Net cash inflow from operating activities</b>	<b>19,962</b>	<b>6,699</b>

## Notes to the Financial Statements (continued)

(b)

Analysis of change in net funds	1 Jan		31 Dec
	2010	Flows	2010
	€000	€000	€000
Cash at bank and in hand	336	(248)	88
Amounts owed by holding company (note 6)	66,520	19,151	85,671
	<u>66,856</u>	<u>18,903</u>	<u>85,759</u>

### 13. OPERATING LEASE OBLIGATIONS

	2010	2009
	€000	€000
Commitments under non-cancellable operating leases payable as follows:		
Within one year	342	263
Between one and five years	214	301
	<u>556</u>	<u>564</u>

### 14. 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 member's 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 the 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 provision of FRS 17 showed that at 31st December 2010 that there was a deficit of €348.7m on the schemes.

The pension cost for the year on the defined benefit schemes was €9.7m; these costs are included in note 1.

## Notes to the Financial Statements (continued)

**15. CAPITAL COMMITMENTS**

	<b>2010</b>	<b>2009</b>
	<b>€000</b>	<b>€000</b>
Contracted for	2,780	3,324
Funded	911	985

**16. 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's group 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 in excess of provisions made in the financial statements.

**17. NET SURPLUS/DEFICIT BY ACTIVITY**

	<b>Public Services</b>				<b>Total €000</b>
	<b>Commercial and schools transport €000</b>	<b>Stage Carriage €000</b>	<b>City €000</b>	<b>Sub Total €000</b>	
<b>2010</b>					
Revenue	218,976	44,370	22,524	66,894	285,870
Costs	(224,233)	(71,394)	(37,525)	(108,919)	(333,152)
Deficit before Public					
Service Obligation payment	(5,257)	(27,024)	(15,001)	(42,025)	(47,282)
Public Service Obligation					
payment				45,039	45,039
Result after Public					
Service obligation	(5,257)			3,014	(2,243)
<b>2009</b>					
Result after Public					
Service obligation	(3,642)			(7,524)	(11,166)

## Notes to the Financial Statements (continued)

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 Skills. 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 data, independent studies of Bus Éireann operations, numbers of buses and mileage. The cost of PSO operations amounted to €42.02m in 2010 while the compensation received amounted to €45.04m. The reasonable surplus of €3.01m should be viewed in the context of substantial underpayments in previous years. The underfunding of PSO services in 2009 amounted to €7.52m.

### **18. 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.

### **19. PUBLIC SERVICE OBLIGATION PAYMENT**

The Public Service Obligation payable to the company through the holding company, Córas Iompair Éireann, amounted to €45,039,000 for the year ended 31st December, 2010 (2009- € 49,365,000).

### **20. 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.

### **21. APPROVAL OF FINANCIAL STATEMENTS**

The directors approved the financial statements on 28th March 2011.





