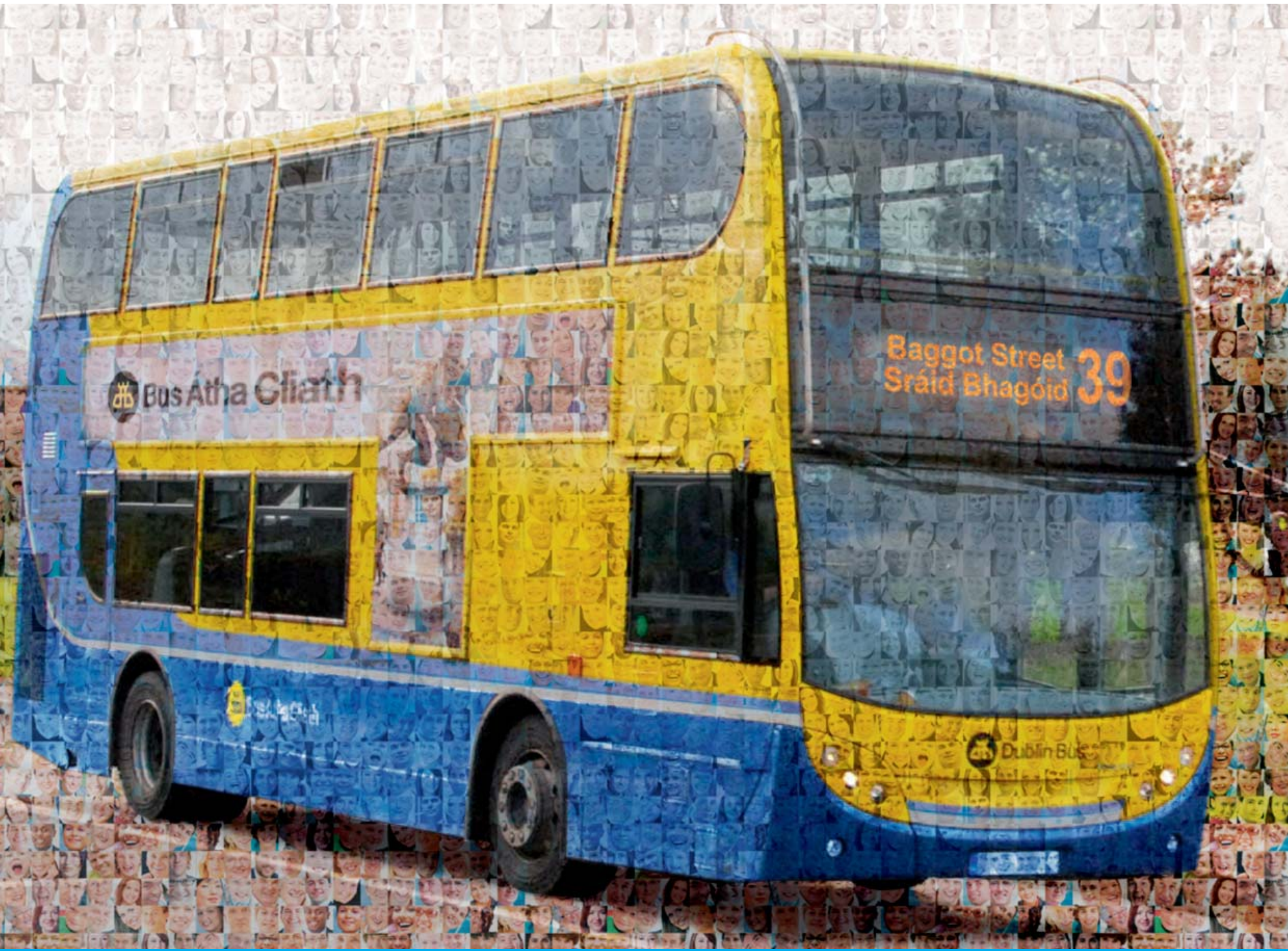
Bus Átha Cliath

Annual Report & Financial Statements **2010**



Serving the community in a changing world

PRN. A11/0224

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Bus Átha Cliath 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.

NDP National Development Plan Transforming Ireland

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Operations Review

Overview

The dominant influence on Bus Átha Cliath finances since 2008 has been the effects of the recession with increased unemployment, reduced retail spending and less disposable income having an unprecedented adverse impact on customer demand and funding. This experience is very similar to that of other large scale public transport operators. Customer revenue, at current values, has reduced due to the recession by approximately €43 million per annum since 2008 and in addition, total Exchequer funding has been reduced by €23 million per annum.

Bus Átha Cliath has responded vigorously to this extremely challenging economic environment and by the end of 2010 recurring annual cost savings of €41 million and a once-off cost reduction of €10 million were achieved.

2010 Operating Result

Bus Átha Cliath incurred a deficit of €22.1 million in 2010 which includes a charge of €8.1 million for business restructuring. Following a major cost reduction programme in 2009, a radical review of the Bus Átha Cliath network of services was undertaken against a background of the deepening economic recession. The outcome of the review was the launch of the Network Direct project the purpose of which is to redesign services to match customer demand and to adjust service timetables in line with running time improvements and bus priority measures. Phase 1 was implemented in September 2010 and the overall project is scheduled to be complete by May 2011. Total cost savings associated with this project are estimated to amount to €16 million of which €2 million was generated in 2010 with the remaining savings of €14 million targeted to be achieved in 2011. The redesign of the Network has resulted in a fleet reduction of 180 buses to date which has enabled staff numbers to be reduced and generated expenditure savings on fleet maintenance and fuel. Operating Costs were reduced by €21.3 million in 2010, fuel costs increased by €3.4 million and staff numbers were reduced by 172 (5%) during the year. The service changes are resulting in limited impact on customers with the majority enjoying an improved quality of service through increased frequency on more direct routes. The company carried 119 million customers compared to 128.3 million in 2009, a reduction of 7.2%.

BUS ÁTHA CLIATH HAS RESPONDED VIGOROUSLY TO THIS EXTREMELY CHALLENGING ECONOMIC ENVIRONMENT AND BY THE END OF 2010 RECURRING ANNUAL COST SAVINGS OF €41 MILLION AND A ONCE-OFF COST REDUCTION OF €10 MILLION WERE ACHIEVED.

At 31st December 2009 the Net Assets of the company amounted to €23.6 million which represented 74% of share capital. Due to further losses being incurred in the first four months of 2010, Net Assets fell below 50% of the company's called-up share capital. The directors, under section 40 (1) of the Companies Amendment Act 1983, convened an Extraordinary General Meeting (EGM) of the company's shareholders, on 16th June 2010, to consider what actions should be taken to deal with the situation.

The Bus Átha Cliath overall strategy for dealing with the financial difficulties arising from the recession is to:

(i) Reconstruct and modernise the route network through the Network Direct project to provide more direct routes on all corridors with regular, frequent services. We will also promote the benefits of the new network to non-users to attract additional customers;

(ii) Adjust service timetables in line with running time improvements, bus priority measures and change in demand;

(iii) Achieve fleet reductions through (i) and (ii) above to significantly reduce the need for fleet replacement during the difficult years of the recession. This enables us to minimise the effects on our cash position during this period;

(iv) Continue the drive to reduce staff costs and expenditure across all areas of the company;

(v) Implement the following key strategic projects and promote the benefits of these developments

Operations Review (continued)

for customers and also to attract non-users of the service:

(a) Automatic Vehicle Location and Control system and improved service quality management;

(b) Real Time Passenger Information in all formats;

(c) Reloadable Smartcard system; and

(d) Improvements in bus stop and website information;

(vi) Strong marketing campaigns to complement Network Direct implementation and the other improvements for customers outlined above.

As a result of the strategy set out above, we will be providing a more efficient modernised network of services which is more easily understood and more accessible to customers. This will enhance our capability to attract traditional non-bus users and to increase the modal share for public transport in the city.

However, notwithstanding the enhanced service offering, Bus Átha Cliath must implement further cost reduction actions during the course of 2011 in order to reduce the level of operating losses being incurred.

- Even headways from departure points on a corridor basis;
- Less route variations making the network more simple to understand;
- A new network of more direct orbital services;
- An increase in cross city routes minimising customer interchange; and
- Improved connections with Rail and Luas transport modes.

Through a combination of the above elements, Bus Átha Cliath aims to meet the changing needs of its customers and thereby encourage loyalty from existing customers and attract new users to our service.

The Stillorgan / North Wicklow stage of Phase 1 was implemented in September 2010 and this was followed by the Blanchardstown phase in October and finally the Lucan/North Kildare phase was implemented in November and feedback from the public has been largely positive.

It is anticipated that full implementation of Network Direct will be completed by May 2011.

Bus Átha Cliath Route Network Review

The Network Direct project is the outcome of a review of the Bus Átha Cliath network which is the widest ranging in the history of the company and will bring significant benefits to customers. The changes and improvements are being rolled out across the service network on a phased basis which commenced in autumn 2010 and will be completed by May 2011. Initially public consultation meetings are arranged where representatives of Bus Átha Cliath meet with members of local communities and address queries regarding developments to local bus services.

The aim of the Network Direct project is to deliver:

- An increase in the number of high frequency routes (10 minute headway or better in peak times);
- More direct alignments to/from key areas of work/leisure;
- Greater use of Quality Bus Corridors (QBC);

Operations Review (continued)

Retaining and Attracting new customers

The primary activity in retaining and attracting customers is the Network Direct project which will transform the network and will be complemented in 2011 by developments in Real Time Passenger Information.

Bus Átha Cliath has put a very large effort into communication and consultation of the Network Direct project. This has included advertisements in local and national papers, household leaflet drops, and consultation meetings in local centres with political and residents representatives.

In 2010 we have also run advertising campaigns in the following areas to attract and retain customers:

- Value campaigns highlighting the excellent value available through our prepaid tickets and the Taxsaver scheme;
- Campaigns intended to attract motorists from their cars to use the bus – 'Cheat on your car'; and
- Joint activity with business – Ticket Thursdays which gave discounts in return for production of a Bus Átha Cliath ticket.

AVLC is rolled out throughout Bus Átha Cliath Depots

Bus Átha Cliath recognises the important role technological advancement plays in ensuring a modern bus service. Customers' expectations have evolved to expect easy and prompt access to current service information. Bus Átha Cliath is progressing the implementation of its Automatic Vehicle Location and Control (AVLC) programme which will facilitate the provision of Real Time Passenger Information (RTPI) for customers through a variety of media including; mobile phones, the Bus Átha Cliath website www.dublinbus.ie and on-street displays provided by the National Transport Authority (NTA) and Dublin City Council (DCC).

The AVLC programme, which is funded by the Department of Transport through the NTA, is part of an overall plan to ensure a greater predictability of service. The AVLC technology is fitted onto Bus Átha Cliath vehicles and feeds data back to the Bus Átha Cliath Centralised Control Centre where services are monitored. In addition, bus location data will be transmitted from the AVLC central computer system to Dublin City Council's SCATS traffic control central computer. This will allow for greater bus prioritisation at signal controlled junctions. The technology allows staff to view the exact location of buses on each route which results in a more reliable and efficient service.

AVLC is the platform for Real Time Passenger Information (RTPI). Bus Átha Cliath has been working with the National Transport Authority and Dublin City Council on the roll out of RTPI. From spring 2011, display screens will be trialled at a number of bus stops to allow customers to ascertain the predicted arrival time of buses at their stop. Dublin City Council, on behalf of the NTA, has commenced the operation of the bus stop RTPI display units. The initial phase will involve the installation of approximately 450 sites across Dublin City and County by mid 2011. Bus users will also be able to receive predicted arrival time of buses at stops on the Bus Átha Cliath website www.dublinbus.ie, and via their mobile phone.

Bus Átha Cliath Unveils Route Planner on its Updated Website

In August 2010 Bus Átha Cliath launched an online Route Planner service on its website www.dublinbus.ie . The Route Planner facility incorporates the Global Positioning System (GPS) locations of all Bus Átha Cliath bus stops as well as all the Bus Átha Cliath routes serving each stop. The Route Planner allows the customer to enter a 'from' and 'to' point using bus stop addresses or bus stop numbers. Customers may also select a DART or Luas station as well as places of interest such as colleges or hospitals. After selecting a bus stop, a list of all the routes servicing this stop is displayed, links to the route timetable are shown together with the suggested journey using public transport. Walking links are also displayed.

The bus stop data is also utilised in the Automatic Vehicle Location and Control (AVLC) system.

BUS ÁTHA CLIATH HAS PUT A VERY LARGE EFFORT INTO COMMUNICATION AND CONSULTATION OF THE NETWORK DIRECT PROJECT.

Public Service Contract – Bus Átha Cliath Continues to Meet its Goals

The Public Service Contract signed between the National Transport Authority (NTA) and Bus Átha Cliath on 1st December 2009 sets out the network and range of services to be provided by Bus Átha Cliath, the performance levels to be achieved under the public service obligation and the compensation to be paid by the NTA for the provision of these services. Bus Átha Cliath report quarterly to the NTA on the performance measurements and to date all of the agreed targets have been met by Bus Átha Cliath. The NTA requires payments it makes under the Public Service Contract to be independently audited to verify that the contacted requirements have been met by Bus Átha Cliath. These payments amounted to €75.7 million in 2010.

In order to ensure that existing safety standards and procedures were being maintained and that areas for further improvement could be identified, Bus Átha Cliath continued with its programme of internal and external audits throughout 2010.

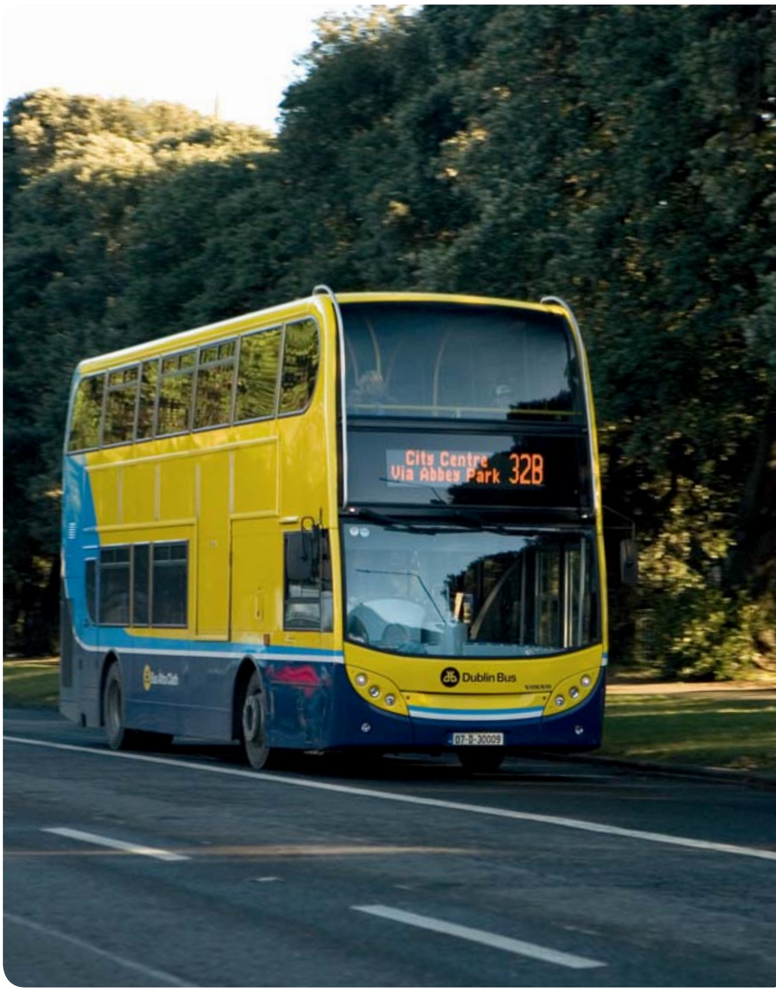
In relation to accidents, 2010 saw a reduction, by 5%, in the number of collision accidents per million vehicle kilometres involving Bus Átha Cliath vehicles. Furthermore, a reduction of just over 9% in the number of employee lost time accidents further highlights the benefits of maintaining a consistent approach to continuous audit and risk assessment. The extension of vehicle pre-service checking to four further depot locations during 2010 was seen as a significant development which will ultimately serve to further protect the safety, health and welfare of employees and other persons including, in particular, the travelling public.

The Importance of a Safe Workplace

The Board of Bus Átha Cliath and the Executive Management Team are committed to protecting the safety, health and welfare of employees, customers and those affected by our activities, such as other road users, visitors to our premises or contractors employed by the company.

The company's safety management system document provides a detailed framework for the management of health and safety risks associated with the company's operations. The methods described in this document form an integral part of the responsibilities of senior managers, middle managers and supervisors who, in turn, must ensure that their employees fully understand and comply with the requirements contained therein.

Whilst the requirement to provide adequate training and instruction is enshrined in the requirements of the Safety, Health and Welfare at Work Act, 2005, Bus Átha Cliath continues to recognise the importance of exceeding the minimum requirements by continually assessing the competency requirements of its employees. This is reflected in its planned training programme which includes specific non-statutory training and regular in-house communication briefings relating to safety-critical information. The ongoing delivery of Certificate of Professional Competency (CPC) training continued to be an effective means by which other safety-related information could be delivered to both driving and engineering employees.



Operations Review (continued)

Fleet Accessibility – A Bus Service for Everyone

In 2010, Bus Átha Cliath continued to focus on enhancing the accessibility of services for customers. A new bus number identification system was erected on Bus Átha Cliath stops across the Greater Dublin Area to help customers with a vision impairment to fully identify a Bus Átha Cliath stop. The bus stop number is printed in both large font and in Braille on a plate which is fixed to the stop. Approximately 2,700 new stop IDs were erected in 2010. Bus Átha Cliath also provides a free Travel Assistance Scheme to individuals with reduced mobility, sensory impairments and learning disabilities. With the help of a full-time Bus Átha Cliath travel assistant, customers design a tailor-made travel plan, to suit his or her needs, ultimately leading to independent travel for the customer. Customers can access more information on Travel Assistance by contacting Bus Átha Cliath's Accessibility Officer on (01) 7033204 or by e-mailing travelassist@dublinbus.ie. To date, 88% of the Bus Átha Cliath fleet is low floor wheelchair accessible and it is expected that the total fleet will be accessible by 2012.

Corporate Social Responsibility (CSR) – Our Work in the Community

Bus Átha Cliath services play a central role in the various communities that make up our customer base across the Greater Dublin Area (GDA). Therefore the different corporate and social responsibility programmes that are at the heart of the company's business provide an excellent way of building links with the communities served.

The 2010 Bus Átha Cliath Community Support Programme (CSP) was the biggest and most successful event in the history of the programme. Now in its seventh year, the CSP was established to help groups and organisations in the Greater Dublin Area whose work, for the most part, goes unrecognised outside the circle of people they help. To date over 1,000 small groups and organisations from communities across the GDA have benefited from the funding received from this programme. The cost of the programme is funded through unclaimed change as a means of returning it to the community.

BUS ÁTHA CLIATH SERVICES PLAY A CENTRAL ROLE IN THE VARIOUS COMMUNITIES THAT MAKE UP OUR CUSTOMER BASE ACROSS THE GREATER DUBLIN AREA (GDA).

Other CSR initiatives which took place throughout the year included the annual Niall Quinn Penalty Shoot Out which involved national school children from Summer Projects in the Ringsend area.

2010 was the ninth year of the Children's Art Competition which is part of the company's Schools Programme. The subsequent Children's Art Calendar 2011 features artwork and poetry by children from 26 national schools across Dublin. The Launch of the calendar was held in the Dublin City Council Civic Offices.

Programmes such as these allow Bus Átha Cliath to get to know some of its younger customers and impress upon them the importance of the role of the bus in the community and the respect due to it.

Energy Consumption in 2010

Bus Átha Cliath operated a fleet of over 1,000 buses covering 61.8 million kilometres in 2010. The primary energy consumption is the fuel usage associated with running the fleet of buses. The quantity of diesel fuel used in 2010 was 31.3 million litres. The other main sources of energy consumption include the seven maintenance garages and their associated gas and electricity usage. In addition we also have a number of offices building including head office, procurement and canteen.

The breakdown of energy usage is:

- fuel usage by the fleet (94.5% of consumption);
- electricity usage at premises (2% of consumption); and
- gas consumption at premises (3.5% of consumption).

Up to 70 % of electricity usage in the maintenance garages is associated with lighting the buildings and the external yard areas. Gas consumption is primarily associated with heating of the premises. Lighting, office equipment and air conditioning units account for the vast majority of the office energy consumption.

Operations Review (continued)

In 2010, Bus Átha Cliath consumed 336,579 MWh of energy, consisting of:

- 318,229 MWh of diesel fuel for running of the bus fleet;
- 6,500 MWh of electricity; and
- 11,850 MWh of natural gas.

Actions Undertaken in 2010

In 2010 Bus Átha Cliath undertook a range of initiatives to improve our energy performance, including:

- engine idle speed was reduced in 2010 on 200 B9 type buses to reduce fuel consumption;
- rationalisation of the fleet through Network Direct review resulted in the fleet covering 3 million kilometres less in 2010 representing a 4.76% reduction on the kilometres covered in 2009;
- heating controls were installed for maintenance workshop gas radiant heaters;
- Passive Infra Red (PIR) Sensors were installed in toilets, locker rooms and stores;
- daylight sensors were installed for external yard lights; and
- continuation of the energy monitoring at each premises following on from the Sustainable Energy Authority of Ireland (SEAI) Workshops training programme in 2009.

Altogether, these and other measures are saving 24,000 MWh annually. Average fuel consumption by the Bus Átha Cliath fleet improved from 5.4477 mpg in 2009 to 5.5754 mpg in 2010 - a reduction in average fuel consumption of 2.35%.

BUS ÁTHA CLIATH OPERATED A FLEET OF OVER 1,000 BUSES COVERING 61.8 MILLION KILOMETRES IN 2010.

Actions Planned for 2011

In 2011, Bus Átha Cliath intends to further improve energy performance by undertaking the following initiatives:

- further fleet reductions will be implemented under the Network Direct project as the rationalisation of bus routes and resultant efficiencies are rolled out across the entire network;
- lifetime fuel consumption has been established as an award criteria for vehicle purchases in 2011 using the UITP standardised Sort 1 urban cycle fuel consumption tests;
- investigate the application of new vehicle gearbox software (ZF Topodyn) suitable for B9 buses with potential for fuel savings;
- start trials of eco-driving for fleet using on-board technology;
- introduce new refresher training for drivers with video and computer based feedback to achieve smoother driving techniques which will also help to reduce fuel consumption;
- energy efficient lighting upgrade for maintenance facility workshops and parking yards;
- upgrade and replace fuel pumps with high efficiency motors;
- install gas pulse meters and link to the Building Management System (BMS) as part of ongoing monitoring of gas consumption in the maintenance facilities;
- continue to promote energy awareness among staff; and
- identify further energy saving opportunities through the local energy management teams.

Directors and Other Information

Directors at 30th March 2011

Chairman:	Dr. J. J. Lynch
Directors:	Ms. N. Maher Mr. B. McCamley Mr. W. McDermott Ms. M. Mc Gennis Ms. U. McGrath Ms. M. Mooney Mr. A. O'Byrne Ms. G. Tuke
Chief Executive:	Mr. P. Doherty
Secretary:	Mr. R. O'Farrell
Registered Office:	59 Upper O'Connell Street, Dublin 1
Telephone:	+353 1 872 0000
Facsimile:	+353 1 873 1195
Website:	www.dublinbus.ie
Registered Number:	119569
Auditors:	PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, One Spencer Dock, North Wall Quay, Dublin 1.

Board of Directors

Dr. J. J. Lynch, Chairman

John Lynch was first appointed as Executive Chairman of CIÉ and its subsidiary companies in March 2000. Prior to his appointment to the CIÉ 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.

Nuala Maher

Nuala was appointed to the board in June 2009. Nuala worked in International Banking for two decades but her more recent experience is in Human Resources, with a specific interest in Employee Communication. She has worked with a large number of companies, both private and state sector, advising on employee engagement and communication practice. She holds an MSc in Organisation Behaviour from Trinity College.

Directors and Other Information (continued)

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.

Willie McDermott

Willie McDermott was appointed to the board in December 2009 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Willie joined Bus Átha Cliath in 1978 and works in Phibsboro Garage as a bus driver. He is a member of the NBRU and represents bus workers.

Marian McGennis

Marian Mc Gennis was appointed to the board in March 2011. Marian was a TD for Dublin Central and a former member of Dublin City Council, Dublin County Council and Fingal County Council. As a member of the Oireachtas she was opposition spokesperson on equality and a member of the National Economic and Social Forum. She has been involved in voluntary organisations for almost 30 years. Marian is a graduate of the National University of Ireland Maynooth and holds a Social Science degree in Sociology and Social Policy.

Una McGrath

Una McGrath was appointed to the board in March 2010. She previously worked as a consultant and business development manager for Vipre Ltd. in the area of travel behaviour change, brokering corporate and public sector support for sustainable travel. She set up the Mater Hospital Campus Commuter Centre winning the Irish Times Living Dublin Award. She was appointed to the European Commission's Executive Agency for Competitiveness and Innovation expert panel to assess funding proposals for transport projects from member states. She currently works for Designing Dublin to grow stakeholder engagement with the city centre. Una holds a BA in International Marketing and Languages, DCU and a BA Design, DIT.

Mary Mooney

Mary Mooney was appointed to the board in May 2009. Mary is a former TD for Dublin South Central and a former member of Dublin City Council where she also chaired the Strategic Policy Committee for Housing. Mary has been a member of the Affordable Homes partnership and is also a former Chairperson of the South Western Area Health Board. Mary also has a vast experience in marketing and management skills having previously managed and run her family's retail business.

Arnold O'Byrne

Arnold O'Byrne was first appointed to the board in August 2001. Arnold worked for General Motors for thirty five years and in his final fifteen years with GM was the Chairperson and Managing Director of Opel Ireland Ltd. Prior to that, he was the Chief Auditor with responsibility for all GM operations in the UK and in Ireland. Since retirement from Opel Ireland Ltd, Arnold has held the positions of Chairperson and President of Capmark Commercial Mortgage Bank Europe plc. He is also a past president of the Society of the Irish Motor Industry (SIMI) and of the American Chamber of Commerce. Arnold is currently Chairperson of Capita Asset Services (Ireland) Ltd.

Grainne Tuke

Grainne Tuke was appointed to the board in June 2009. Grainne is a solicitor by profession, holding a law degree from University College, Dublin and is a practising member of the Law Society. She has been in legal practice in both rural and urban areas in Ireland, covering both a range of general and specialised practice areas of law for over 25 years. She has substantial practical experience in a wide range of areas including commercial and corporate law and practice, commercial property, construction and engineering, employment, technology and intellectual property, telecommunications, media and entertainment, medical, fisheries and forestry projects, transport, retail and regulatory and commercial matters.

Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December 2010.

Principal Activities and Financial Review

The principal activity of the company is the provision of a comprehensive bus service for the city of Dublin and its hinterland.

Since 2008, the major factor affecting operating and financial performance has been the economic recession which has significantly reduced demand for services and resulted in decreased availability of Exchequer funding for the network of Bus Átha Cliath services. In 2010, the company carried 119 million customers, representing a drop of 7.2% on 2009. Total revenues amounted to €182.2 million in 2010 compared to €196.3 million in the previous year. During 2010, a major project was undertaken to redesign services to match customer demand and to adjust service timetables in line with running time improvements and bus priority measures which will generate significant cost savings during the coming year. However, notwithstanding the benefits flowing from the revised service offering, Bus Átha Cliath will implement further cost reduction actions during the course of 2011 in order to reduce the level of operating losses being incurred.

Results and Reserves

The financial statements for the year ended 31st December 2010 are set out in detail on pages 16 to 31. The results for 2010 show a deficit of €22,059,000 (2009 – €12,925,000).

Principal Risks

The company is committed to managing risk in a systematic and disciplined manner. The key risks facing the company are identified through a company-wide risk management process. A risk register is maintained and updated quarterly and includes action plans for addressing the identified risks. Córas Iompair Éireann (CIÉ), on behalf of Bus Átha Cliath, enters into fuel and currency forward purchasing where it deems there is value and reduced risk to the company.

Capital Investment

During 2010, investment in the fleet was deferred pending a more certain economic and operating environment. Investment in improving customer services continued through significant Exchequer funding under Transport 21 in the following areas:

- €3.5 million on the continuing development of the Automatic Vehicle Location and Control system (AVLC);
- €2.5 million on various accessibility projects;
- €1.1 million on fleet safety systems;
- €0.9 million on network infrastructure;
- €0.9 million on fleet, IT systems and equipment; and
- €0.4 million on ticketing systems.

Employee Development

Bus Átha Cliath is committed to ensuring that all employees have the opportunity to acquire the skills and knowledge needed to properly perform their full range of duties. All bus drivers participate in one days training per year to qualify them for the Certificate of Professional Competence (CPC) in accordance with EU Directive 2003/59/EC and Road Safety Authority approval. A programme of managerial development continued in 2010 with a number of managers and administration staff undertaking third level studies. Other role specific training continued for maintenance, supervisory and administrative staff.

Report of the Directors (continued)

Health and Safety

The company is fully committed to complying with the Safety, Health and Welfare at Work Act, 2006 and all other national and EU regulations. The Safety Statement adopted by the company in February 1991 is kept under review and updated on an ongoing basis.

Equality and Diversity

The Equality and Diversity Strategy enables Bus Átha Cliath to; deliver a more efficient and fulfilling work environment for staff, meet the changing needs of customers and develop a greater connection to the entire community served.

Bus Átha Cliath is committed to delivering a quality service to all its customers and to creating a fair and inclusive workplace where individuals are respected and people can work to the best of their ability.

The company has developed an action plan covering the principles of equality and inclusion and this reflects the diversity of its workforce.

The company's Equality and Diversity Strategy was selected for inclusion in the European Commission Compendium of Good Practice in Diversity.

Payment Practices

Bus Átha Cliath acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment) Regulation 2002. The company payment policy is to comply with the requirements of the Regulation.

Books of Account

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

Code of 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 provided in the Córas Iompair Éireann Group accounts.

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. J. J. Lynch, Chairman
(Re-appointed 29th March 2010 and 29th March 2011)

Ms. N. Maher

Mr. B. McCamley

Mr. W. McDermott

Ms. M. Mc Gennis (Appointed 8th March 2011)

Ms. U. McGrath (Appointed 15th March 2010)

Ms. M. Mooney

Mr. A. O'Byrne

Ms. G. Tuke

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.

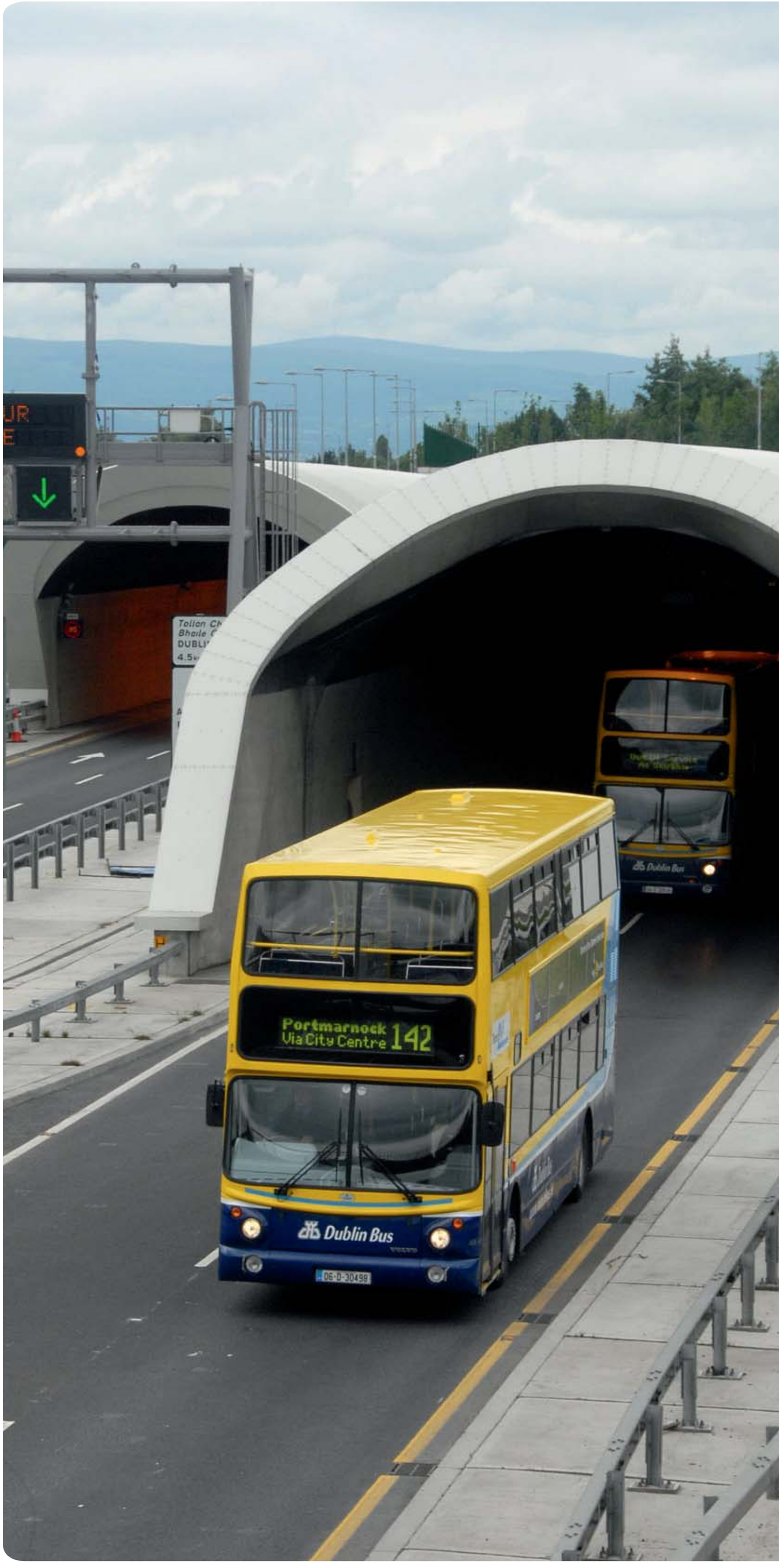
There were no contracts or arrangements entered into during the year in which a director was materially interested in relation to the Group's business.

Report of the Directors (continued)

Attendance at Board /Committee meetings

Listed below is board directors' attendance at Board/ Committee meetings during 2010.

Bus Átha Cliath Board/Committee Attendance Log 2010		
Director	**Bus Átha Cliath Board**	**Safety Committee**
Dr. J.J. Lynch	11/11	
Ms. N. Maher	9/11	3/3
Mr. B. McCamley	11/11	4/4
Mr. W. McDermott	9/11	
Ms. U. McGrath	7/9	2/3
Ms. M. Mooney	10/11	
Mr. A. O'Byrne	10/11	
Ms. G. Tuke	11/11	



Going Concern

The board 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, 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. A. O'Byrne Director

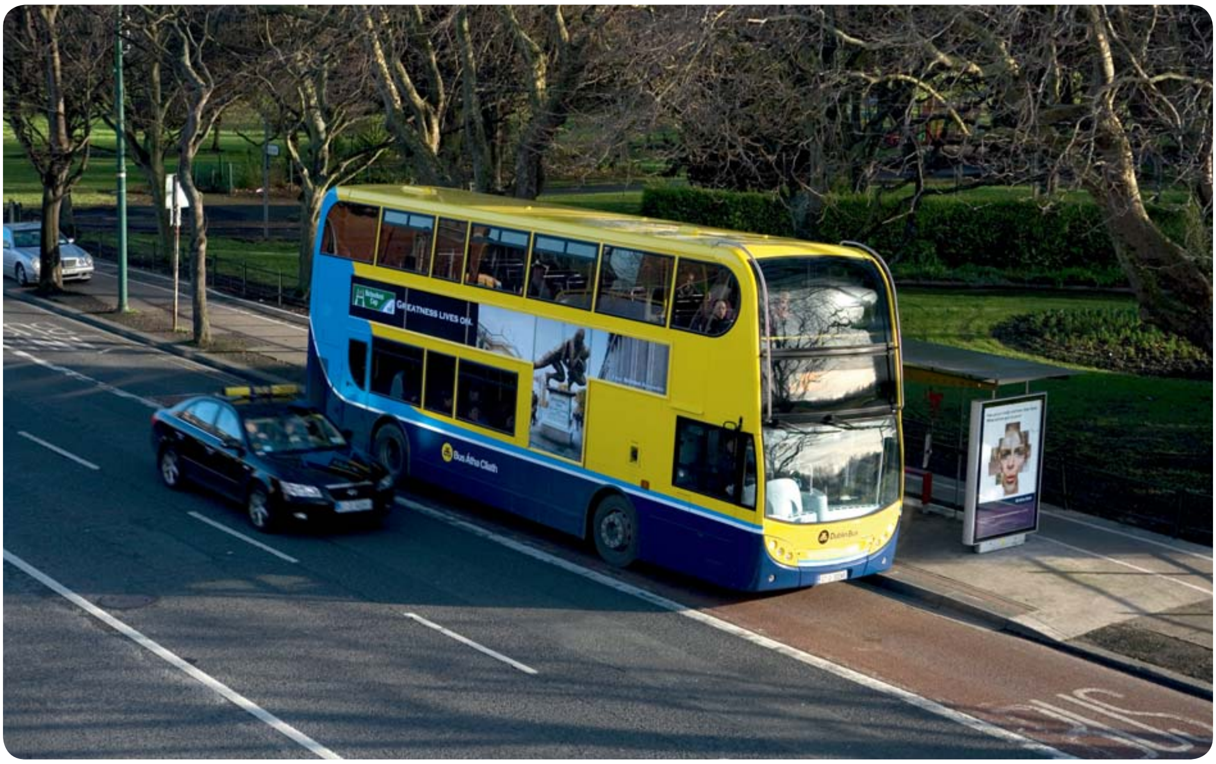
30th March 2011

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 of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the requirements of the Irish Companies Acts, 1963 to 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 Átha Cliath – Dublin Bus

We have audited the financial statements on pages 16 to 31. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 16 and 17.

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 13.

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.

Report of the Auditors (continued)

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 31st December 2010 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 10 to 12 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 19, are not more than half of the amount of its called up share capital and, in our opinion, on that basis there did 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. The extraordinary general meeting of the company was held on 16th June 2010.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin, Ireland

30th March 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

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

(ii) Bus Stops and Shelters

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

(iii) 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) Grants

(i) European Union and Exchequer Grants

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

(ii) Public Service Obligation Payment

The Public Service Obligation payment received during the year is dealt with in the profit and loss account.

(F) Foreign Currency

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

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

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

Principal Accounting Policies (continued)

(G) Pensions

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

Profit and Loss Account

Year ended 31st December	Notes	2010	2009
		€000	€000
Revenue		**182,153**	196,307
Costs			
Payroll and related costs	2	**(187,737)**	(197,183)
Materials and services	3	**(69,307)**	(76,277)
Depreciation	4	**(15,636)**	(16,990)
Exceptional operating costs	5	**(8,110)**	(5,925)
Total operating costs		**(280,790)**	(296,375)
Deficit before gain on disposal of tangible assets, interest and Public Service Obligation payment		**(98,637)**	(100,068)
Gain on disposal of tangible assets		**653**	2,625
Deficit before interest and Public Service Obligation payment		**(97,984)**	(97,443)
Interest receivable	6	**243**	1,319
Deficit for the year before Public Service Obligation payment		**(97,741)**	(96,124)
Public Service Obligation payment	7	**75,682**	83,199
Deficit for the year		**(22,059)**	(12,925)
Accumulated (deficit)/surplus at beginning of the period		**(8,124)**	4,801
Accumulated deficit at end of the period		**(30,183)**	(8,124)

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. A. O'Byrne Director

Balance Sheet

As at 31st December	Notes	2010	2009
		€000	€000
Fixed assets			
Tangible assets	8	133,956	155,663
Current assets			
Stocks	9	2,568	2,792
Debtors	10	65,052	86,014
Cash at bank and in hand		187	101
		67,807	88,907
Creditors (amounts falling due within one year)	11	(64,699)	(70,901)
Net current assets		3,108	18,006
Total assets less current liabilities		137,064	173,669
Provision for liabilities and charges	13	(78,834)	(85,900)
Deferred income	14	(56,670)	(64,150)
		1,560	23,619
Financed by:			
Capital and reserves			
Called up share capital	15	31,743	31,743
Profit and loss account		(30,183)	(8,124)
Shareholders' funds	16	1,560	23,619

On behalf of the board

Dr. J.J. Lynch Chairman

Mr. A. O'Byrne Director

Cash Flow Statement

Year ended 31st December	*Notes*	**2010**	2009
		€000	€000
Net cash (outflow)/inflow from operating activities	*17 (A)*	**(17,962)**	8,958
Returns on investments and servicing of finance	*17 (B)*	**243**	1,319
Capital expenditure	*17 (B)*	**(9,295)**	(18,189)
Net cash inflow from disposal of tangible fixed assets	*17 (B)*	**650**	2,634
Capital grants received	*17 (B)*	**6,200**	6,623
Cash (outflow)/inflow before use of liquid resources and financing		**(20,164)**	1,345
Net management of liquid resources		**20,250**	(1,051)
Increase in cash in the year		**86**	294

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

Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	*17 (C)*	**86**	294
Net cash (outflow)/inflow from holding company balance	*17 (C)*	**(20,250)**	1,051
Movement in net funds in the year		**(20,164)**	1,345
Net funds at 1st January	*17 (C)*	**76,722**	75,377
Net funds at 31st December	*17 (C)*	**56,558**	76,722

Notes to the Financial Statements

1. NET DEFICIT BY ACTIVITY

	Social Activities		Commercial Activities	
	2010	2009	**2010**	2009
	€000	€000	**€000**	€000
Revenue	**171,227**	182,964	**10,926**	13,343
Costs	**(269,637)**	(281,324)	**(10,257)**	(11,107)
Operating (deficit)/surplus	**(98,410)**	(98,360)	**669**	2,236
Public Service Obligation payment	**75,682**	83,199	**–**	–
Net (deficit)/surplus	**(22,728)**	(15,161)	**669**	2,236

2. PAYROLL AND RELATED COSTS

	2010	2009
	€000	€000
Staff costs		
Wages and salaries	**160,057**	168,834
Social welfare costs	**15,034**	15,621
Other pension costs	**12,532**	12,613
Own work capitalised	**(61)**	—
Total staff costs	**187,562**	197,068
Directors' remuneration		
Emoluments		
- for services as directors	**60**	49
- for other services *	**115**	66
Total directors' remuneration and emoluments	**175**	115
Total payroll and related costs	**187,737**	197,183

Notes to the Financial Statements (continued)

2. PAYROLL AND RELATED COSTS (continued)

Directors' emoluments for 2010 include Directors' Fees as follows:

Ms. N. Maher, Ms. M. Mooney, Mr. A. O'Byrne, and Ms. G. Tuke €12,600 each and Ms. U. McGrath €9,975.

Dr. J.J. Lynch, Mr. B McCamley and Mr. W. McDermott did not receive any Directors' Fees from the company.

Included in Wages and Salary costs is an amount of €230,454 paid to Mr. J. Meagher, Chief Executive, who retired on 30th November 2010. Also included is an amount of €15,417 to Mr. P. Doherty, who was appointed Acting Chief Executive from 1st December 2010.

** Worker director*

	Staff Numbers	
	2010	2009
The average number of employees during the year was:	**3,562**	3,699

3. MATERIALS AND SERVICES

	2010	2009
	€000	€000
Fuel and lubricants	**29,713**	26,284
Materials	**16,839**	17,389
Road tax and licences	**615**	689
Rent and rates	**803**	836
Operating lease rentals	**540**	537
Third party and employer's liability claims	**(1,251)**	7,451
Expenses paid to directors	**7**	5
Other services	**22,278**	23,353
Revenue grants *(note 14)*	**(237)**	(267)
	69,307	76,277

Included in the expenses paid to directors in 2010 is €6,840 paid to Mr. A. O'Byrne for consultancy services.

4. DEPRECIATION

	2010	2009
	€000	€000
Depreciation *(note 8)*	30,967	34,025
Amortisation of EU/Exchequer capital grants *(note 14)*	(15,331)	(17,035)
	15,636	16,990

5. EXCEPTIONAL OPERATING COSTS

	2010	2009
	€000	€000
Business restructuring	8,110	5,925

As part of a cost reduction programme, the company introduced a voluntary severance and early retirement programme. The cost in 2010, including severance payments and other costs associated with the programme is €8.110 million (2009 - €5.925 million).

6. INTEREST (RECEIVABLE)/PAYABLE

	2010	2009
	€000	€000
On balances with holding company	(247)	(1,324)
Other interest payments	4	5
	(243)	(1,319)

7. PUBLIC SERVICE OBLIGATION

The Public Service Obligation payment payable to Bus Átha Cliath - Dublin Bus through its holding company, Córas Iompair Éireann, amounted to €75,682,000 for the year ended 31st December 2010 (2009 - €83,199,000).

Notes to the Financial Statements (continued)

8. TANGIBLE FIXED ASSETS

	Road Passenger Vehicles	Bus Stops and Shelters	Plant and Machinery	Total
	€000	€000	€000	€000
Cost				
At 1st January 2010	309,678	22,656	53,168	385,502
Additions	27	3,046	6,222	9,295
Disposals	(19,009)	–	(207)	(19,216)
At 31st December 2010	290,696	25,702	59,183	375,581
Depreciation				
At 1st January 2010	192,711	3,341	33,787	229,839
Charge for the year	25,993	1,574	3,400	30,967
Disposals	(18,974)	–	(207)	(19,181)
At 31st December 2010	199,730	4,915	36,980	241,625
Net book amounts				
At 31st December 2010	90,966	20,787	22,203	133,956
At 31st December 2009	116,967	19,315	19,381	155,663

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

	Lives (Years)
Road passenger vehicles	7 – 10
Bus stops and shelters	3 – 15
Plant and machinery	3 – 10

(b) Road passenger vehicles at a cost of €67,058,000 (2009 - €42,825,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in additions above are €Nil (2009 - Nil) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

Notes to the Financial Statements (continued)

9. STOCKS

	2010	2009
	€000	€000
Maintenance materials and spare parts	**1,392**	1,349
Fuel, lubricants and other sundry stocks	**1,176**	1,443
	2,568	2,792

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.

10. DEBTORS

	2010	2009
	€000	€000
Trade debtors	**6,696**	8,091
Amounts owed by holding company	**56,371**	76,621
Other debtors and accrued income	**1,985**	1,302
	65,052	86,014

11. CREDITORS (amounts falling due within one year)

	2010	2009
	€000	€000
Trade creditors	**5,297**	5,757
Income tax/levy deducted under PAYE	**2,254**	2,255
Pay related social insurance	**1,983**	2,937
Value added tax and other taxes	**225**	233
Other creditors	**3,759**	1,499
Deferred revenue	**8,358**	8,637
Accruals	**9,963**	12,197
Voluntary severance	**11,183**	12,522
Third party and employer's liability claims *(note 13)*	**8,000**	9,500
Deferred income *(note 14)*	**13,677**	15,364
	64,699	70,901
Creditors for taxation and social welfare included above	**4,462**	5,425

Notes to the Financial Statements (continued)

12. LEASE OBLIGATIONS

	2010	2009
	€000	€000
Operating Leases		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	73	112
Between one and five years	21	103
	94	215

13. PROVISION FOR LIABILITIES AND CHARGES

	2010	2009
	€000	€000
Third party and employer's liability claims		
Balance at 1st January	95,400	97,237
Utilised during the year	(6,913)	(8,924)
Transfer from profit and loss account	(1,653)	7,087
Balance carried forward at 31st December	86,834	95,400
Apportioned:		
Current liability *(note 11)*	8,000	9,500
Amounts falling due after more than one year	78,834	85,900
	86,834	95,400

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

Provisions coming forward from previous years have been transferred to the profit and loss account based on recent claims history.

(A) External Insurance Cover

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

(i) third party liability in excess of €2,000,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of actions taken for road claims subject to United States of America jurisdiction where the excess is US$3,300,000;

(ii) third party liability for the Group in excess of €150,000 on any one occurrence or series of occurrences arising out of Other Risks events, except;

13. PROVISION FOR LIABILITIES AND CHARGES (continued)

(a.) External insurance Cover (continued)

(a) at Ossory Road, Dublin, in the case of flood damage, where the excess is a non-ranking €1,000,000;

(b) any other flood damage where the excess is €250,000; and

(c) any claims subject to United States of America jurisdiction where the excess is US $150,000.

(iii) road transport liabilities in excess of a self insured retention of €15,000,000 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 annual period will be €50,000;

(iv) Group Combined Liability Insurance, which includes Terrorism liability, overall indemnity is €200,000,000 for the twelve month period, April 2010 to March 2011, for all rail and road transport, Third Party and Other Risks liabilities;

(v) All Risks for the Group, 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; and

(vi) 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 Provisions and Related Recoveries

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

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

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

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

Provisions for claims are calculated gross of any reinsurance recoveries 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 recoveries having regard to notification from the company's brokers of any re-insurers in run off.

Notes to the Financial Statements (continued)

14. DEFERRED INCOME

	2010	2009
	€000	€000
This account represents EU/Exchequer grants which are accounted for in accordance with accounting policy E.		
European Union/Exchequer grants		
Balance at 1st January	**79,514**	89,946
Received and receivable	**6,437**	6,890
Transfer to profit and loss account		
Amortisation of capital grants *(note 4)*	**(15,331)**	(17,035)
Write-off of grant aided assets	**(36)**	(20)
Revenue grant *(note 3)*	**(237)**	(267)
Balance carried forward at 31st December	**70,347**	79,514
Apportioned:		
Current liability *(note 11)*	**13,677**	15,364
Amounts falling due after more than one year	**56,670**	64,150
	70,347	79,514

15. SHARE CAPITAL

	2010	2009
	€000	€000
Authorised:		
Ordinary shares of €1.27 each	**38,092**	38,092
Allotted, called up and fully paid:		
Ordinary shares of €1.27 each	**31,743**	31,743

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010	2009
	€000	€000
Balance at 1st January	**23,619**	36,544
Deficit for the year	**(22,059)**	(12,925)
Balance at 31st December	**1,560**	23,619

Notes to the Financial Statements (continued)

17. CASH FLOW STATEMENT

	2010	2009
	€000	€000
(A) Reconciliation of operating deficit to operating cash flows		
Operating deficit before interest, Public Service Obligation payment	**(97,984)**	(97,443)
Public Service Obligation payment *(note 7)*	**75,682**	83,199
	(22,302)	(14,244)
Depreciation	**30,967**	34,025
Amortisation of capital grants	**(15,331)**	(17,035)
Gain on disposal of tangible assets	**(653)**	(2,625)
Decrease in stocks	**224**	237
Decrease in debtors	**712**	849
(Decrease)/increase in creditors and provisions	**(11,579)**	7,751
Net cash (outflow)/inflow from operating activities	**(17,962)**	8,958
(B) Analysis of cash flows for headings netted in the cash flow statement		
Servicing of finance		
Interest received	**247**	1,324
Other interest payments	**(4)**	(5)
Net cash inflow from servicing of finance	**243**	1,319
Capital expenditure		
Purchase of tangible fixed assets	**(9,295)**	(18,189)
Net cash inflow from disposal of tangible assets	**650**	2,634
EU/Exchequer capital grants	**6,200**	6,623
Net cash outflow from capital expenditure	**(2,445)**	(8,932)

Notes to the Financial Statements (continued)

17. CASH FLOW STATEMENT (continued)

	At 1st Jan. 2010	Cash Flow	At 31st Dec. 2010
	€000	€000	€000
(C) Analysis of net funds			
Cash at bank and in hand	101	86	187
Overdraft	–	–	–
		86	
Holding company balance	76,621	(20,250)	56,371
		(20,250)	
Total	76,722	(20,164)	56,558

18. PENSIONS

The employees of Bus Átha Cliath are members of the Córas Iompair Éireann Group pension schemes. The Córas Iompair Éireann Group operates two defined benefit pension 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 Financial Reporting Statement (FRS) No. 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 2010 there was a deficit of €348.7 million on the schemes.

The pension cost for the year on the defined benefit schemes was €12.5 million; these costs are also included in note 2.

Notes to the Financial Statements (continued)

19. CAPITAL COMMITMENTS

	2010	2009
	€000	€000
Contracted for	4,871	10,891
Authorised by the directors but not contracted for	–	950
	4,871	11,841

20. CONTINGENT LIABILITIES

Pending Litigation

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

21. RELATED PARTY TRANSACTIONS

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

In the ordinary course of business the company purchases goods and services from entities controlled by the Irish Government, the principal of these being various City and County Councils, the Dublin Airport Authority and the ESB. The directors are of the opinion that the quantum of these purchases is not material in relation to the company's business.

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

22. MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

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

23. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 30th March 2011.

Bus Átha Cliath