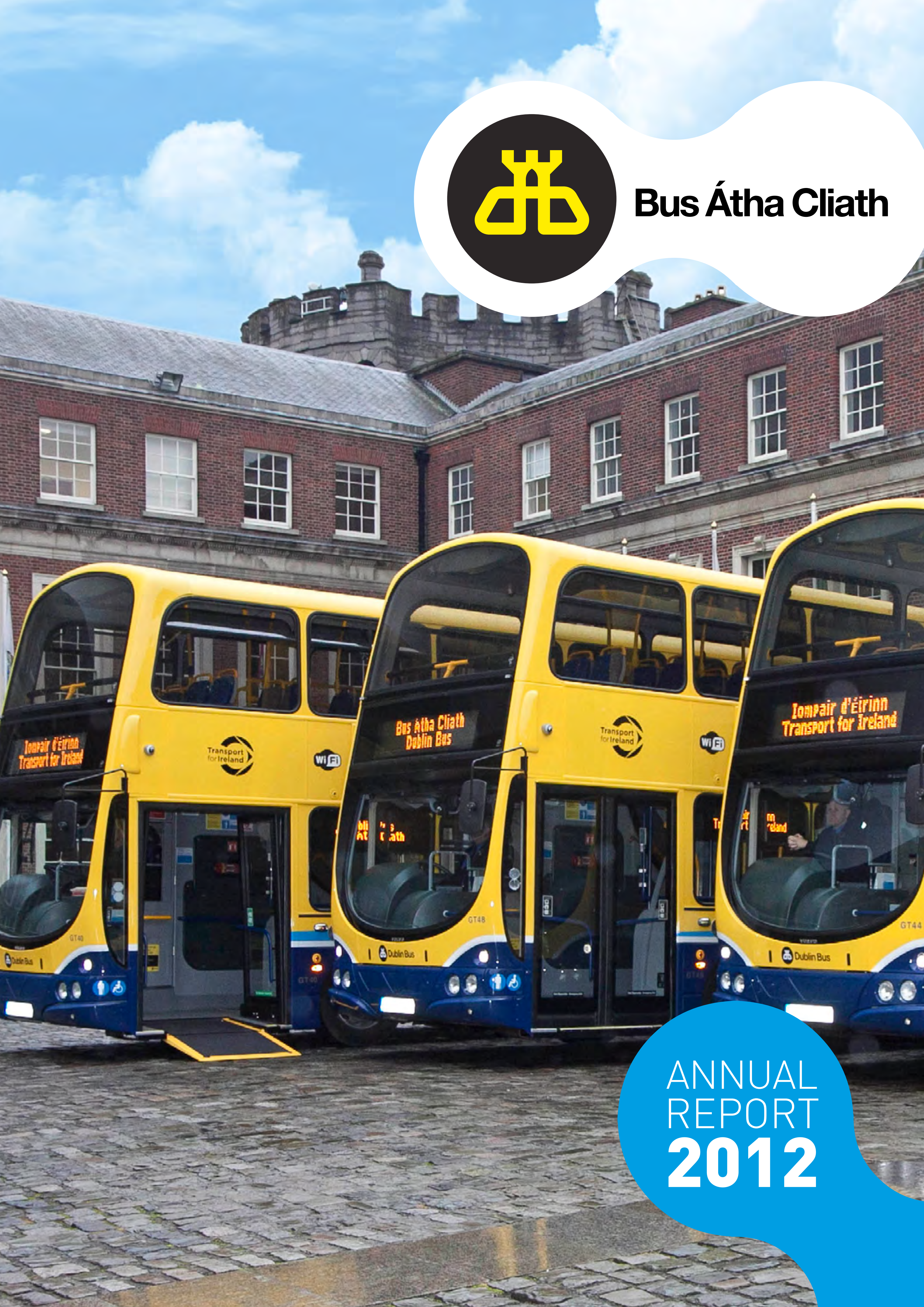
Bus Átha Cliath

ANNUAL REPORT 2012



Bus Átha Cliath

Contents

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

By pursuing new advancements in technology, Bus Átha Cliath aims to continue to increase the attractiveness of the bus as a means of transport

Operations Review

Overview

In many ways 2012 was a landmark year for Bus Átha Cliath as a significant number of positive developments took place across the company. Revenue grew for the first time since 2008 and passenger demand showed tentative signs of stabilising. Bus Átha Cliath's Network Direct project has been successfully implemented throughout the city resulting in a network of services with more direct and reliable options for today's commuters. There has also been a very positive response to the new ways customers can access information on services. Real Time Passenger Information (RTPI) became the most popular section on the Bus Átha Cliath website and the free smartphone apps.

The acquisition of 80 high tech replacement buses during the year meant that Bus Átha Cliath realised its commitment, made in 2000, to have a fully low floor wheelchair accessible fleet by the close of 2012. The buses provide a range of new features including Wi-Fi. This means customers can work, browse social media or play games while they commute. RTPI helps to increase the reliability of Bus Átha Cliath services by cutting down on waiting times and allowing people to plan their journey and, with the addition of Wi-Fi on services, customers won't lose a minute on their commute resulting in a completely enhanced commuter experience.

The introduction of the Leap Card has also improved the customer travel experience and proved popular throughout 2012 with over 200,000 journeys travelled a week using Leap Cards by the end of the year.

The company will achieve its target of returning to profitability and financial stability by 2014 with the continuing support of all stakeholders which will require further payroll cost reductions in the short term.

2012 Operating Result and Financial Position

Bus Átha Cliath incurred a deficit of €3.8 million in 2012, compared to a deficit of €18.2 million in 2011. This result was achieved with the benefit of once-off emergency subvention amounting to €5.3 million, provided by the Exchequer, and includes a €2.4 million charge for voluntary severance.

The key aspects of the financial results include revenue growth of €12.7 million and further cost reductions of €8.3 million. Customer demand was considerably more stable in the latter end of the year and revenue growth was achieved for the first time since 2008. The rationalisation and efficiency benefits of the Network Direct project combined with continuing rigorous control of costs achieved further reductions in the cost base which has now reduced by over €60 million on an annualised basis since 2008. Unfortunately unavoidable cost increases amounting to €6 million in the areas of fuel, Integrated Ticketing Scheme (ITS) back-office costs and the costs of maintaining an older fleet had to be absorbed during the year.

€12.7
revenue growth
Total revenue grew by €12.7 million (7.1%) to €191.1 million

€8.3
further cost reductions
Reductions in payroll costs contributed €6.4 million during the year.

The impact of the very difficult economic environment has been the dominant influence on the finances of Bus Átha Cliath in recent years. Since 2008, there has been an unprecedented decline in customer demand which, five years later, is only beginning to show signs of stabilising. After a disappointing start to the year, customer demand recovered well from late summer to year-end and was particularly strong over the Christmas period. Total passenger journeys for 2012 amounted to 115.2 million; a 1.5% reduction on the total of 117.0 million for 2011. Total revenue grew by €12.7 million (7.1%) to €191.1 million. Passenger revenue increased from €170.0 million to €183.2 million, despite a reduction of €0.9 million in revenue due to the cancellation of the usual large summer music festivals in Punchestown and Slane. The reduction in concert related revenue was somewhat offset by savings in operating costs. The growth in passenger revenue largely accrued from fares increases and adjustments to the fares structure on the introduction of the Leap Card. The National Transport Authority (NTA) approved an average increase in cash fares of 15% in January 2012 combined with a 10% discount for use of Leap Card. Prepaid fares increased by an average of 5%. The advertising market was still in decline and revenue from bus shelter and on-bus advertising reduced by €1.4 million.

Cost reduction measures yielded further savings of €8.3 million during 2012. The measures included: reductions in non-payroll costs, network efficiencies arising from Network Direct and the full year impact of staff exits in 2011. Reductions in payroll costs contributed €6.4 million during the year. Average staff numbers declined by a further 109 during the year bringing the reduction in average numbers of staff employed since 2008 to 589 and total payroll savings achieved over the same period amount to in excess of €30 million.

The increased revenue yield and the cost reductions were essential to improve the financial position of Bus Átha Cliath and to absorb the following €9.6 million additional costs incurred by Bus Átha Cliath in 2012: reduction in PSO subvention - €3.6 million, ITS cost increases - €3.1 million, fuel cost increases - €2.1 million, additional fleet maintenance costs - €0.5 million and reduction in interest receivable and profit on sale of buses - €0.3 million.

The combined impact of the growth in revenue and the further savings from the cost reduction measures offset by additional costs reduced the operating loss to €10.0million in 2012 before; emergency subvention of €5.3 million, a €3.3 million once-off reduction in claims costs and a voluntary severance cost of €2.4 million. The results for 2012 also included some non-recurring benefits of €1.1 million and therefore the underlying and on-going loss for 2012 was €11.1 million.

Bus Átha Cliath received Public Service Obligation (PSO) payments of €69.4 million in 2012; a reduction of €3.6 million compared to 2011. Despite the lower payment, the shortfall on the PSO was reduced from €18.9 million in 2011 to €11.2 million and with the benefit of the emergency once-off PSO payment of €5.3 million the net underpayment was reduced to €5.9 million.

Profitability is essential to the sustainability of Bus Átha Cliath and while some progress has been achieved, further cost reductions are critical for the objective of a stable financial position to be achieved. In conjunction with stakeholders, and through a combination of revenue growth and further reductions in the major operating costs, Bus Átha Cliath is striving to eliminate losses being incurred and return the company to profitability.

However, Bus Átha Cliath will again have to absorb further cost increases during 2013 in respect of: reduction in PSO payment - €4.5 million, fuel cost increases - €1.9 million, additional fleet maintenance costs - €0.6 million, additional depreciation - €0.8 million, reductions in interest and profit on sale of buses - €0.2 million and increases in ITS costs - €1.8 million. This means that the company will be facing a loss of at least €20.9 million in 2013 if no action is taken.

The company's response to the challenging financial position is to address it through a comprehensive suite of measures. These measures comprise:

- Cost reduction plans –payroll and non-payroll;
- Revenue generation plans;
- Multi-annual fares increases proposal; and
- Reduction in accidents and cost of claims.

All of the above measures must be delivered on-schedule and on-budget in order for the company to achieve its targets of: returning to overall profitability by 2014, generating cash for essential investment and stabilising the financial base of the company to provide security around provision of transport services and sustainability of employment.

The plan has been presented to and approved by board during 2012 and the company must now continue with the implementation stage. Staff members have also been made aware of the key elements within the plan. Successful implementation of the plan would see the company return to profitability in 2014,

A summary of the range of measures included within the plan is set out below:

1. Cost Reduction

Payroll savings form an integral element of the plan. The company must achieve significant changes to payroll costs in 2013 in order to ensure the serious financial position is effectively addressed. The company has continued its reduction of non-payroll costs in line with the current challenging financial position. Targeted reductions in expenditure in 2013 amount to €1.0 million and will arise in areas such as: energy, materials and services and other discretionary spending. The company is also achieving sustainable reductions in its accidents and claims costs. There are no plans to implement any reductions in the level of service for customers.

2. Customer Demand & Revenue Generation Strategy

Last year, 2012, was the first year since 2008 in which the revenue base increased. This was due to the substantial increase in fares which was only slightly offset by a small decline in passenger numbers. The growth in PSO revenue arising from increases in passenger numbers is mainly from the results of the Network Direct restructuring of services which was completed by end 2012, subject to a few final adjustments. Growth through revenue generation is an important aspect of the financial recovery plan. While employment levels will continue to adversely affect passenger volumes, the revised network of services and improved service reliability delivered under Network Direct, together with the introduction of Real Time Passenger Information and Integrated Ticketing, have opened up growth opportunities. These opportunities will be exploited through increased marketing activity for the core routes and specific targeted off-peak and weekend campaigns and enhancing revenue protection resources.

3. Fares Increase

The NTA has approved substantial fares increases in recent years. An increase of 15% in cash fares from 1st January 2012 was followed by a further increase of 8% from 1st December 2012. The business plan includes a fares strategy for 2014 – 2016 and increases will depend on a range of factors including inflation and market conditions. All fares increases are subject to approval by the NTA. During 2013, Bus Átha Cliath will have to deal with complex challenges in managing revenue given the level of change and development planned to take place such as the introduction of Leap Card rebates and capping for customers.

4. Public Service Obligation

The drop in PSO has been a key issue for the company. PSO for 2013 has been confirmed by the NTA at €64.9 million, a reduction of €4.5 million (6.5%) on 2012.

The measures proposed, although challenging, would restore the company to a stable financial footing and ensure that cash is generated for essential investment in the business, services are maintained for customers and employees are provided with greater job security.

Network Direct

In 2012 the Network Direct project continued to successfully redesign services to match customer demand and to adjust service timetables in line with running time improvements and bus priority measures. The project commenced in 2010 following a strategic review of the operations of the company. This involved a complex matrix of timetable changes, a reduction in employee numbers, bus fleet reduction, new termini, revised routes, and employee working arrangements. It required extensive consultation with many stakeholders and a comprehensive communications programme. As part of this programme, Bus Átha Cliath staged over 30 public consultation sessions and over 400 stakeholder meetings. The project is now complete and Bus Átha Cliath continues to promote the revised network of services to ensure that the network continues to meet the demands of the people of Dublin.

Technological Advancements

The benefits of the Automatic Vehicle Location and Control (AVLC) system in delivering Real Time Passenger Information (RTPI) to customers were further enhanced during 2012.

At the beginning of the year, RTPI was available on 272 on-street RTPI display screens. By the end of the year, a total of 415 screens were located on-street. These display screens provide predicted arrival times of buses. Additional display screens will be deployed during 2013, with an eventual target of 500 RTPI units to be located throughout the Bus Átha Cliath network. The on-street display screens are installed by Dublin City Council on behalf of the National Transport Authority (NTA).

Customers can also access RTPI through Bus Átha Cliath's website, the free iPhone and Android apps, the NTA's SMS service and the Transport for Ireland website. Since the introduction of the facility, RTPI remains the most popular feature on Bus Átha Cliath's website and the smartphone app. At the end of 2012, over 300,000 customers had downloaded the app.

The 80 new GT model buses, delivered during 2012, are equipped with bilingual passenger information signs which display the name of the next stop. In October, a public address system was piloted on Route 7 which announced the next stop. Following positive customer reaction to the audio announcements, the feature will now be extended to all routes served by these GT model buses. Subject to availability of funding, the next stop announcement facility will be extended to other buses in the fleet. This will be a retrofit on older buses and a standard feature of new bus builds.

Over recent years, ease of access to the internet on the move has increased through the development of Wi-Fi. In February 2012, Bus Átha Cliath began a two month Wi-Fi trial on 10 buses on Route 16 which operates from Ballinteer to Santry. Fleet Connect supplied the equipment for the trial which offered customers a Wi-Fi facility on these buses. Part of the trial involved testing all of the major data providers (O2, Vodafone, 3 and e-mobile) on the grounds of geographical spread of broadband coverage and other key quality indicators. The trial proved to be very positive and as a result, the 80 replacement buses introduced into the fleet during the year were all fitted with Wi-Fi enabled technology. The buses were deployed on routes 1, 4, 7, 29a, 33, 102, 104 and 151, meaning customers on these routes can access the internet at high speeds for both work and recreational purposes during their daily commute. Usage of the facility continued to increase throughout the year. In December 2012 alone, over 21,000 people used Wi-Fi across the 90 buses 58,740 times with their sessions lasting, on average, almost half an hour. Due to the success of the trial and the increased usage of the service on these 90 buses, the company hopes to extend the Wi-Fi service across the entire fleet, subject to availability of funding.

By pursuing such advancements in technology, Bus Átha Cliath aims to continue to increase the attractiveness of the bus as a means of transport.

Leap Card

December 2012 marked the first full year of operation of the Leap Card; the new integrated transport ticketing system for the Greater Dublin Area. The card, which was launched simultaneously on Bus Átha Cliath, Iarnród Éireann and Luas services, offers customers a cashless alternative when paying for individual journeys. On average customers can save over 12% when using a Leap Card over cash.

At the beginning of the year, an extensive advertising campaign took place to highlight the benefits of the Leap Card. At the end of 2012, a total of 198,000 cards had been issued and approximately 200,000 journeys per week were made on Bus Átha Cliath services using the card.

During 2013, the NTA will roll out new features onto the Leap Card. These will include daily and weekly capping and the transfer of Bus Átha Cliath disposable prepaid Rambler and Taxsaver smartcard products to Leap Card.

Attracting New Customers

Three main barriers to growth were identified among Dubliners (bus users and non-users) by Bus Átha Cliath which mirror international barriers to Public Transport:

- Reliability/Predictability;
- Complicated Ticketing; and
- Complex Network.

The focus of all marketing activity over the last number of years has been to communicate the removal of these barriers to potential customers, many of whom hold out-dated views or perceptions of the service offering provided.

The completion of the Network Direct project along with the advent of RTPI, the launch of the smartphone apps and the Leap Card means there are many benefits available to bus users when compared to private car use. During 2012, Bus Átha Cliath launched an advertising campaign aimed at communicating all these benefits to existing and potential customers and to change attitudes towards the bus as a means of transport.

The campaign aimed to promote the following developments in the service that occasional and potential customers may not be aware of such as:

- The significant increase in high frequency cross-city services and the 22 core super routes that offer customers more direct travel options;
- Bus Átha Cliath has a clean, modern fleet;
- Bus prioritisation measures mean less congestion;
- RTPI;
- The convenience and value of Leap Card/prepaid tickets;
- The benefits of the Taxsaver scheme; and
- The bus is cheaper than private car use.

In order to better connect with customers, many companies have used humour in their advertising campaigns and this was the case with this campaign. The TV advertising was "mockumentary" in style and was also uploaded to the company's YouTube channel. The campaign was also supported with online, press, on-bus and radio advertising. The campaign end-line 'Do you get it yet?' prompted viewers to consider Bus Átha Cliath as a viable alternative to meet their commuting needs.

A number of developments took place during the year to improve the company's presence online and to further enhance the overall customer experience. New features were added to the company's website including improved site functionality; a font resizer, a time/date/weather feature and an improved 'search' facility. In order to maximise the company's communication with customers through social media, the company launched its own YouTube channel. This complements Bus Átha Cliath's other official social media sites, launched in 2011, which continued to grow followers throughout the year and displayed increased customer engagement.

Customer research in December 2012 showed significant cut-through among customers of the advertising campaign which ran in May and September, and a significantly improved perception of Bus Átha Cliath as a result of having seen the campaign. This campaign will be rolled out further in 2013, focussing on helping customers and potential customers easier navigate their way around the new network.

Public Service Contract – Bus Átha Cliath Achieving Performance Obligations

The Public Service Contract, signed between the NTA and Bus Átha Cliath in December 2009, sets out the network and range of services to be provided by Bus Átha Cliath, the performance levels to be achieved and the compensation to be paid by the NTA for the provision of these services. Many of the areas of performance relating to customer service are independently audited. Every Quarter, a schedule of performance documents are supplied to the NTA and the results are presented, explained and discussed at Quarterly review meetings between the NTA and Bus Átha Cliath. Bus Átha Cliath routinely achieves and exceeds performance targets.

Luas Line BXD

The railway Order for the construction of Luas Line BXD was issued on 2nd August 2012 by An Bord Pleanála. The line will operate from St. Stephens Green via Dawson St, Westmoreland St., O'Connell St. and Broadstone to Broombridge/Cabra. The construction, which will commence in Quarter 3, 2013, presents significant challenges and risks for bus operations. Bus Átha Cliath is fully engaged with NTA, RPA and DCC in planning mitigating measures to reduce these risks and this work will continue intensively throughout 2013.

NTA – Renewal of Direct Award Contract to Dublin Bus in 2014

During 2012, the NTA held a non-statutory consultation on the renewal of the direct award contract to Bus Átha Cliath. This also covered a request for views on the question of opening the bus market to private operators. Bus Átha Cliath made a full submission to the NTA and has fully engaged with the process. A further statutory consultation will take place in 2013.

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 (SMS) provides a detailed framework for the management of health and safety risks associated with the company's operations. The SMS defines 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.

Bus Átha Cliath commenced its fifth and final module of the Driver Certificate of Professional Competency training ('The Role of the Professional Driver in the Transport Industry') in September 2012 and all drivers will be due to receive their new CPC qualification cards before 10th September 2013. Furthermore, feedback from drivers on the company's new driver training technology (Vigil Vanguard) has been extremely positive with over 1,000 drivers having now received refresher training since the system was introduced in February 2012.

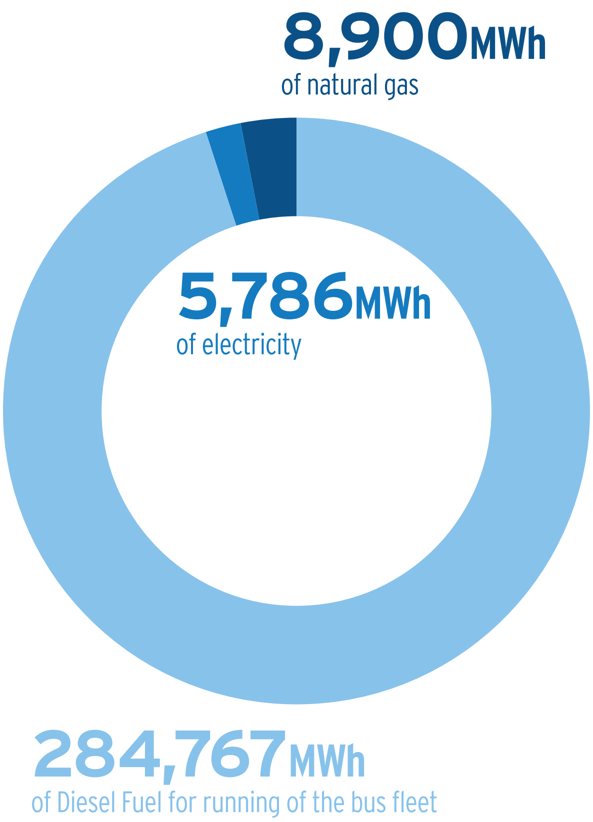
In the context of accidents, 2012 saw further reductions in the rate of collisions (-1.5%) and customer accidents (-1.8%) when compared with the previous year's figures. The company continues to recognise the value of training and campaign interventions in order to achieve these reductions and has agreed to target further reductions of 2% in both areas as part of its safety objectives for 2013.

Whilst the causes of on-board accidents can be many and varied, the company recognises the importance of continually educating customers on the basic safety measures that should be observed when travelling on buses. With the re-introduction of centre doors on the 80 new vehicles in late 2012, a series of on-board audio/

visual messages were introduced on these vehicles in order to re-educate customers on the need to use these doors when alighting at bus stops.

Energy Usage

Bus Átha Cliath operated a fleet of 930 buses covering 57,372,160 kilometres in 2012. The primary energy consumption is the fuel usage associated with running the fleet of buses. The quantity of diesel fuel used in 2012 was 28 million litres. The other main energy sources include the company's seven maintenance garages and their associated gas and electricity usage. In addition Bus Átha Cliath also has a number of office buildings including head office, procurement and the canteen. The breakdown of energy usage consists of fuel usage by the bus fleet (95.2% of consumption), electricity usage at premises (1.9% of consumption) and gas consumption at premises (2.9% 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.



In 2012 Bus Átha Cliath consumed 299,453 MWh of energy, consisting of:

- 284,767 MWh of Diesel Fuel for running of the bus fleet;
- 5,786 MWh of electricity; and
- 8,900 MWh of natural gas.

In 2012 Bus Átha Cliath undertook a range of initiatives to improve our energy performance, including:

- Partnership agreement with Sustainable Energy Authority Ireland (SEAI);
- Trial of LED Lights in Workshop pits;
- Purchase of new vehicles which will be fitted with Euro 5 standard engines;
- Energy Map training for employees;
- Promotion of energy awareness among employees;
- Continuation of the energy monitoring at each premises;
- Continuation of eco driving training for drivers; and
- Altogether, these and other measures are saving 21,423 MWh annually.

In 2013, Bus Átha Cliath intends to further improve our energy performance by undertaking the following initiatives:

- Commence trials of eco-driving for fleet using on-board technology;
- Upgrade and replace water pumps with pressure activation demand motors;
- PIR Sensors in depots and workshop pits;
- Fleet fuel monitoring by route;
- Review compressed air systems;
- Purchase of new vehicles which will be fitted with Euro 5 standard engines;
- Energy Awareness Campaign;
- Vigil Vanguard training for drivers including eco driving techniques; and
- Identify further energy saving opportunities through the local energy management teams.

Fleet Replacement Programme

In 2012, Bus Átha Cliath placed orders for new double deck buses with Volvo B9 chassis and Wrightbus bodywork. Delivery commenced in August and with the exception of two vehicles was complete by year end. The vehicles are fitted with the latest Euro 5 standard engines which will mean a significant improvement in emissions. In addition the vehicles are equipped with a number of new features which will enhance the customer experience and improve passenger satisfaction. These include: better seating, additional CCTV cameras, next stop passenger information and Wi-Fi access. The vehicles are also fitted with centre doors which will enhance boarding and reduce dwell times at stops. These replacement vehicles were funded by the NTA.

Fleet Refurbishment Programme

In 2011, Bus Átha Cliath commenced a series of service upgrades on existing vehicles and this programme continued throughout 2012. The upgrades, which were achieved through funding from the NTA, will improve vehicle safety and reliability thus leading to greater customer satisfaction.

The upgrades applied to a range of body work, mechanical and electrical elements of our older vehicles.

Fleet Accessibility – A Bus Service for Everyone

In 2012, Bus Átha Cliath continued to focus on enhancing the accessibility of services for all customers. The new GT model buses, introduced into the company's fleet during the year, include low floor chassis, kneeling suspension to further reduce entry step height, retractable ramp at entrance and an enhanced priority space for wheelchair users. These important features ensure that Bus Átha Cliath's fleet is now 100% accessible. This result is in keeping with the company's commitment to have a fully low floor wheelchair accessible fleet by the close of 2012.

The 80 new buses also incorporate a range of improved accessibility features including:

- bilingual passenger information signs in the upper and lower saloons announcing the next bus stop;
- clearer signage to identify the priority space for wheelchair users; and
- improved signage at the front seating area requesting that these seats be prioritised for people who are disabled, older, pregnant or have difficulty standing.

These developments in accessibility features are, in part, a result of Bus Átha Cliath' accessibility working group which meets on a quarterly basis and includes representatives from various user groups including: National Council for the Blind Ireland (NCBI), Irish Wheelchair Association (IWA), St. Michael's House, Irish Guide Dogs Association and The Older People's Parliament.

The company is also piloting audio next stop announcements on Route 7 which would further enhance the traveling experience for customers with a visual impairment.

Bus Átha Cliath also continued to run the Travel Assistance scheme in 2012. This scheme continues to be successful with numerous people receiving assistance on how to travel on public transport independently. With the help of a full-time Travel Assistant, a tailor-made travel plan is drawn up to meet each individual customer's needs. Customers can access more information on Travel Assistance by contacting Bus Átha Cliath Accessibility Officer on (01) 7033204 or by e-mailing travelassist@dublinbus.ie.

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

In 2012, Bus Átha Cliath created a new identity for the numerous CSR activities undertaken by the company; the Bus Átha Cliath Community Spirit Initiative. This new identity reflects Bus Átha Cliath's commitment to playing an active role in the communities in which services operate.

Since 2003, Bus Átha Cliath has awarded grants to voluntary and community groups across the Greater Dublin Area (GDA). To date, over 1,300 groups have received funding under the programme which has helped many worthwhile causes in communities across the GDA. In 2012, as part of the rebranding of the company's CSR activities, a new identity for the programme was introduced; Bus Átha Cliath Community Spirit Awards. In 2012, 80 voluntary groups across the Greater Dublin Area received funding awards. The following 5 organisations received the top award of €5,000; Tallaght Cancer Support Group, Ballyowen Meadows School, Balscadden District Community Council, 3 Bridges Boxing Club Ballymun and The Carers Association Clondalkin. These awards were initiated to recognise and support the invaluable work undertaken each day by local groups located within the Bus Átha Cliath network. Ex-international footballer, Niall Quinn has been patron of the initiative since its inception.

Another project included in the Community Spirit Initiative is the annual Children's Art Competition and Calendar. Bus Átha Cliath employs dedicated School and Community Co-ordinators who build and maintain relationships with young people in national and secondary schools across Dublin. By highlighting the benefits of the bus among these children, Bus Átha Cliath aims to promote the value of public transport in local communities among younger customers. The co-ordinators select a number of national schools across the company's route network to participate in the competition each year and invite the children to submit a bus themed picture or poem. In 2012, national schools in Ballyfermot, Ballymun, Cherry Orchard, Clondalkin, Coolock, Crumlin, Darndale, Finglas, Inchicore, Neilstown and Tallaght took part in the competition. The winning entries were published in the Children's Art Calendar 2013 and was distributed among the participating schools, Bus Átha Cliath employees and elected representatives in the GDA. The winning entries featured in the calendar were also exhibited in a special ceremony in Wood Quay venue in Dublin City Council offices.

Each summer Bus Átha Cliath and former Irish International footballer, Niall Quinn, host the Bus Átha Cliath/Niall Quinn Penalty Shoot Out in a chosen football ground in Dublin. This year's event took place in Poppintree Youth and Community Centre, Ballymun. On the day, selected 8-14 year olds from the local summer project were given the opportunity to receive training and undertake a penalty shoot-out competition with Niall Quinn. Each year, a new area is chosen to host the event, which is organised in conjunction with local Youth Groups and An Garda Síochána. The project aims to recognise the work carried out by voluntary groups and An Garda Síochána to support young people during the summer months and promote the value of public transport in local communities to young people across Dublin.

Developments in Commercial Services

The commercial division continued to perform well in its market segments throughout 2012. The Airlink Airport Express, which was redesigned and re-launched in the summer of 2011, achieved double digit growth for the year. Improved marketing activity at both Dublin Airport and hotels and guesthouses along the revised route helped to increase awareness and appreciation of the quality of service being offered. Ticket sales achieved at the new Airport Information Kiosk, which opened in January 2012, has surpassed projections. The Sightseeing Tours also performed well during the year and market share continued to grow in the face of reduced tourism numbers to Dublin. Fáilte Ireland figures confirmed that visitors to Ireland had decreased by 1% up to September 2012. However the Notre Dame vs. Navy American Football game in September 2012 was a resounding success and delivered a 20% growth for the period of their stay. Bus Átha Cliath continues to place the strongest emphasis on quality and is proud to have achieved, for the second year in succession, the "TripAdvisor Certificate of Excellence" Award 2012 for both the Hop On - Hop Off City Tour and Ghostbus Tour. These awards are issued for consistently achieving excellent customer satisfaction ratings from members of TripAdvisor; the world's top travel website.

The new vehicles are equipped with a number of features which will enhance the customer experience and improve passenger satisfaction

Board of Directors

Directors at 11th April 2013

Mr. K. Bonner, Chairman

Dr. P. Barker

Ms. G. Joyce

Mr. B. McCamley

Mr. W. McDermott

Ms. M. McGennis

Dr. K. Rafter

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 Statutory Audit Firm

One Spencer Dock

North Wall Quay

Dublin 1

Bus Átha Cliath

The directors present their annual report together with the audited financial statements for the year ended 31st December 2012.

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.

In 2012, the company carried 115.2 million customers, representing a reduction of 1.5% on 2011. Total revenues amounted to €191.1 million in 2012 compared to €178.3 million in the previous year. During 2012, the Network Direct project to redesign services to match customer demand and to adjust service timetables in line with running time improvements and bus priority measures was completed subject to some small remaining adjustments. In conjunction with stakeholders and through a combination of revenue growth and further reductions in the major operating costs, Bus Átha Cliath is striving to reduce the level of operating losses being incurred and to return the company to profitability by 2014.

Results and Reserves

The financial statements for the year ended 31st December 2012 are set out in detail on pages 26 to 43. The results for 2012 show a deficit of €3,823,000 (2011 - €18,150,000).

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 2012, investment in the fleet was resumed and 80 new buses were delivered into service. Other significant expenditure included fleet refurbishment programmes to maintain quality and reliability for the benefit of the customer. Investment in improving services continued with the assistance of National Transport Authority funding in the following areas:

- €25.5 million part payment on 80 new buses;
- €4.9 million on refurbishment of buses;
- €0.8 million on the continuing development of the Automatic Vehicle Location and Control System (AVLC);
- €1.1 million on premises, IT systems and equipment; and
- €0.6 million on network infrastructure.

Audit and Finance Committee

The Audit & Finance Committee at 11th April 2013 comprises the following non-executive members of the board: Patricia Barker, Gary Joyce and Kevin Bonner.

The main duties of the Audit & Finance Committee are to oversee the relationship with the external auditor, including consideration of the appointment of the external auditor, audit fees, and any question of independence, resignation or dismissal. The Audit & Finance Committee discusses with the external auditor the nature and scope of the audit and the findings and results. The Committee also monitors the integrity of the financial statements prepared by the company.

The Committee keeps under review the effectiveness of the company's internal controls and risk management systems.

The Terms of Reference of the Audit & Finance Committee have been approved by the board and are reviewed on an annual basis and amended as appropriate. The Committee met four times in 2012 (7 in 2011). The external auditors, PricewaterhouseCoopers, were appointed during the year ended 31st December 2010 for a three year period. Therefore, the Audit & Finance Committee recommends to the Executive Committee that they be formally reappointed for the year ended 31st December 2012. There were no contractual obligations that acted to restrict the Audit & Finance Committee in making this recommendation.

During the year under review there were no material services provided by the auditors. Therefore the Audit & Finance Committee, having considered all relationships between the company and the external audit firm, does not consider that those relationships impair the auditor's judgement or independence.

Employee Development

Bus Átha Cliath is committed to ensuring that the necessary skills and knowledge are identified and developed so that all employees have to opportunity to develop and make a positive contribution.

A competency framework is used to identify the behaviours, skills and abilities essential to the successful performance of the various roles of employees in delivering a quality service to the required standard.

The Bus Átha Cliath Training Centre provides a number of training programmes to ensure that bus drivers are given the highest standard of training to enable them deliver a safe, efficient and reliable bus service to our customers. 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.

In addition to CPC a driving skills competence development programme is delivered to all drivers. This programme uses a video training system (Vigil Vanguard) to facilitate reflective learning and behavioural change. The training programme received the 2012 Charted Institute of Logistics and Transport Safety Award for its innovate approach to driver skills training.

A programme of managerial development continued in 2012 with a number of managers and administration officers undertaking third level studies. Other role specific training continued for maintenance, supervisory and administrative employees.

A new Employee Handbook has been published and distributed to all employees to provide practical information on company structures, policies, entitlements, supports and responsibilities.

Health and Safety

The company is fully committed to complying with the Safety, Health and Welfare at Work Act, 2005 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 on-going basis.

Equality and Diversity

The Equality and Diversity Strategy enables Bus Átha Cliath to:

- Deliver a more efficient and fulfilling work environment for employees;
- 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.

Bus Átha Cliath continues to work in partnership with the Equality Authority and the Immigrant Council of Ireland on a number of initiatives to promote equality and 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 2012 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Mr. K. Bonner	Chairman
Dr. P. Barker	(Appointed 11th February 2013)
Ms. G. Joyce	(Appointed 30th July 2012)
Ms. N. Maher	(Retired 1st June 2012)
Mr. B. McCamley	(Reappointed 1st December 2012)
Mr. W. McDermott	(Reappointed 1st December 2012)
Ms. M. Mc Gennis	
Ms. U. McGrath	(Retired 15th March 2013)
Ms. M. Mooney	(Retired 17th May 2012)
Mr. A. O'Byrne	(Retired 31st May 2012)
Dr. K. Rafter	(Appointed 23rd January 2013)
Ms. G. Tuke	(Retired 1st June 2012)

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.

Attendance at Board / Committee Meetings

Listed below is board directors' attendance at Board/ Committee meetings during 2012.

Bus Átha Cliath Board/Committee Attendance Log 2012		
Director	Bus Átha Cliath Board	Safety Committee
Mr. K. Bonner	10/10	
Ms. G. Joyce	4/4	
Ms. N. Maher	4/5	
Mr. B. McCamley	9/10	4/4
Mr. W. McDermott	10/10	
Ms. M. McGennis	5/10	4/4
Ms. U. McGrath	9/10	4/4
Ms. M. Mooney	4/5	
Mr. A. O'Byrne	5/5	
Ms. G. Tuke	5/5	

Going Concern

The board of directors is satisfied that while a number of uncertainties exist, the company will have 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. Note 1 "Going Concern" addresses those uncertainties and summarises the directors' conclusions in relation to going concern.

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

Mr. K. Bonner, Chairman

Dr P. Barker, Director

11 April 2013

Bus Átha Cliath is committed to delivering a quality service to all its customers and to creating a fair and inclusive workplace

Board of Directors

Kevin Bonner, Chairman

Kevin Bonner was appointed as Chairman of Bus Átha Cliath and to the Board of CIÉ in June 2011. Kevin is a former Secretary General of the Department of Enterprise and Employment.

Patricia Barker

Patricia Barker is a retired professor of accounting. She is a Chartered Accountant and a Council Member of Chartered Accountants Ireland. Her PhD was in the financial information to employees and she holds an MPhil from Trinity in Gender Studies. Patricia is a director of Veritas Publications Ltd. and the Marine Institute. She served as Chairman of the BTSB and works as a volunteer with the Rape Crisis Centre.

Gary Joyce

Gary Joyce was appointed to the board in July 2012. Gary is Managing Director of Genesis, a strategic marketing and development consultancy. She has extensive non-executive experience having previously served as Chairman of ACC Bank and as a member of a number of private sector, not-for-profit and state boards. She is currently a member of the Governing Authority of Dublin City University and the board of Galway Arts Festival.

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.

Board of Directors (Continued)

Marian Mc Gennis

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 organizations 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. Una previously worked as a consultant and business development manager 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.

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. Nuala retired on 1st June 2012.

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. Mary retired on 17th May 2012.

Board of Directors (Continued)

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. Arnold retired on 31st May 2012.

Kevin Rafter

Kevin Rafter was appointed to the board in January 2013. Kevin is a senior lecturer in political communication and journalism at Dublin City University in addition to working as a communications research consultant. He has extensive experience at senior management level in both private and public sector organisations. Kevin was awarded his PhD in politics from the Dublin Institute of Technology, an MA from University College Dublin and both a MLitt and BA from Trinity College. Kevin has served as director on a number of voluntary/NGO boards.

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. Grainne retired on 1st June 2012.

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 2012. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Bus Átha Cliath – Dublin Bus

We have audited the financial statements of Bus Átha Cliath for the year ended 31 December 2012 which comprises of the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the annual report and the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, 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 these opinions, 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.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2012 and of its deficit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2012.

Matters on which we are required to report by the Companies Acts 1963 to 2012

- 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 is consistent with the financial statements.

- The net assets of the company, as stated in the Balance Sheet on page 27, 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 31 December 2012 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 was held on 16 June 2010.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Teresa Harrington

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

26 April 2013

The acquisition of 80 high tech replacement buses meant that Bus Átha Cliath realised its commitment to have a fully low floor wheelchair accessible fleet by the close of 2012

(A) Basis 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 2012. 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.

(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.

Year ended 31st December	Notes	2012	2011
		€000	€000
Revenue		**191,054**	178,311
Costs			
Payroll and related costs	*3*	**(174,753)**	(181,167)
Materials and services	*4*	**(83,017)**	(78,604)
Depreciation	*5*	**(9,781)**	(10,246)
Exceptional operating costs	*6*	**(2,428)**	(122)
Total operating costs		**(269,979)**	(270,139)
Deficit before gain on disposal of tangible assets, interest and Public Service Obligation payment		**(78,925)**	(91,828)
Gain on disposal of tangible assets		**182**	321
Deficit before interest and Public Service Obligation payment		**(78,743)**	(91,507)
Interest receivable	*7*	**152**	325
Deficit before Public Service Obligation payment		**(78,591)**	(91,182)
Public Service Obligation payment	*8*	**69,435**	73,032
Deficit		**(9,156)**	(18,150)
Emergency Additional Government Funding		**5,333**	—
Deficit for the year		**(3,823)**	(18,150)
Accumulated Deficit at Beginning of the Period		**(48,333)**	(30,183)
Accumulated Deficit at End of the Period		**(52,156)**	(48,333)

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
Mr. K. Bonner, Chairman
Dr. P. Barker, Director

As at 31st December	*Notes*	2012	2011
		€000	€000
Fixed assets			
Tangible assets	*9*	**130,464**	119,166
Current assets			
Stocks	*10*	**3,470**	4,002
Debtors	*11*	**94,969**	80,536
Cash at bank and in hand		**1,181**	135
		99,620	84,673
Creditors (amounts falling due within one year)	*12*	**(67,863)**	(53,353)
Net Current assets		**31,757**	31,320
Total assets less current liabilities		**162,221**	150,486
Provision for liabilities and charges	*14*	**(74,181)**	(73,676)
Deferred income	*15*	**(70,360)**	(55,307)
		17,680	21,503
Financed by:			
Capital and reserves			
Called up share capital	*16*	**69,836**	69,836
Profit and Loss Account		**(52,156)**	(48,333)
Shareholder's funds	*17*	**17,680**	21,503

On behalf of the board
Mr. K. Bonner, Chairman
Dr. P. Barker, Director

Year ended 31st December	Notes	2012	2011
		€000	€000
Net cash inflow/(outflow) from operating activities	*18 (A)*	**17,292**	(23,978)
Servicing of finance	*18 (B)*	**152**	325
Capital expenditure	*18 (B)*	**(33,907)**	(6,400)
Consideration on disposal of assets	*18 (B)*	**187**	307
Capital grants received	*18 (B)*	**22,881**	6,168
Cash inflow/(outflow) before financing		**6,605**	(23,578)
Net management of liquid resources		**(5,403)**	(14,723)
Issue of ordinary share capital		**—**	38,093
Increase/(decrease) in cash in the year		**1,202**	(208)

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 debt			
Increase/(decrease) in cash in the year		**1,202**	(208)
Cash inflow from holding company balance	*18 (C)*	**5,403**	14,723
Movement in net debt in the year		**6,605**	14,515
Net Debt at 1st January	*18 (C)*	**71,073**	56,558
Net Debt at 31st December	*18 (C)*	**77,678**	71,073

1. Going Concern – Material Uncertainty

The company incurred a net loss of €3.8 million during the year ended 31st December 2012 and, at that date, the company had net assets of €17.7 million. Management's current projections show that the company will incur further deficits in 2013 with a return to profitability expected in 2014, 2015 and 2016. The resultant cash deficits will result in a requirement for additional funding from the CIÉ Group. A copy of the Going Concern disclosure included in note 1 of the CIÉ financial statements is included below:

> "The financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue in operational existence for the foreseeable future.
>
> At the time of signing the 2011 financial statements in November 2012, there were a number of risks and uncertainties facing the Group. The Group had exceeded its available borrowing facilities in the early part of 2012, and the excess was met by advance payments of the Public Service Obligation. Since that date, the Group have remained within their existing borrowing facilities. While the Board's overall conclusion was that it was appropriate to prepare the 2011 financial statements on a going concern basis, they were cognisant that a number of uncertainties existed, including in particular uncertainties around the funding status of the Group, which led them to conclude that a material uncertainty existed at that time.
>
> At the time of signing the 2011 financial statements, the Department of Transport, Tourism and Sport (DTTaS) had indicated that additional funding in a form to be determined would be made available to the Group to fund on-going activities of the Group to 31 December 2012. The format and extent of this funding had not been finalised, however the Minister for Transport, Tourism and Sport provided a letter of support to the Group dated 30 August 2012. Subsequently the Department made additional subvention funding of €36 million available to the Group in late 2012 as part of that support.
>
> A number of significant developments have occurred which have alleviated some of the uncertainties which surrounded the Group previously. These are set out below:-
>
> - The DTTaS made available the €36 million in additional subvention in late 2012;
> - The Group sold its interest in the ground lease in Spencer Dock generating cash of €20 million in December 2012;
> - Iarnród Éireann's significant 2012 Voluntary Severance programme was completed in December 2012 (an important contributor to the overall cost savings plan);
> - After a prolonged period of decline due to the underlying economy, revenue and passenger numbers have begun to stabilise over the past number of months;
> - The Group applied for and was granted a fare increase by the NTA across its services;
> - The Group's five year plan and cash forecasts were revised to take account of management initiatives to reduce costs and manage cash flows. This included revisions to take account of changes in the pattern of cash flows following negotiations with the NTA and the Department of Transport, Tourism and Sport in relation to capital grant funding. In addition a number of mitigating actions have also been identified that will be implemented if the cash flows envisaged by the five year plan are not achieved;
> - The negotiations with the Group's banks in relation to re-financing and increasing the facilities available to the Group have progressed significantly and a successful outcome is anticipated shortly;
> - Existing facilities of €57 million have been renewed to 6th October 2013 and €20 million has been renewed to 31st May 2013 to enable the group to fund activities pending finalisation of the re-financing.

Nonetheless uncertainties remain, and these are detailed below:

1. The existing Group bank borrowing facilities (of €107 million) were due to expire on various dates between January and October 2013. The Board has recently approved a Facility Letter from one of its banks for the extension of the existing committed facilities to 6th October 2013, pending the finalisation of the overall re-financing of the Group borrowings. The second facility is also being extended on a month by month basis pending finalisation of the overall borrowing facilities. As part of CIÉ's five year plan the Group have identified a need to increase its overall facilities by €53 million to bring the current borrowing facilities from €107 million to €160 million.

Group management are currently in discussions with its funders in respect of this re-financing. A draft term sheet has been provided by the Lead Arranger, setting out acceptable indicative terms for the overall €160 million facility. This term sheet is indicative only and does not constitute an offer to arrange or finance the facility. The provision of the facility will be subject to credit committee approval and satisfactory documentation. Management are confident that the negotiations with the banks can be finalised by June 2013. The timing of finalisation of the re-financing of new and existing borrowing facilities is critical to managements overall assessment of going concern.

2. The achievement of the savings, particularly payroll savings, set out in the Group's five year business plan is critical. Assumptions used in preparing the business plan are by their nature subjective and it is imperative that performance against plan is monitored closely, so that mitigating actions, which have already been identified by management can be put in place if necessary. Management have stress tested these cash flow forecasts and continue to monitor cash on a daily and weekly basis.

3. The deterioration of the Irish economy over the past number of years has adversely affected the Group's financial performance and poses challenges for the future. Passenger journeys have decreased and overall reductions in Government Public Expenditure have caused consequent reductions in the level of State funding to CIÉ.

Management's current projections indicate that while the Group implements it's restructuring plans the Group will incur further cash deficits in the period 2013 and 2014, with a return to profitability expected in 2015 and beyond.

Following a comprehensive review of the Group's business plan and the underlying assumptions for the period 2013 to 2017 and its budget for the year 2013, and having considered the actions which have been taken by management over the past number of months, the Board Members have a reasonable expectation that planned actions, together with the re-financing of the Group, the continued support of the Department of Transport, Tourism and Sport, the additional revenue generated by fare increases, and the successful implementation of cost reduction measures will ensure that the company will have sufficient resources to continue its operations for the foreseeable future.

While there can be no certainty that financing discussions with the banks will be successfully concluded, the Group's banks remain supportive as evidenced by the extension to the existing facilities and on-going constructive discussions taking place, including the provision of the draft term sheet and preparation of the information memorandum for the re-financing. The on-going support of the Department of Transport, Tourism and Sport has also been evidenced in the letter of support dated 10th April 2013.

The letter states that the Department "continues to monitor the financial position of CIÉ and is engaging with the company in relation to measures necessary to safeguard CIÉ's financial sustainability." Whilst the letter stated that nothing contained in the letter can be construed as a guarantee of the obligations or liabilities of CIÉ, it also states that "It remains Government policy that the business of CIÉ is at all times in a position to meet its liabilities. The State is CIÉ's sole shareholder and I can confirm that the State will continue to exercise its shareholder rights with a view to ensuring that CIÉ manages its operations in a manner that will enable it to meet all its obligations in a timely manner. Any action to be considered by the State however would have to be in compliance with EU law, including State Aid rules which may require Commission notification and approval".

Having made due enquiries and considering the uncertainties described above, the Board Members have a reasonable expectation that renewed and extended facilities will be made available to the Group and that Government will support measures to ensure financial stability. For these reasons, the Board Members have concluded that the risks described above do not represent a material uncertainty that casts significant doubt about the Group's ability to continue as a going concern, and on that basis they will continue to adopt the going concern basis in preparing the financial statements."

2. Net (Deficit)/Surplus by Activity

	Social Activities		Commercial Activities	
	2012	2011	**2012**	2011
	€000	€000	**€000**	€000
Revenue	**180,024**	167,200	**11,030**	11,111
Costs	**(260,751)**	(259,180)	**(8,894)**	(10,313)
Operating (deficit)/surplus	**(80,727)**	(91,980)	**2,136**	798
Public Service Obligation payment	**69,435**	73,032	**—**	—
Emergency Additional Government Funding	**5,333**	—	**—**	—
Net (deficit)/surplus	**(5,959)**	(18,948)	**2,136**	798

3. Payroll and Related Costs

	2012	2011
	€000	€000
Staff Costs		
Wages and salaries	**148,876**	154,507
Social welfare costs	**14,464**	14,892
Other pension costs	**11,355**	11,617
Own work capitalised	**(136)**	(54)
Total staff costs	**174,559**	180,962
Directors' remuneration		
Emoluments		
– for services as directors	**73**	84
– for other services	**121**	121
Total directors' remuneration and emoluments	**194**	205
Total payroll and related costs	**174,753**	181,167

3. Payroll and Related Costs (Continued)

Directors' emoluments for 2012 include Directors' Fees as follows:

Mr. K. Bonner €21,600, Ms. G. Joyce €3,247, Ms. N. Maher €7,385, Ms. M. Mc Gennis €12,600, Ms. U. McGrath €12,600, Ms. M. Mooney €6,875, Mr. A. O'Byrne €7,350, and Ms. G. Tuke €7,385.

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 €189,905 paid to Mr. P. Doherty, Chief Executive

	Staff Numbers	
	2012	2011
The average number of employees during the year was:	**3,236**	3,345

4. Materials and Services

	2012	2011
	€000	€000
Fuel and lubricants	**33,399**	31,285
Materials	**17,785**	17,250
Road tax and licences	**595**	585
Rent and Rates	**821**	839
Operating lease rentals	**610**	564
Third party and employer's liability claims	**6,396**	6,434
Expenses paid to directors	**—**	1
Other services	**23,759**	21,999
Revenue grants *(note 15)*	**(348)**	(353)
	83,017	78,604

The expenses paid for directors in 2012 amounted to nil.

5. Depreciation

	2012	2011
	€000	€000
Depreciation *(note 9)*	**22,603**	21,185
Amortisation of EU/Exchequer capital grants *(note 15)*	**(12,822)**	(10,939)
	9,781	10,246

6. Exceptional Operating Costs

	2012	2011
	€000	€000
Business restructuring	**2,428**	122

As part of a cost reduction programme, the company introduced a voluntary severance and early retirement programme. The cost in 2012, including severance payments and other costs associated with the programme, is €2.428 million (2011 - €0.122 million).

7. Interest (Receivable)/Payable

	2012	2011
	€000	€000
On balances with holding company	**(154)**	(321)
Other interest payments / (receipts)	**2**	(4)
	(152)	(325)

8. Public Service Obligation

The Public Service Obligation payment payable to Bus Átha Cliath - Dublin Bus through its holding company, Córas Iompair Éireann, amounted to €69,435,000 for the year ended 31st December 2012 (2011 - €73,032,000). In addition, an emergency payment of €5,333,000 was also made to provide liquidity support for the company.

9. Tangible Fixed Assets

	Road Passenger Vehicles	Bus Stops and Shelters	Plant and Machinery	Total
	€000	€000	€000	€000
Cost				
At 1st January, 2012	275,372	26,130	53,293	**354,795**
Additions	31,410	498	1,999	**33,907**
Disposals	(12,230)	—	(32)	**(12,262)**
At 31st December, 2012	**294,552**	**26,628**	**55,260**	**376,440**
Depreciation				
At 1st January, 2012	196,924	6,334	32,371	**235,629**
Additions	16,081	1,772	4,750	**22,603**
Disposals	(12,230)	—	(26)	**(12,256)**
At 31st December, 2012	**200,775**	**8,106**	**37,095**	**245,976**
Net Book Amounts				
At 31st December, 2012	93,777	18,522	18,165	**130,464**
At 31st December, 2011	**78,448**	**19,796**	**20,922**	**119,166**

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

	Lives (Years)
Road passenger vehicles	7 – 12
Bus stops and shelters	3 – 15
Plant and machinery	3 – 10

(b) Road passenger vehicles at a cost of €61,191,000 (2011 - €72,681,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in additions above are €129,000 (2011 - Nil) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

10. Stocks

	2012	2011
	€000	€000
Maintenance materials and spare parts	**2,170**	2,618
Fuel, lubricants and other sundry stocks	**1,300**	1,384
	3,470	4,002

11. Debtors

	2012	2011
	€000	€000
Trade Debtors	**7,856**	6,333
Amounts owed by holding company	**76,497**	71,094
EU/Exchequer grants receivable	**9,755**	248
Other debtors and accrued income	**861**	2,861
	94,969	80,536

12. Creditors

	2012	2011
	€000	€000
Bank overdraft	**—**	156
Trade creditors	**7,296**	3,343
Income tax/levy deducted under PAYE	**3,371**	3,585
Pay related social insurance	**1,889**	1,978
Value added tax and other taxes	**5,090**	201
Other creditors	**3,357**	3,525
Deferred revenue	**10,000**	8,122
Accruals	**9,568**	8,912
Voluntary severance	**4,262**	3,033
Third party and employer's liability claims *(note 14)*	**8,000**	10,000
Deferred income *(note 15)*	**15,030**	10,498
	67,863	53,353
Creditors for taxation and social welfare included above	**10,350**	5,764

13. Lease Obligations

	2012	2011
	€000	€000
Operating Leases		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	**132**	134
Between one and five years	**158**	302
	290	436

14. Provision For Liabilities and Charges

	2012	2011
	€000	€000
Third party and employer's liability claims		
Balance at 1st January	**83,676**	86,834
Utilised during the year	**(7,450)**	(9,159)
Transfer from profit and loss account	**5,955**	6,001
Balance carried forward at 31st December	**82,181**	83,676
Apportioned:		
Current liability *(note 12)*	**8,000**	10,000
Amounts falling due after more than one year	**74,181**	73,676
	82,181	83,676

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 & 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 €250,000 on any one occurrence or series of occurrences arising out of Other Risks events, except;

  (a) water damage where the excess is €2,000,000; and

  (b) 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 2012 to March 2013; 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 2012 to March 2013, for all rail and road transport, Third Party and Other Risks liabilities;

14. Provision For Liabilities And Charges (Continued)

(A) External Insurance Cover (continued)

(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.

15. Deferred Income

	2012	2011
	€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	65,805	70,347
Received and receivable	32,755	6,750
Transfer to profit and loss account		
Amortisation of capital grants *(note 5)*	(12,822)	(10,939)
Revenue grant *(note 4)*	(348)	(353)
Balance carried forward at 31st December	85,390	65,805
Apportioned:		
Current liability *(note 12)*	15,030	10,498
Amounts falling due after more than one year	70,360	55,307
	85,390	65,805

16. Share Capital

	2012	2011
	€000	€000
Authorised:		
Ordinary shares of €1.27 each at 1st January	126,974	38,092
Increase in Authorised Shares	—	88,882
Ordinary shares of €1.27 each at 31st December	126,974	126,974
Allotted, called up and fully paid:		
Ordinary shares of €1.27 each at 1st January	69,836	31,743
Increase in Issued Shares	—	38,093
Ordinary shares of €1.27 each at 31st December	69,836	69,836

17. Reconciliation of Movements in Equity Shareholders' Funds

	2012	2011
	€000	€000
Balance at 1st January	**21,503**	1,560
Deficit for the year	**(3,823)**	(18,150)
Ordinary Shares issued	**—**	38,093
Balance at 31st December	**17,680**	21,503

18. Cash Flow Statement

	2012	2011
	€000	€000
(A) Reconciliation of operating deficit operating cash flows		
Operating deficit before interest and Public Service Obligation payment	**(78,743)**	(91,507)
Public Service Obligation *(note 8)*	**69,435**	73,032
Emergency Additional Government Funding *(note 8)*	**5,333**	—
	(3,975)	(18,475)
Depreciation *(note 5)*	**22,603**	21,185
Amortisation *(note 5)*	**(12,822)**	(10,939)
Gain on disposed of Assets	**(182)**	(321)
Decrease/(increase) in Stocks	**532**	(1,434)
Decrease/(increase) in Debtors	**497**	(513)
Increase/(Decrease) in Creditors and Provisions	**10,639**	(13,481)
Net cash inflow/(outflow) from operating activities	**17,292**	(23,978)

18. Cash Flow Statement (Continued)

	2012	2011
	€000	€000
(B) Analysis of cash flows for headings netted in the cash flow statement		
Servicing of finance		
Interest received	**154**	321
Other interest (payments)/receipts	**(2)**	4
Net cash inflow from servicing of finance	**152**	325
Capital expenditure		
Purchase of tangible fixed assets	**(33,907)**	(6,400)
Net cash inflow from disposal of tangible assets	**187**	307
EU/Exchequer capital grants	**22,881**	6,168
Net cash (outflow)/inflow from capital expenditure	**(10,839)**	75

	At 1st Jan. 2012	Cash Flow	At 31st Dec. 2012
	€000	€000	€000
(C) Analysis of Net Debt			
Cash in Hand and at Bank	135	1,046	1,181
Overdraft	(156)	156	–
		1,202	
Holding company balance	71,094	5,403	76,497
		5,403	
Total	**71,073**	**6,605**	**77,678**

19. 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 2012 there was a deficit of €491.9 million on the schemes.

The pension cost for the year on the defined benefit schemes was €11.4 million these costs are also included in note 3.

20. Capital Commitments

	2012	2011
	€000	€000
Contracted for	7,877	7,972
Authorised by the directors but not contracted for	27,504	25,958
	35,381	33,930

21. 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.

22. 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.

23. 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.

24. Membership of Córas Iompair Éireann Group

The directors approved the financial statements on 11th April 2013.

Bus Átha Cliath