The Green Light to Revolutionising Public Transport

Bus Átha Cliath

Annual Report and Financial Statements 2007

PRN.A8/0209

Contents

Buses produce 50% less emissions per passenger kilometre than cars. A change in the modal split in favour of public transport would make a massive contribution to reducing Dublin's carbon footprint.

transport21
progress in motion

NDP
National Development Plan 2007 - 2013

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

Design: First Impression

Over 1 million passengers travelled on Dublin Bus' Airlink Express in 2007.

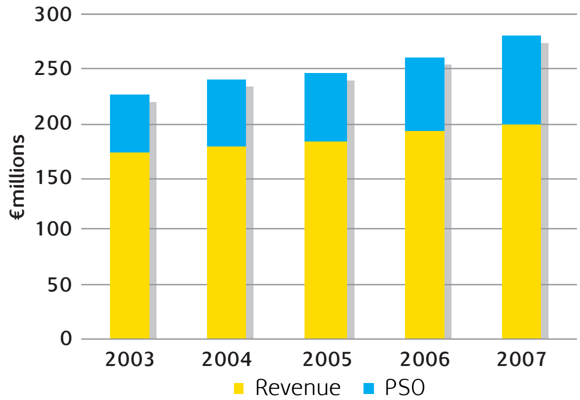
General Performance

During 2007 Bus Átha Cliath - Dublin Bus continued to successfully develop through increased passenger numbers and profits. A surplus of €5 million (2006 - €4 million) was recorded helped by strong financial controls and growth in revenue to €200 million (2006 - €189 million).

Bus Átha Cliath operated a fleet of almost 1,200 buses over 193 routes and travelled over 63 million kilometres during the year. Passenger numbers for 2007 were almost 148 million, an increase of over one million on 2006. These figures take into account the migration of an additional two million bus customers from routes adjacent and parallel to Luas and Rail routes. The company remains the largest transport provider in the Dublin area with over 93% of the population having access to its services and 70% of public transport users choosing the bus as their mode of transport. This demonstrates the ability of the bus to provide transport for the public in an economic, flexible and citywide manner.

An analysis of the distribution of passenger carryings demonstrates growth across many geographic areas, in particular, Quality Bus Corridor (QBC) route alignments with areas such as Swords, Finglas and Malahide displaying an increase of over 8% in numbers carried into Dublin in the peak morning period. The completion of the South Clondalkin QBC has also seen a significant increase in customers in particular those using the Route 151, with 33,000 customers now using this service per week.

Revenue Split



Bus Átha Cliath, like all public transport companies in Europe receives a Public Service Obligation (PSO) payment, for the provision of non-commercial services from its owner. For 2007 this amounted to €80.1 million, which represented 28% of its operating costs. This is one of the lowest subsidy levels given to a European public bus transport company.

Bus Átha Cliath has been advised by the Department of Transport that the level of PSO for 2008 has been constrained resulting in a shortfall of €6.4 million in funding for the forthcoming year, including funding of €3 million required for the operation of the additional 100 new low floor wheelchair accessible buses. Discussions on the implications of the funding shortfall have taken place with the Minister for Transport and his officials.

A Memorandum of Understanding on performance targets and service levels for 2007 was agreed between the company and the Department of Transport. The level of PSO was dependant on meeting targets and during the year Bus Átha Cliath met all these and in many cases exceeded those set out in the Memorandum.

Safety

Health and Safety in Bus Átha Cliath remains a top priority and is a key part of the company's commitment to providing the community with a safe and reliable public transport service. New legislation, which will be coming into force during 2008, includes a requirement for Certificates of Professional Competency and these will be issued by the Road Safety Authority. Certification will be mandatory for all Bus Átha Cliath staff involved in driving buses.

Safe driving award certificates were presented to over 1,900 drivers in 2007. Accidents and claims received were comparable with previous years, despite the fact that recruitment of new drivers increased significantly in the year. The success in containing accident/claim rates is due to the implementation of comprehensive driver mentoring and monitoring programmes. The presence of high quality CCTV systems on buses has continued to provide invaluable assistance when investigating accidents.

Congestion

A report by consultants BDO Simpson Xavier in 2006 showed that congestion was costing the company €60 million per annum. A very substantial two-year bus priority programme has been agreed with the Dublin City Council/ Quality Bus Network (QBN) office to implement important bus priorities which will benefit a wide range of services.

A new EV model bus which was added to the Dublin Bus fleet in 2007.

Delivery of improved public transport in Dublin over the next five years will be largely dependant on improving the bus service and this can be achieved through improved frequency and speed. The success of QBCs can be seen across the city with certain corridors showing significant growth in customer numbers and improved speeds with substantial modal shift from car to bus.

However, unpredictable and severe traffic congestion continues to be a major problem for Bus Átha Cliath in certain areas, especially through the core city centre area between St. Stephen's Green/Camden Street and Parnell Square. Congestion in this area disrupts services across the entire city and providing a reliable service in these areas is proving a real challenge. In the past number of years, the worsening situation has meant that overall network bus speeds have not improved with speeds reaching as low as 5 kph through the city centre area.

A Developing Network

During 2006 a Network Review of the bus market in Dublin was prepared by MVA consultants and included extensive consultation with stakeholders covering route performance data, analysis of journey times, loadings and development plans. The key message from all strands of the analysis is that there is a severe lack of capacity on many parts of the network and that more priority is needed.

Arising from the introduction of the additional new buses, a number of service improvements were made to the bus network particularly in the developing areas of Ballycullen, Malahide, Swords, Finglas, Blanchardstown, Ballymun and Tallaght, where the bus service is critical to meeting the needs of the community. The service developments are designed around network review concepts of direct routing, strong all day frequency and cross city operation.

Due to the ongoing expansion of the network and the fleet a new garage is planned for Grange Castle, Clondalkin. Terms have now been agreed for the purchase of the site. A further significant development will be the new terminal point planned for Strand Street in central Dublin.

Marketing/Sales

Bus Átha Cliath strives at all times to provide the best range of products and tickets to meet customer needs. During the year the company has been flexible and responsive to the changing environment and demands from the travelling public. Significant progress was made on improving the provision and accuracy of information to our passengers. Our website received over 4.5 million hits in 2007. In addition our BUSTXT system continues to be very popular with over 1.4 million people using it in the year.

Bus Átha Cliath is committed to moving towards integrated ticketing and customers can now use a range of Bus/Rail/Luas tickets. The company welcomes the establishment of the Integrated Ticketing Project Board and has completed the upgrading of equipment on our buses, which will enable the use of smartcards and, in due course, a fully integrated ticketing system. A Bus Átha Cliath disposable smartcard will be introduced during summer 2008.

A comprehensive package of measures has been developed to reposition the brand image of Bus Átha Cliath. These include:

- a new TV campaign based on the theme of 'Dublin Bus connects me to my Dublin';
- new brand guidelines being developed to ensure that all printed material presents a common look and feel to customers; and
- on-street information will be redesigned to achieve greater simplicity, clarity, and effectiveness.

In 2007 over 70% of the Dublin Bus fleet was low floor wheelchair accessible.

Transport Access for All

Bus Átha Cliath is committed to improving accessibility and all new buses which are purchased for city routes will be low floor wheelchair accessible. Currently over 70% of the fleet is low floor wheelchair accessible.

In April 2007 the free Travel Assistance Scheme was launched. The aim of this scheme is to promote independent use of public transport amongst those who have mobility or sensory impairments. There has been a very encouraging take up of the scheme across a range of disabilities. This successful initiative forms part of the "Transport Access for All" plan.

A Green Environment

The very significant improvement in the profile of the Bus Átha Cliath fleet, due to the ongoing investment policy, has enabled a substantial reduction in emissions over recent years. This trend of improved emissions will continue as vehicles with the latest technology replace older vehicles. The company is consistently pursuing policies that comply with European emission standards, such as the Euro 4 emissions, which limit the levels of various pollutants such as Carbon Monoxide, Hydrocarbons, Nitrous Oxides and Particulates.

Hybrid vehicles are a developing technology in the transport industry which have the potential to make a significant contribution to reducing emissions. Bus Átha Cliath has placed an order for a hybrid double deck bus to test its effectiveness and it is due to be delivered in mid 2008.

Bus Átha Cliath is committed to reducing its emissions through continuing to keep pace with new technologies both in the area of biofuel and alternative drivelines and will move to lower carbon solutions, as quickly as commercial, logistical and technical issues will allow.

Capital Investment

Capital investment by the company and the Government continues to focus on improving, modernising and increasing the number of buses in the Dublin area. During the year the company invested in a number of areas:

- the phased introduction into service of 100 new double deck low floor wheelchair accessible buses under the Transport 21 programme;
- the phased introduction into service of 100 replacement buses, 50 of which are triaxle buses with a passenger carrying capacity that is 25% greater than standard buses;
- as part of its continuing fleet replacement programme an order for a further 50 low floor double deck buses has been placed.

Special Services

Throughout 2007, Bus Átha Cliath was involved in the planning, management and organisation of the movement of thousands of customers to many major events.

Bus Átha Cliath provided a range of services and Park & Ride facilities for concert events such as Slane, Oxegen, Marley Park, Phoenix Park and Malahide Castle thus offering a frequent and convenient mode of transport for thousands of concert-goers.

Total Tours revenue for 2007 was €6.5 million compared to €6.0 million in 2006; an increase of 8%. This growth was achieved with the assistance of a newly developed central reservations system for day tours and a new sightseeing website www.dublinsightseeing.ie which went live in June 2007 and is proving very successful.

Dublin Bus' continued success is based on the combined effort of all staff.

Community Support Programme

Now in its fourth year, the Community Support Programme (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. Since its inception in 2004, over 900 groups, from communities across Dublin, have benefited from grants awarded under the programme. As the largest public transport provider in the Greater Dublin Area, Bus Átha Cliath plays an integral part in the various communities that make up our customer base and the company's various corporate and social responsibility programmes are a way of building links with the communities that we serve. The company actively promotes respect for bus services through working with community leaders and the Gardaí as a preventative measure to reduce anti-social behaviour.

Directors and Other Information

Directors at 2nd April, 2008

Chairman	Dr. J.J. Lynch
Directors	Mr. T. Coffey, Mr. D. Egan, Mr. B. McCamley, Mr. J. Moloney, Mr. A. O'Byrne, Mr. P. Webster
Chief Executive	Mr. J. Meagher
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, 1 Spencer Dock, North Wall Quay, Dublin 1

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2007.

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.

Revenue for the company, which is regulated by the Department of Transport, amounted to €200 million in 2007, an increase of 5.9% over 2006. The company continues to concentrate on the provision of good customer service and the development of both the fleet and the network. Passenger numbers increased slightly from 2006 with carryings of 147.5 million in 2007 (2006 – 146.3 million). The company's services remain the backbone of public transport in the Dublin area and the network continues to expand to meet the needs of developing areas.

Capital Investment

Bus Átha Cliath continues to invest in improving the fleet and passenger services. During 2007 capital investment included:

- 200 new low floor double deck buses; and
- €2.7 million on various accessibility projects

Employee Participation

Communication workshops for all operational staff commenced in 2007. These workshops focus on safety, customer service, disability awareness, and employee well being. A programme of managerial development continued with a number of managers and administration staff undertaking third level studies. In addition, employees across all locations participated in the Quality Customer Awareness programme during 2007.

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 our workforce.

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

Results and Reserves

The financial statements for the year ended 31st December, 2007 are set out in detail on pages 12 to 25. The results for 2007 show a surplus of €4,824,000 (2006 - €4,258,000).

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.

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.

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 periodically and includes action plans for addressing the identified risks.

Córas Iompair Éireann (CIÉ), on behalf of Bus Átha Cliath, enters into currency forward purchasing where it deems there is value and reduced risk to the company.

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 chairman of Córas Iompair Éireann with the consent of the Minister for Transport. The names of persons who were directors during the year ended 31st December, 2007, or who have since been appointed, are as set out below. Except where indicated, they served as directors for the entire year.

Dr. J.J. Lynch	Chairman (Re-appointed 28th March, 2008)
Mr. T. Coffey	
Mr. D. Egan	(Retired 8th February, 2008 re-appointed 26th February, 2008)
Mr. B. McCamley	
Mr. J. Moloney	
Mr. A. O'Byrne	(Re-appointed 31st May, 2007)
Mr. P. Webster	(Re-appointed 31st May, 2007)

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 other than one director who declared an interest in a company which won a tender following an independently verified selection process.

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

2nd April, 2008

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 2006. 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 on pages 12 to 25.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 10, in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

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

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December, 2007 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

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

In our opinion, the information given in the directors' report on pages 8 and 9 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 14, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31st December, 2007, a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers,
Chartered Accountants and Registered Auditors,
Dublin.

2nd April, 2008

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 2006. 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.

Profit and Loss Account

Year ended 31st December	Notes	2007 €000	2006 €000
Revenue		**200,364**	189,272
Costs			
Payroll and related costs	*2*	**(193,733)**	(171,988)
Materials and services	*3*	**(76,220)**	(72,684)
Depreciation	*4*	**(16,863)**	(15,805)
Total operating costs		**(286,816)**	(260,477)
Deficit before gain on disposal of tangible assets, interest, Public Service Obligation payment, and release of provision		**(86,452)**	(71,205)
Gain on disposal of tangible assets		**1,444**	1,879
Deficit before interest, Public Service Obligation payment, and release of provision		**(85,008)**	(69,326)
Interest receivable	*5*	**2,453**	1,739
Deficit for the year before Public Service Obligation payment, and release of provision		**(82,555)**	(67,587)
Public Service Obligation payment	*6*	**80,078**	69,845
(Deficit)/surplus for the year before contribution from the parent company and release of provision		**(2,477)**	2,258
Contribution from the parent company		**—**	2,000
(Deficit)/surplus for the year before release of provision		**(2,477)**	4,258
Release of provision for liabilities and charges	*12*	**7,301**	—
Surplus for the year		**4,824**	4,258

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	2007 €000	2006 €000
Fixed assets			
Tangible assets	*7*	**163,540**	155,541
Current assets			
Stocks	*8*	**3,113**	2,712
Debtors	*9*	**89,187**	76,606
Cash at bank and in hand		**750**	820
		93,050	80,138
Creditors (amounts falling due within one year)	*10*	**(60,300)**	(43,269)
Net current assets		**32,750**	36,869
Total assets less current liabilities		**196,290**	192,410
Provision for liabilities and charges	*12*	**(77,500)**	(86,592)
Deferred income	*13*	**(67,302)**	(59,154)
		51,488	46,664
Financed by:			
Capital and reserves			
Called up share capital	*14*	**31,743**	31,743
Asset replacement reserve		**–**	21,030
Profit and loss account		**19,745**	(6,109)
Shareholders' funds	*15*	**51,488**	46,664

On behalf of the board

Dr. J.J. Lynch Chairman

Mr. A. O'Byrne Director

Cash Flow Statement

Year ended 31st December	Notes	2007 €000	2006 €000
Net cash inflow from operating activities	*16 (A)*	**19,551**	25,813
Returns on investments and servicing of finance	*16 (B)*	**2,453**	1,739
Capital expenditure	*16 (B)*	**(38,302)**	(62,016)
Net cash inflow from disposal of tangible fixed assets	*16 (B)*	**1,444**	1,887
Capital grants received	*16 (B)*	**24,869**	27,962
Cash inflow/(outflow) before use of liquid resources and financing		**10,015**	(4,615)
Net management of liquid resources		**(10,085)**	6,718
(Decrease)/increase in cash in the year		**(70)**	2,103

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			
(Decrease)/increase in cash in the year	*16 (C)*	**(70)**	2,103
Net cash inflow/(outflow) from holding company balance	*16 (C)*	**10,085**	(6,718)
Movement in net funds in the year		**10,015**	(4,615)
Net funds at 1st January	*16 (C)*	**67,534**	72,149
Net funds at 31st December	*16 (C)*	**77,549**	67,534

1. NET SURPLUS BY ACTIVITY

	Social Activities		Commercial Activities	
	2007	2006	**2007**	2006
	€000	€000	**€000**	€000
Revenue	**184,211**	174,390	**16,153**	14,882
Costs	**(266,180)**	(246,676)	**(9,438)**	(10,183)
Operating (deficit)/surplus	**(81,969)**	(72,286)	**6,715**	4,699
Public Service Obligation payment	**80,078**	69,845	**—**	—
Contribution from the parent company	**—**	2,000	**—**	—
Net (deficit)/surplus	**(1,891)**	(441)	**6,715**	4,699

2. PAYROLL AND RELATED COSTS

	2007	2006
	€000	€000
Staff costs		
Wages and salaries	**169,618**	151,298
Social welfare costs	**15,321**	13,884
Other pension costs	**8,665**	6,763
Own work capitalised	**—**	(78)
Total staff costs	**193,604**	171,867
Directors' remuneration		
Emoluments		
- for services as directors	**62**	67
- for other services	**67**	54
Total directors' remuneration and emoluments	**129**	121
Total payroll and related costs	**193,733**	171,988

	Staff Numbers	
	2007	2006
The average number of employees during the year was:	**3,650**	3,453

3. MATERIALS AND SERVICES

	2007 €000	2006 €000
Fuel and lubricants	**19,330**	17,537
Materials	**18,778**	18,030
Road tax and licences	**703**	583
Rent and rates	**754**	726
Auditors' remuneration	**48**	31
Operating lease rentals	**506**	364
Third party and employer's liability claims	**9,888**	11,126
Other services	**26,480**	24,293
Revenue grants *(note 13)*	**(267)**	(6)
	76,220	72,684

4. DEPRECIATION

	2007 €000	2006 €000
Depreciation *(note 7)*	**30,267**	27,175
Amortisation of EU/Exchequer capital grants *(note 13)*	**(13,404)**	(11,370)
	16,863	15,805

5. INTEREST (RECEIVABLE)/PAYABLE

	2007 €000	2006 €000
On balances with holding company	**(2,457)**	(1,753)
Other interest payments	**4**	14
	(2,453)	(1,739)

6. PUBLIC SERVICE OBLIGATION

The Public Service Obligation payment payable to Bus Átha Cliath - Dublin Bus through its holding company, Córas Iompair Éireann, amounted to €80,078,000 for the year ended 31st December, 2007 (2006 - €69,845,000).

7. TANGIBLE FIXED ASSETS

	Road Passenger Vehicles €000	Bus Stops and Shelters €000	Plant and Machinery €000	Total €000
Cost				
At 1st January, 2007	299,268	4,768	38,809	342,845
Additions	27,519	6,079	4,704	38,302
Disposals	(9,335)	—	(65)	(9,400)
At 31st December, 2007	317,452	10,847	43,448	371,747
Depreciation				
At 1st January, 2007	164,972	208	22,124	187,304
Charge for the year	25,514	404	4,349	30,267
Disposals	(9,299)	—	(65)	(9,364)
At 31st December, 2007	181,187	612	26,408	208,207
Net book amounts				
At 31st December, 2007	136,265	10,235	17,040	163,540
At 31st December, 2006	134,296	4,560	16,685	155,541

(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 €31,227,000 (2006 - €29,713,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in additions above are €2,477,000 (2006 - €14,052,000) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service

8. STOCKS

	2007 €000	2006 €000
Maintenance materials and spare parts	2,183	1,864
Fuel, lubricants and other sundry stocks	930	848
	3,113	2,712

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

9. DEBTORS

	2007 €000	2006 €000
Trade debtors	**10,370**	5,122
Amounts owed by holding company	**76,799**	66,714
EU/Exchequer grants receivable	**220**	2,617
Other debtors and accrued income	**1,798**	2,153
	89,187	76,606

10. CREDITORS (amounts falling due within one year)

	2007 €000	2006 €000
Trade creditors	**6,999**	6,753
Income tax deducted under PAYE	**1,888**	2,197
Pay related social insurance	**2,404**	2,152
Value added tax and other taxes	**1,827**	606
Other creditors	**3,916**	2,948
Deferred revenue	**7,144**	2,797
Accruals	**10,266**	4,942
Voluntary severance	**94**	393
Third party and employer's liability claims *(note 12)*	**10,000**	8,000
Deferred income *(note 13)*	**15,762**	12,481
	60,300	43,269
Creditors for taxation and social welfare included above	**6,119**	4,955

11. LEASE OBLIGATIONS

	2007 €000	2006 €000
Operating Leases		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	**110**	82
Between one and five years	**180**	94
	290	176

12. PROVISION FOR LIABILITIES AND CHARGES

	2007 €000	2006 €000
Third party and employer's liability claims		
Balance at 1st January	**94,592**	90,104
Utilised during the year	**(9,250)**	(6,197)
Transfer from profit and loss account	**9,459**	10,685
Release of provisions for liabilities and charges – see note below	**(7,301)**	—
Balance carried forward at 31st December	**87,500**	94,592
Apportioned:		
Current liability *(note 10)*	**10,000**	8,000
Amounts falling due after more than one year	**77,500**	86,592
	87,500	94,592

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

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

(A) External Insurance Cover

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

(i) third party liability in excess of €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 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;

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

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

(iii) road transport liabilities in excess of a self insured retention of €15,000,000 in aggregate in the twelve month period, April 2007 to March 2008; subject to an overall Group self insured retention of €27,000,000;

(iv) terrorism public liability cover for the Group of €30,000,000, subject to the excesses appropriate to the incident category.

(v) Group combined liability insurance overall indemnity is €200,000,000 for the twelve month period, April 2007 to March 2008, for rail and road transport third party and other risks liabilities;

(vi) 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; and

(vii) terrorism indemnity cover for the Group is €200,000,000 with an excess of €500,000 in respect of railway and road rolling stock and €150,000 in respect of other property damage, for each and every loss.

12. PROVISION FOR LIABILITIES AND CHARGES *(continued)*

(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.

13. DEFERRED INCOME

	2007 €000	2006 €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	**71,635**	55,043
Received and receivable	**25,136**	27,968
Transfer to profit and loss account		
Amortisation of capital grants *(note 4)*	**(13,404)**	(11,370)
Write-off of grant aided assets	**(36)**	—
Revenue grant *(note 3)*	**(267)**	(6)
Balance carried forward at 31st December	**83,064**	71,635
Apportioned:		
Current liability *(note 10)*	**15,762**	12,481
Amounts falling due after more than one year	**67,302**	59,154
	83,064	71,635

14. SHARE CAPITAL

	2007 €000	2006 €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

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007				2006
	Called up Share Capital €000	Asset Replacement Reserve €000	Profit & Loss Account €000	Total equity shareholders' funds €000	€000
Balance at 1st January	31,743	21,030	(6,109)	46,664	42,406
Transfer of reserves	—	(21,030)	21,030	—	—
Surplus for the year	—	—	4,824	4,824	4,258
Balance at 31st December	31,743	—	19,745	51,488	46,664

16. CASH FLOW STATEMENT

	2007 €000	2006 €000
(A) Reconciliation of operating deficit to operating cash flows		
Operating deficit before interest, Public Service Obligation payment and contribution from the parent company	(77,707)	(69,326)
Public Service Obligation payment *(note 6)*	80,078	69,845
Contribution from the parent company	—	2,000
	2,371	2,519
Depreciation	30,267	27,175
Amortisation of capital grants	(13,404)	(11,370)
Gain on disposal of tangible assets	(1,444)	(1,879)
(Increase)/decrease in stocks	(401)	788
Increase in debtors	(2,496)	(1,758)
Increase in creditors and provisions	4,658	10,338
Net cash inflow from operating activities	19,551	25,813

16. CASH FLOW STATEMENT *(continued)*

	2007 €000	2006 €000
(B) Analysis of cash flows for headings netted in the cash flow statement		
Servicing of finance		
Interest received	2,457	1,753
Other interest payments	(4)	(14)
Net cash inflow from servicing of finance	2,453	1,739
Capital expenditure		
Purchase of tangible fixed assets	(38,302)	(62,016)
Net cash inflow from disposal of tangible assets	1,444	1,887
EU/Exchequer capital grants	24,869	27,962
Net cash outflow from capital expenditure	(11,989)	(32,167)

	At 1st Jan. 2007 €000	Cash Flow €000	At 31st Dec. 2007 €000
(C) Analysis of net funds			
Cash at bank and in hand	820	(70)	750
		(70)	
Holding company balance	66,714	10,085	76,799
		10,085	
Total	67,534	10,015	77,549

17. PENSIONS

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

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

Whilst the schemes are defined benefit schemes, the company is unable to identify its share of the underlying assets and liabilities of the schemes. The actuarial position of the schemes at 31st December, 2007, using the bases required by Financial Reporting Statement (FRS) No. 17 (Retirement Benefits), showed a deficit of €162.8 million. Details in relation to the schemes, required by FRS 17, are contained in the accounts of Córas Iompair Éireann.

18. CAPITAL COMMITMENTS

	2007 €000	2006 €000
Contracted for	**36,251**	23,947
Authorised by the directors but not contracted for	**33,093**	18,505
	69,344	42,452

19. 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.

20. RELATED PARTY TRANSACTIONS

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

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

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

21. 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.

22. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 2nd April, 2008.