



*Annual Report for the Year
Ended 31 December 2015*



making
better
connections 

Passenger Transport
Company of the Year



Financial and Operating Highlights 2015



Operating revenue

€303.0m 2015

€297.9m 2014



EBITDA

€2.0m 2015

€13.1m 2014



Number of customer journeys

78.9m 2015

78.1m 2014



Number of employees

2,487 2015

2,456 2014



Other contractors

€127.7m 2015

€124.2m 2014



Operating (deficit)/surplus

(€5.4m) 2015

€4.3m 2014



Payroll and related costs

€130.7m 2015

€123.9m 2014



Contribution to exchequer in taxes

€59m 2015

€61m 2014



Special Needs Children Carried Daily in 2015

approx 10,000



Schools Served Nationally in 2015

approx 3,000



Children Carried Daily on School Services in 2015

approx 113,000



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Highlights

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Córas Iompair Éireann would like to acknowledge funding on major projects by the Irish Government under the EU and by the Infrastructure and Capital Investment 2012-2016 Medium Term Exchequer framework.



Bus Éireann Strategy

Bus Éireann Vision

- To provide safe, innovative and customer centred transport management solutions to world class standards.

Bus Éireann Mission

- Craft Bus Éireann's future in a profitable, sustainable and safe manner.
- Achieve this by exceeding customer expectations, maintaining a competitive cost base, making best use of our public transport and network management skills, and making better connections with customers, stakeholders and communities.

Bus Éireann Values

- **Safety:** Bus Éireann prioritises safety and high standards in safety management systems for its customers, employees and road users in general.
- **Employees:** Bus Éireann invests in the the welfare and competency of its employees, as they are vital to providing excellent public transport services.
- **Customers:** Bus Éireann commits to building on a strong tradition of providing safe, reliable and innovative services to customers.
- **Integrated National Network:** Bus Éireann provides an integrated national network of public transport services that links all communities from a social and economic perspective.

Bus Éireann Objectives

- Develop a sustainable business structure through capital investment, product development, and revenue and passenger growth, while maintaining high safety standards
- Build trusted and recognised services with the customer as a central focus.
- Maintain a competitive cost base through increased operational efficiencies
- Engage with employees to ensure commitment with the right skills and competencies.
- Strengthen relationships with customers, business partners and public transport stakeholders.

Bus Éireann Strategy Initiatives

- **Expressway and Commercial Services:** Competitively reposition Expressway and other commercial brands through service/quality improvements, investment in fleet/technology and customer focused marketing/pricing tactics in Ireland and internationally.
- **PSO Services:** Deliver best value for money for the shareholder under Direct Award PSC through service expansion, cost optimisation and appropriate fleet investment.
- **Schools Transport:** Build on existing operational efficiencies and network effectiveness to ensure shareholder value with appropriate fleet investment.
- **"Making Better Connections":** Implement a strategic communications programme with customers, employees and stakeholders.
- **Growth Partnerships:** Support the development of a long term development plan for PT services outside the Dublin Metropolitan Area (DMA) in partnership with all stakeholders.

Company Highlights



Financial

- Challenging financial position resulted in a deficit of €6 million for 2015 (2014 surplus €5.1 million);
- Building blocks to return Expressway to profitability were put in place in 2015;
- Overall operating revenues increased by 1.7%;
- City Services experienced a strong growth in revenues up by 11.4% on 2014;
- Expressway revenues increased by 1%;
- Stage Carriage services revenues increased by 3.7% during 2015;
- Continued Public Service Obligation funding level improved financial stability.

Public Service Contract

- The implementation of a new five year Public Service Obligation contract during December 2014 (awarded by the NTA) for service provision up to 2019, began in 2015;
- Significant progress on PSO funding for 2016;
- Funding of €50 million in 2014 and 2015 provided by the Department of Transport Tourism and Sport which was invested in new vehicles.

Expressway

- New Expressway livery programme completed;
- Revenue generation initiatives for 2015;
- Rollout of new fleet;
- Collaboration with Irish Design 2015 undertaken with unique design wraps of Expressway buses.

School Transport Scheme

- Successful implementation of new IT system including registering online for parents contributions;
- Increased media campaign to highlight benefits of registering online through new IT portal;
- Introduction of new seat belt safety campaign for Primary School children;
- Continued delivery of cost savings for Department of Education and Skills.

Customer

- New Customer Care management team structure implemented;
- New Bus Éireann/Expressway website design launched to incorporate innovations in e-commerce, realtime information and mobile website usage;
- New customer complaints management system and National Call Centre;
- Social media monitoring and response programme implemented;

- Bus Éireann loyalty scheme, (Bé Club) expanded to +170,000 members;
- Customer satisfaction scores improved to 92% in independent research.

Operations

Bus Éireann continued to make enhancements to the Bus Éireann Real Time Passenger Information (RTPI) system with the upgrade of the Automatic Vehicle Location (AVL) Control Centre system;

Safety

- Continued improvements in safety leading to reductions in collisions;
- The percentage of collisions involving only a Bus Éireann vehicle was reduced compared to 2014;
- Safety task force highlighting safety awareness;
- ISO 9001 and PAS 43 certification, and FTA certification and accreditation.

Our People

- Staff summit and engagement with staff;
- Staff surveys and improved internal communications.

Awards, Collaboration and Certification

- Corporate reputation score improved from 84th place to 42nd in top 100 companies in Ireland -Corporate Reputations RepTrak study 2015;
- Winners in the Road Safety Authority's Road Safety Awards 'Leading Lights' campaign;
- Bus Éireann Cork awarded Quarter 3 'Business of the Year' award by Cork Business Association;
- Expressway and Irish Design 2015 collaboration;
- Expressway - winner of Best Communications campaign at Irish Logistics and Transport Awards;
- Bus Éireann began a programme of collaboration under the stewardship of Sustainable Energy Authority of Ireland;
- Working with Sustainable Energy Authority of Ireland towards implementing and achieving ISO50001 accreditation;
- New vehicles have the latest Euro VI emissions certification.



Chairman's Statement



Aidan Murphy Chairman

Introduction

In 2015, Bus Éireann implemented a number of significant initiatives to make it our year of the customer. Our record as the largest integrated bus and coach network outside Dublin is unparalleled on these shores and is a testament to our customers and staff, and the strong governance by our Board of Directors.

We began the year by implementing a new five year Public Service Obligation Contract which was awarded by the National Transport Authority to Bus Éireann. It heralds significant new customer service standards, reliability and punctuality targets and even higher operating standards. The foundations to enable us to meet these standards were laid in 2015 with significant investments in information technology, fleet, customer information and care. All of these developments require new processes and new ways of working by our staff who I must commend for continuing to embrace these developments in such a positive manner. These improvements will position the business to have even stronger credentials over the coming years, which in turn will drive our ability to increase passenger numbers on our extensive network of services.

2015 was a challenging year for our commercial services with a recorded deficit of €6m which is a serious concern for the board. Consequently the board requested management to develop a strategic plan to work collaboratively with all stakeholders to return Expressway to profitability and the building blocks for this process were put in place in 2015.

Survey benchmark milestone

The commitment of our staff and customers makes Bus Éireann one of the most recognised and respected companies in Ireland. This was reflected in the annual RepTrak Survey, an independent study of the top 100 Irish companies which was undertaken in 2015. The survey of corporate reputations showed Bus Éireann jumped from 84th to 42nd place and had the second largest score improvement in Ireland. We are very proud of this achievement and that the Irish public holds our company in such high esteem.

Heritage and community support

Bus Éireann's heritage in providing vital transport services to the community dates back to the 1940's. As an organisation we have almost 10,000 people helping to deliver our services, and these people work and live throughout the towns and villages of Ireland. We take our role of corporate social responsibility very seriously. We support worthy charitable and community projects every year through youth programmes, school educational visits and many other local initiatives. We continue to work with the various groups working to improve accessibility for people with special needs on our services and we see the benefits that these special collaborations bring to both the business and the communities we serve, concurrently.

Operations

We operate the School Transport Scheme on behalf of the Department of Education and Skills and have done so now for almost half a century. These services are essential in rural communities. The logistics required to design these rural-based routes is very complex and the standard of planning is unrivalled. The procurement of 3,500 contractors to deliver our service in the short summer window before schools open is testament to the skill and dedication of our staff. Our investment in new technology and procurement processes for our Schools operations



will bring even greater cost efficiency to the State in 2015. I am pleased that we could deliver savings on services on behalf of the Department without compromising the quality of our service.

Our commercial services are intrinsic and provide a valuable network of connectivity to the State. In 2015, we successfully increased brand awareness and passenger growth on our Expressway services through new livery, network improvements and new advertising campaigns. While there has been an economic upturn, the increase in competition on our commercial routes from domestic and international private operators will require even greater focus on cost efficiency and marketing investment to ensure growth is maintained. The regulatory approach to licencing means that we must ensure we are competitive to meet the challenges of the market.

Safety

Safety remains at the heart of all we do in Bus Éireann and this focus on safety continued in 2015. Given the scale of our service delivery, we are continually improving and extending our high standards in line with the latest in training certification and technology. Our aim in 2015 was to raise awareness and standards to ensure that our safety protocols meet future challenges and legislation while also gaining formal accreditation. The investment in our new fleet incorporated new safety features designed to enhance the safety as well as the comfort of our passengers while a new campaign promoted the use of safety belts for all bus services aimed at young children, their parents and schools.

Strategic planning

Finally, 2015 saw the introduction of a new Strategic Plan which lays out our new vision, corporate objectives, goals and major initiatives for the next five years. These plans will provide a framework to achieve our ambitions for growth, investment, efficiencies and people development taking into account the corporate requirements of our various stakeholders at all levels.

Conclusion

As I look to the future, I am confident that Bus Éireann will continue to perform an invaluable role in the provision of public transport in Ireland. We will competitively enter the tender process for bus markets opening in 2016 and continue to innovate and improve our services. With a continued focus on our customer experience and quality of our offering, we are well placed to grow passenger journeys with further investment, and increase our service provision for the communities that we serve.

I would like to thank my fellow board members, the management and staff for all of their contributions and I look forward to 2016 and supporting the role which Bus Éireann will play, in what will be a unique historic year of celebration in Ireland. Furthermore I would like to thank all our customers and stakeholders for their continued loyalty and support.

Chief Executive Introduction And Operations Review



Martin Nolan Chief Executive



To our Customers and Stakeholders,

Bus Éireann continued to face a challenging operating environment in 2015 and while I am pleased to note that the growth experienced in 2014 has continued into 2015, the company has incurred a deficit of €6 million for the year. A deficit of €0.35 million was incurred on PSO services after subvention and exceptional items and a deficit of €5.6 million was incurred on our commercial services. The company engaged with stakeholders in 2015 to produce a strategic vision for Expressway which would enable the product to operate more effectively in the current environment. The building blocks for this vision were put in place in 2015 and the company will engage with staff, on a collaborative basis, to deliver a more stable financial future for Expressway.

Overview of year 2015

2015 continued to deliver increased opportunities after many years of recession. There has been an invigorated focus on the needs of the business to match a recovering and fast-growing economy. The implementation of our new five year strategy has already begun to deliver improved customer standards and innovation. As more and more customers discover these changes, I am confident that we can persuade the public to continue to choose the bus or coach over other modes of transport, to deliver on our vision of growing passenger numbers by 5% each year up to 2025.

I have set out below how I see 10 routes to a Better Public Transport Future in terms of our position with stakeholders and market conditions.

The company continued to build on the success of 2014 as operating revenues increased by 1.7% in 2015 with passenger journeys up 1.1%. Whilst the economy was an enabler of this growth, the strength of our brand and the quality of our service also contributed to the growth experienced. Bus Éireann's reputation is hugely dependent on the passion and commitment of our staff. I am very proud of the achievements which they made in 2015 which often involved exceptional effort in the worst weather conditions, to ensure our valued customers were safely transported.

10 Routes to a Better Public Transport Future

1

Recognize that Public Transport is Critical to the Recovery of National and Local Economies



- Support economic growth
- Improved competitiveness
- Sustained job creation

2

Integrated Networks Work Best for all Communities



Prioritise Development of the integrated national network

3

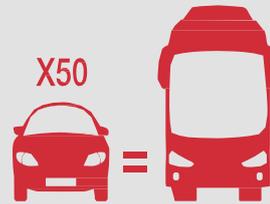
Development of a Regional Transport Plan is Essential



Balanced regional development for social and economic inclusion

4

Bus Prioritisation Measures Required to Help Drive Passenger Growth



Improvements to help address growing congestion

5

Investment for a Safe and Effective Public Transport System



- ✓ Replace
- ✓ Invest
- ✓ Maintain

for a safe and effective transport system

6

A Partnership Approach for Public Transport



NTA / Dept. of Transport

Further efficiencies and savings

City and County Councils

Connecting local to urban

Commerce and Social

Serving communities

7

The Momentum of Efficiency and Improvement Must Continue



To deliver Value to the State and the Customer

8

Ireland Can Have World Class Transport



9

A New Strategy to Double Public Transport Usage in Ireland by 2025 (T25)



10 Year Plan 4-5% passenger growth per annum

10

Public Transport Plans Must be Backed by Proper Funding



Public Transport Funding

Highlights

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Operations Review (cont'd)

Focus on Efficiency

Though I am encouraged by the steps taken in 2015, I do not underestimate the challenges that we will face in the future. Whilst economic recovery provides an opportunity for the development of our public transport service in line with public policy, it can also lead to increased traffic congestion and cost pressures associated with increased demand for services.

In 2015, we did incur cost increases which impacted on the financial performance. As part of the agreement to generate essential savings, payroll reductions were introduced from 1 June 2013 as part of a 19 month derogation from existing terms and conditions. This reduction also applied to the pay of the Chief Executive.

Competitive landscape

The competitive landscape has however, changed significantly. It has become much more challenging on our commercial routes due to the increase in licences awarded to private operators on certain corridors. We remain very cautious and concerned about over-supply of capacity given the small scale of the Irish market and will therefore continue to engage all of our stakeholders to position our Expressway business to ensure it remains sustainable into the future.



This 19 month period expired on 31 December 2014 and the original terms and conditions were reinstated. The company also faced other demand-led increases such as costs of maintenance and claims provision. We will maintain a relentless focus on cost to ensure we continue to deliver the best value to the State and our cost efficiency targets are built into every function across the business to ensure we meet the changing needs of our environment.

Focus on Public Transport standards

Public transport is a key factor in aiding recovery of both national and local economies. It is imperative that investment in a safe and effective public transport system, which caters for growth in the recovering economy in terms of capacity and customer expectations, is a priority.

The continuation of a discourse around public transport with a focus on integrated networks that link all communities, both urban and rural, to foster balanced

regional economic development is pivotal to supporting modal shift and the improvement of public transport offerings. In this respect, I was very pleased that we hosted a very successful public forum in Galway city last autumn, at which we outlined our 10 Routes to a Better Public Transport Future to stimulate public transport options and the importance of local planning.

In this respect, we continue to work very closely with our colleagues in the National Transport Authority and with the Departments of Transport, Tourism and Sport together with the Department of Education and Skills to ensure that we all strive to offer our customers the best travel options available. By continuing to work together to reduce the average age of our fleet and provide enhancements in all areas of the business, I know Bus Éireann can continue to deliver a world class standard of public transport which can be bench-marked against the best in the industry.



Focus on Innovation and Safety

In 2015, we successfully implemented changes on just under a third of our network of public service routes with the NTA and began the implementation of a new five year Direct Award contract on our PSO services.

Safety

Safety remains paramount in relation to all that we do in Bus Éireann and this focus on safety continued throughout 2015 through training and an ongoing focus on all safety critical matters. The company constantly strives to raise safety levels across the organisation through awareness and training.

New fleet

Building on the new fleet introduced in 2014, a further forty Expressway coaches were manufactured during 2015 for entry into service in the first quarter of 2016. In addition we carried out a review of our Expressway network in 2015, and introduced significant customers service improvements in terms of journey time and connectivity.

For PSO services, a total of 57 new buses and coaches entered service during 2015. Further orders were placed in early 2015 for a further 43 PSO vehicles, including 12 double deck buses to boost capacity on regional city routes, 16 city single deck buses for Cork city services and 15 double deck commuter coaches for the Greater Dublin area.

Schools

Each day of the school term, Bus Éireann transports approximately 113,000 children on over 6,500 routes to some 3,000 schools, including children with special educational needs. In 2015, we developed an engaging safety programme dedicated to increasing seatbelt usage and on-bus safety to Primary School children. This campaign was supported by the Road Safety Authority and the Irish National Teachers' Organisation and underlines our commitment to safety across all of our services.

Focus on our communities

Finally, I am very proud of our long standing role within the communities that we serve across the villages, towns and cities across the country. The introduction of the new vehicles into our fleet, which are wheelchair accessible with priority seating for reduced mobility passengers, ensures we can continue to broaden our service offering for all. Our commitment to the environment is underlined by fitting our new fleet with the latest Euro VI emissions certification making them the most environmentally friendly diesel buses in Ireland.

Looking to the future

While we undoubtedly face challenges on our commercial services I remain confident about the future for Bus Éireann and the growth potential in our business in post-recession Ireland. Investment in our Public Service Obligation, Commercial and Schools businesses continue to be delivered and it is energising to be part of a growth economy, and to contribute positively to the social and economic fabric of Ireland, as we enter the centenary celebrations of 2016.



Financial Highlights

Financial Overview

Overall 2015 result

The overall result is a deficit of €6m for 2015 (2014 Surplus €5.1m) coupled with a drop in EBITDA (Earnings before Interest, Taxation, Depreciation, and Amortisation) before exceptional items from €13.1m in 2014 to €2m in 2015.

This is not sustainable in the longer term and measures will be required to address this significant level of deficit on our commercial services.

The market in which Bus Éireann operates remained challenging during 2015 but the company continued to work towards its stated objective of returning each product to a more sustainable financial position.

The operating result before exceptional items after interest payable and interest receivable for each product is set out below:

Operating result before exceptional items and after interest payable and interest receivable

	2015 €m	2014 €m
PSO Services	(0.2)	4.1
Commercial Expressway	(5.3)	0.6
Schools	(0.0)	2.3
Commercial other	(0.1)	0.2
	(5.6)	7.2

Public Service Obligation

Contract with National Transport Authority

Under contract to the National Transport Authority, Bus Éireann operates over 300 State funded routes providing vital services that connect communities, particularly in isolated rural areas. This includes city services in Cork, Galway, Limerick, Waterford and Sligo, and commuter and stage carriage services outside of Dublin.

The current Public Transport Contract between the NTA and Bus Éireann, which was implemented in December 2014 and is valid until 2019, outlines the standards of operational performance and customer services that Bus Éireann must maintain.

Subvention

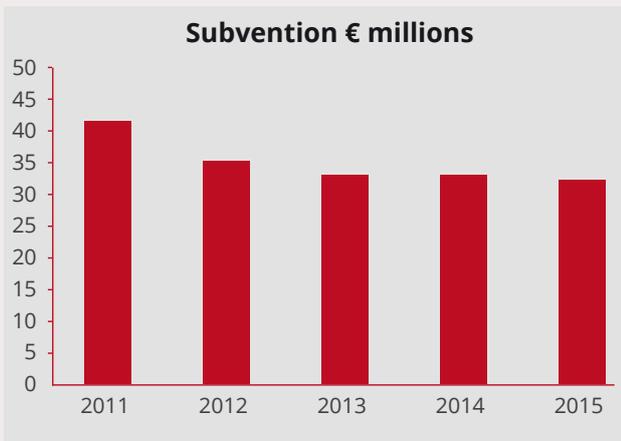
The company received a subvention from the State as payment for its Public Service Obligation services of €33.7 million in 2015 (2014 €34.4 million).

PSO Revenue continued to show strong growth in 2015 with regional city services experiencing growth of up to 11.4%.

Stage Carriage services revenues increased by 3.7% during 2015 when compared to 2014 which is a strong performance given that the economic recovery has been slower outside of the main urban areas across the country.

The PSO cost base was impacted by increased payroll costs in 2015. As part of the agreement to generate essential savings, payroll reductions were introduced from 1 June 2013 as part of a 19 month derogation from existing terms and conditions. This reduction also applied to the pay of the Chief Executive. This 19 month period expired on 31 December 2014 and the original terms and conditions were reinstated. Claims costs also increased.

The company also received a significant revenue grant of €4 million in respect of PSO Services during the year. The company intends to continue its progress in eliminating operating deficits on PSO Services by 2016 and while PSO recorded a deficit of €0.35 million in 2015 after subvention and exceptional items, the company expects that PSO Services will break even in 2016.



Commercial Expressway

The Intercity bus market was a very competitive market place in 2015. The company noted a 1% increase in revenue and passenger numbers in this competitive environment but is targeting a more significant increase in 2016. The Expressway cost base also faced additional payroll costs in line with the conclusion of the 19 month pay agreement with staff and also had to absorb a higher claims cost.

The introduction of 20 new vehicles into service early in 2015 resulted in significant enhancement of the fleet profile but also resulted in higher depreciation costs in the profit and loss account. The net result for Expressway in 2015 was a deficit of €5.3 million (surplus 2014: €0.6 million). The company undertook an extensive review of the Expressway operating model in 2015 and will be engaging with all stakeholders regarding the next stage in the process of returning Expressway to profitability.

Expressway

Expressway Revenue

+1% ▲

Passengers

+1% ▲

School Transport

The company continued to deliver School Transport Services on behalf of the Department of Education and Skills. 2015 saw the company deliver further savings and efficiencies for the Department of Education and

Skills and School Transport Services continued to be provided through a combination of in-house and externally provided services. School Transport operated at breakeven level in 2015.

Commercial other services

Bus Éireann also operates other commercial services such as private hire, day tours, Eurolines and other ancillary services. These activities generate a gross margin for the company. They also absorb a portion of total company overheads thereby reducing the overhead allocation to other activities within the company.

Capital Investment

Bus Éireann continues to prioritise investments which will enhance the customer experience when travelling with the company. Investment in fleet, facilities, IT systems and garage plant and machinery is aimed at continuously improving our customer offering.

This year the company received delivery of buses for both PSO and Expressway services, providing our customers with a significantly improved service.

Capital expenditure in total amounted to €18.5 million in 2015, with €7.2 million in capital grant funding provided by the NTA.

New Fleet

Expressway

A further 40 Expressway coaches were built during 2015 for entry into service in the first quarter of 2016. Expressway's strong fleet of intercity coaches is comprised of a mix of:

- 12m two axle coaches with 51-53 seats,
- 14m tri-axle coaches with 59-63 seats and
- 14m double deck coaches with 82 seats.
- 20 new tri-axle coaches and 20 new two axle coaches – coming into service in early 2016.

Financial Highlights (cont'd)

PSO

Funding of €50 million for new vehicles during 2014 and 2015 was provided by the Department of Transport, Tourism and Sport through the NTA for use on our PSO routes.

The investment included 25 double deck buses for regional cities and Greater Dublin Area (GDA) services, 20 commuter coaches and 12 double deck commuter coaches.

Vehicles into fleet in 2015

A total of 57 of these new buses and coaches entered service during 2015. Further orders were placed in early 2015 for a further 43 PSO vehicles, including 12 double deck buses to boost capacity on regional city routes, 16 city single deck buses for Cork city services and 15 double deck commuter coaches for the GDA. In tandem with replacing older, less environmentally friendly vehicles, some of the double deck vehicles are additions to the fleet to allow for projected passenger growth.

This investment in fleet will enable Bus Éireann to further reduce the average age of our buses and coaches and develop the fleet into a more modern, reliable and environmentally friendly fleet.

Revenues

Overall operating revenues increased by 1.7% in 2015. City Services experienced a strong growth in revenues up by 11.4% on 2014 figures, whilst Expressway revenues increased by 1%. This is reflective of increased competition in the Intercity bus services market.

Total Revenues

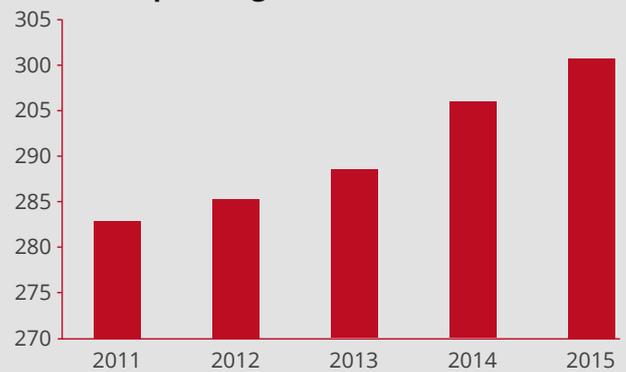
Revenues and Passenger Numbers

Operating Revenue

Passengers (inc. schools)

+1.7% ▲ **+1.1%** ▲

Operating Revenue € millions



Key expenditure categories

Payroll costs

Payroll costs remain the single biggest expenditure line item for Bus Éireann and are the subject of ongoing management review. Payroll and related costs increased by 5.4% in 2015 over 2014 levels. Payroll reductions were introduced from 1 June 2013 as part of a 19 month derogation from existing terms and conditions. This reduction also applied to the pay of the Chief Executive. This 19 month period expired on 31 December 2014 and the original terms and conditions were reinstated. The company has also invested in additional services directed at improving the customer experience and this has increased the headcount during 2015.

Fuel Costs

Fuel costs are also a key expenditure item for the company. We continued to seek ongoing efficiencies in areas such as Eco Driving and other energy saving measures. Fuel costs amounted to €32.7 million in 2015 compared to a cost of €34.4 million in 2014. The reduced costs are primarily associated with reduced fuel prices as well as the introduction of more fuel efficient vehicles.

Overheads

Materials and services costs increased by 3.7% during 2015 when compared to 2014 but this must be viewed in the context of increased passenger numbers and other customer facing initiatives. Increases in the provisions required for third party and employee accidents have also resulted in a higher cost base in 2015.

Contribution to the Exchequer

Bus Éireann is a significant contributor to the Exchequer and contributed €59m during 2015 through a combination of payroll taxes, Customs and Excise, VAT and other taxes.

Financial Reporting Standard 102 (FRS 102)

It should be noted that the current year is the first year for the full implementation of Financial Reporting Standard 102 (FRS 102) within Bus Éireann and across the other CIÉ companies.

The Market in 2015

The revenue and passenger growth performance in 2015 is reflective of the increased consumer confidence which continues to occur in Ireland. Given the robustness of the recovery we expect even stronger growth to continue in 2016.



2,487 own staff
17 locations



Largest provider
local and rural services



€59 million
to Exchequer



10,000 people
working across every parish in the country



Schools Transport
1,400 local private operators,
3,640 vehicles

National statistics

Department of Finance figures for 2015 showed an increase of 6.2% in real GDP, a 2.8% increase in employment, while personal consumption increased by 3.2% over 2014. Within this, there was an increase of over 1 million overseas visits to Ireland compared to 2014.

Growth

This growth helped to increase passenger journeys across our cities and on our commuter and commercial Expressway routes. Our research indicates that the acceleration in economic output continued to influence reasons to travel (work, social, leisure, retail, education) and this was a benefit to our business.

Meeting the challenges

In 2015, we began to meet these challenges with:

- new network reviews and
- investment in higher capacity double-deck vehicles

Licencing challenges

The regulator continued to issue new licences in 2015. The development of rural local-link services has begun to become a more prominent feature of the transport landscape and in the main these are being designed to dovetail with Bus Éireann stage carriage services. On commercial routes, new licences were issued to private operators on a number of routes currently served by

Financial Highlights (cont'd)

Expressway. It will be critical for the maintenance of service levels on these corridors that licensing decisions are very prudently aligned to real demand, to ensure business is sustainable for every operator and in our own case, that costs continue to be aligned to increased competition in the market.

Congestion

There has been increased traffic congestion in all of Ireland's cities during 2015.

Peak journey times in 2015 are estimated on some routes to have increased between 5% and 7% compared to 2014. Bus Éireann continues to actively engage with stakeholders in the pursuit of bus priority measures to improve journey times. RTPI systems provide customers with assistance regarding predictability of services, however improving bus journey times through bus priority is critical for achieving modal shift.

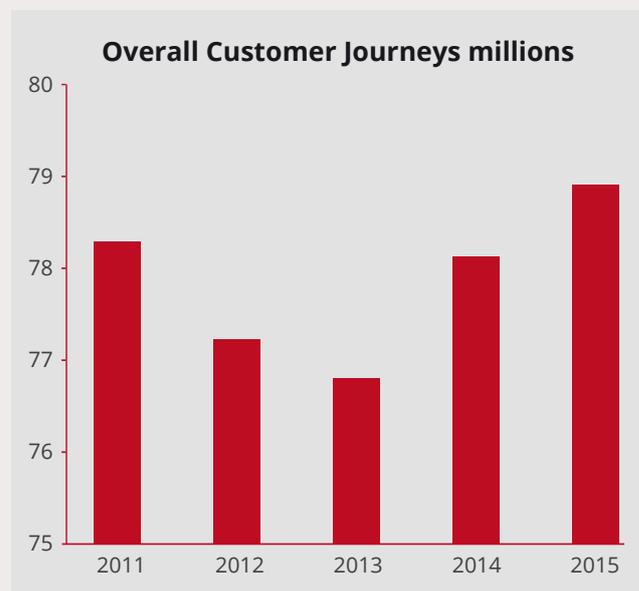
Passenger Growth

Passenger trips made on all Bus Éireann road passenger services were 37.9 million in 2015, up over 670,000 on 2014 figures.

Passenger journeys in Cork city grew by over 8%, while commuter journeys to Dublin were up significantly also.

Customers/Kilometres

	2015 000's	2014 000's
Customer journeys		
Provincial city services	19,352	18,641
Other scheduled services	18,509	18,547
School transport scheme	41,040	40,900
	78,901	78,088
Vehicle kilometres		
Provincial city services	8,360	7,946
Other services - own	69,390	70,805
Other services - sub contracted	85,263	84,828
	163,013	163,579



**An Roinn Iompair
Turasóireachta agus Spóirt**

Department of Transport,
Tourism and Sport



Making even Better Connections with our Customers

New dedicated customer care team

In 2015, a new dedicated Customer Care Team was established to focus on delivering our customer charter objectives which are also in line with our obligations under the Direct Award contract with the NTA.

This centralised team allows for a coherent structure to provide information on products and services, respond to situations as they unfold, liaise with regions if necessary, and provide reassurance to customers who are experiencing delays.

New Lo-call number

In addition to this, a new National Call Centre was established. This service is available Monday to Sunday from 0830 to 1800 and will host all calls placed through a new lo-call number - 1850 836 611.

Information technology improvements

The roll out of RTPI displays at stops in the Greater Dublin Area as well as in Cork, Limerick, Galway and Waterford cities continued during 2015. Information for RTPI displays is sourced from the Bus Éireann's Automatic Vehicle Location (AVL) System, which is installed on all our vehicles. This information updates the RTPI displays throughout the day. RTPI was also introduced at all stops in the Bus Éireann network through the Transport for Ireland Real Time App.

Key benchmarks and customer insights

Customer Satisfaction measures improved from 87% in Quarter 4 2014 to 92% Q4 2015

- Source: Interactions Customer Charter Survey results, 13th Jan 2016

Bus Éireann has strongest association with the statement 'I feel safe travelling with them' versus all other transport operators

- Source: Millward Brown Travel Monitor Nov 2015

Strongest perceptions for the statements 'They are trying to improve their service' and 'They are modern and progressive' among any transport company

- Source: Millward Brown Travel Monitor Nov 2015

Corporate reputation score improved from 84th place to 42nd in top 100 companies in Ireland

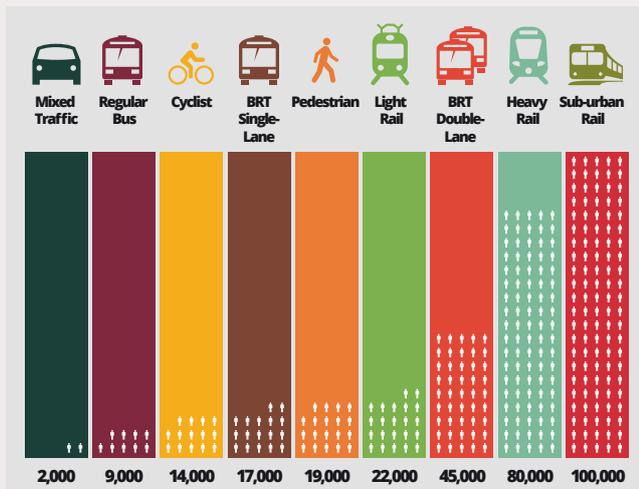
- Source: Corporate Reputations RepTrak study 2015



State Funded Services

Public Service Obligation

Bus Éireann is fully committed to enabling the move from private car journeys to increased public transport options.



Focus on Modal Shift

Working with our stakeholders and with local communities, the company continues to improve and invest in our services with a view to increasing customer journeys and attracting new users to public transport.

A range of promotions were undertaken to encourage the use of public transport reminding the public of the benefits, network improvements and service updates, including a successful 'Cities' campaign which provided significant service improvements based on the following:

- New vehicles both single and double deck
- Improved frequency routes
- Simpler networks
- New timetable formats and network maps
- Introduction of Leapcard
- WiFi installed on all vehicles

In addition, a joint campaign with Dublin Bus, Irish Rail and Luas highlighting the benefits of the Tax saver Scheme to both employers and employees.

Service Improvements

There were service improvements on the following routes during 2015:

Route 132	Bunclody – Tullow – Baltinglass – Dublin
Route 167	Ardee – Drogheda
Route 201	Northern Orbital Route
Route 203	Farranree – City Centre – Ballyphenane
Route 209A	Patrick St – Pouladuff – Friars Walk
Route 216	Mount Oval – City Centre – Cork University Hospital
Route 223	Haulbowline – Ringaskiddy – Monkstown – Cork
Route 235	Cork – Rylane – Stuake
Route 245	Clonmel – Mitchelstown – Fermoy – Cork
Route 401	Eyre Square – Salthill
Route 270-280	County Kerry Network

Promotion of public transport usage

Public relations and public information campaigns worked in tandem highlighting the various network improvements and promotional fares that were implemented to encourage additional travel at key periods such as Christmas. Bus Éireann also participated in NTA initiatives to promote public transport usage across all transport modes.

The Leap Card was introduced in the Greater Dublin Area in 2013, in Cork City and Limerick City in 2014, and Waterford City in 2015. Various travel products such as 24hour, 7 Day and monthly products are available to meet the various travel needs of our customers. In excess of 10% of all journeys on our city services in 2015 now involve the use of a Leap Card.

A number of new joint bus and rail Tax saver products were trialled on the Mullingar – Dublin Corridor which allow travel on both rail and bus commuter services. While these products were previously available only on city networks this is the first time that they became available on commuter services.



Commercial Services

Expressway

Our commercial services include Expressway, which operates over 23 routes nationally.

In 2015 there were 7 million passenger journeys. In addition Go Bé, a joint venture on the Cork to Dublin route between Bus Éireann and Go Bus drove additional growth in passengers in a very competitive market.

Key Network Changes

With a focus on customer improvements such as faster and more reliable journey times, an Expressway network review, introduced several new timetables during 2015:

Route 2	Wexford – Gorey – Arklow – Dublin – Dublin Airport
Route 4	New Ross – Waterford – Carlow – Dublin – Dublin Airport
Route X7	Clonmel – Kilkenny – Dublin – Dublin Airport
Route X51	Galway – Shannon Airport – Limerick

Airport Connections

Expressway continues to:

- be the biggest supplier of inter-regional coach services to Irish Airports,
- provide airport passengers with a direct non-stop service at key flight times.
- improve the network to and from Irish Airports which was further improved during 2015 with the addition of Clonmel, Kilkenny and New Ross to Dublin Airport,
- improve the network of non-stop services from Galway via the X51 to Shannon Airport during the summer.

Expressway passenger numbers from Dublin Airport travellers continued to increase in 2015. Customer service representatives complemented the brand's customer offering at Dublin Airport during the peak summer and Christmas periods, assisting with all aspects of our customer experience. The Christmas campaign was specially designed to 'Welcome Home' travellers for the festive season.

Fare Promotions

Expressway offered three seat sale promotions during 2015, with fares ranging from €5.99 to €8.99. These promotions were held throughout the year and were supported by television, radio and digital advertising.

Expressway and Irish Design 2015 Collaboration

Bespoke design coach wraps

2015 was the year of Irish design and to celebrate this Expressway and Irish Design (ID2015) collaborated with celebrated Irish designers to create five unique coach wraps. The project involved the designers creating a bespoke and personal design utilising the huge canvas of a new 2015 Expressway coach. These striking wraps were designed by top Irish talent - including Orla Kiely, Kevin Thornton, Maser, Brown Bag Films and Roughan and O' Donovan Structural Engineers. The partnership marked Expressway's support as official transport partner for ID2015, the year-long Government-backed initiative promoting and celebrating Irish design at home and internationally.

Public participation in design

Members of the public were encouraged to participate by designing their own unique wrap for an Expressway coach. The entries received ranged from personal images of Irish landscapes to ideas that were steeped in historical pride, to artistic designs.



Highlights

Chairman's Statement

Review

Financial Statements

Brand Recognition and Award

Expressway's commitment to advertising the benefits of the service was acknowledged at the Irish Logistics and Transport Awards. The brand was an award winner in 2015, picking up the award for "Communications" which recognised the marketing campaign "Like the Car, Only Better". This campaign was a national, integrated media strategy that created high impact for the Expressway brand, generated engagement, and most importantly, connected with our customers.



Sporting Partnerships

Coach provider to major sporting events

Expressway's relationship with the Dublin Gaelic Athletic Association (GAA), the Football Association of Ireland (FAI) and the Irish Rugby Football Union Federation (IRFU) was further cemented as 2015 saw the brand renew associations as the Official Coach provider for the Dublin Hurling and Football Senior Teams, and the national senior soccer team and rugby squad.

As the national bus and coach transport provider we were proud to carry both GAA teams on their All Ireland Championship journeys, and delighted to deliver the football team to Croke Park on All Ireland Final Sunday, as they travelled victoriously, with the Sam Maguire Cup, to the official homecoming celebration in O'Connell Street the following day.

It was also with great pride that as the official transport partner for the national soccer team and the Irish Rugby Squad, we transported both teams to their domestic match days in 2015.





Schools

School Transport

Statistics

During school terms in 2015, Bus Éireann transported in the region of 113,000 children on over 6,500 routes to some 3,000 schools each school day, including children with special educational needs who are provided with services designed to meet their individual needs generally operating on a door-to-door basis.

Range of services provided

Bus Éireann operates the Primary School Transport Scheme, Post-Primary School Transport Scheme, and the School Transport Scheme for Children with Special Educational Needs, on behalf of the Department of Education and Skills, with whom the company works very closely to ensure we provide the children we transport and their parents with a reliable, safe, cost-efficient service on behalf of the State.

Safety

Safety campaign

'Buster and the Belt Ups' lead School Transport Safety Campaign was implemented during 2015.

2015 saw the introduction of Bus Éireann's new School Safety Campaign with a strong focus on making children aware of the importance of wearing their seat belt. This new safety initiative builds on previous campaigns that Bus Éireann has undertaken in the past to highlight the importance of safety while travelling for the benefit of the schoolchildren we carry.

'Buster and the Belt-Ups' are animated characters who feature in a comprehensive campaign, which includes an animated safety video, and packs including posters, seat belt safety certificates, activity sheets and stickers. This campaign focuses on encouraging school children to wear their seat belt while travelling.

The video and packs were distributed to National Schools and *Gaelscoileanna* nationwide and the campaign is endorsed by the Road Safety Authority and the INTO (Irish National Teachers' Organisation).

Bus Éireann's Child Protection Policy

The company's Child Protection Policy was issued to all staff in Autumn 2015. This new policy was developed in conjunction with TUSLA, and follows the principles set out in the 'Children First National Guidance for the Protection and Welfare of Children'.

TUSLA

An Gníomhaireacht um Leanaí agus an Teaghlach Child and Family Agency





Expansion and Improvement of school transport services

The School Transport Scheme continued to expand in terms of the number of new services provided during the year.

New school bus services

In 2015, 307 new services were introduced by Bus Éireann on behalf of the Department of Education and Skills under the School Transport Scheme, compared to 274 in 2014. In addition, more than 650 service improvements involving the extension of routes, upgrading of vehicles, and extra trips were implemented, almost 100 more than in 2014.

The bulk of these new services and enhancements were in the area of school transport for children with special educational needs.

Efficiency targets achieved

Efficiency measures undertaken by Bus Éireann helped to significantly offset the cost of these new services and other sanctions, meaning the cost of the scheme to the Department of Education and Skills for 2015 will be less than it was in 2014.

Met Éireann weather warnings and school buses

As winter 2015 approached Bus Éireann implemented a new policy in relation to School Transport services in the interest of child safety. In the event of a status red weather warning being issued by Met Éireann, Bus Éireann will suspend School Transport Services in affected areas.

This policy was introduced to ensure school transport pupils are not put at risk while travelling on minor country roads in extremely adverse weather conditions, or exposed to danger at pick-up points in such conditions. The School Transport Scheme is a mainly rural service with many of our buses operating on minor and secondary roads by necessity in order to suitably cater for the families we serve.

Energy Management



Programme with Sustainable Energy Ireland and ISO50001

In Summer 2015, Bus Éireann began a programme under the stewardship of Sustainable Energy Authority of Ireland (SEAI) towards implementing and achieving ISO50001 accreditation. ISO 50001 is a specification for an Energy Management System created by the International Organization for Standardization (ISO). The standard specifies all the requirements necessary for establishing, implementing, maintaining and improving an Energy Management System, whose purpose is to enable an organisation to follow a systematic approach in achieving continual improvement of energy performance. This is done through implementation of procedures for a structured management process of:

- measurement, monitoring and analysis of energy use;
- minimising consumption;
- optimising energy efficiency;
- establishing security of supply.

The ISO50001 Standard aims to help organisations continually reduce their energy use (and therefore their energy costs) and their greenhouse gas emissions.

Energy targets achieved in 2015

During 2015, Bus Éireann implemented the following in order to reduce the Company's energy consumption:

Continued promotion of Energy Awareness Campaigns, in particular directed at reducing fuel consumption associated with unnecessary vehicle engine idling.

Increased the number of vehicles within the fleet that are fitted with automatic engine idle cut-off systems fitted.

Introduction of vehicles with more efficient engines.

Lighting Efficiency Upgrade Programmes for replacement of outdated technology with modern low-energy (LED) lighting systems.

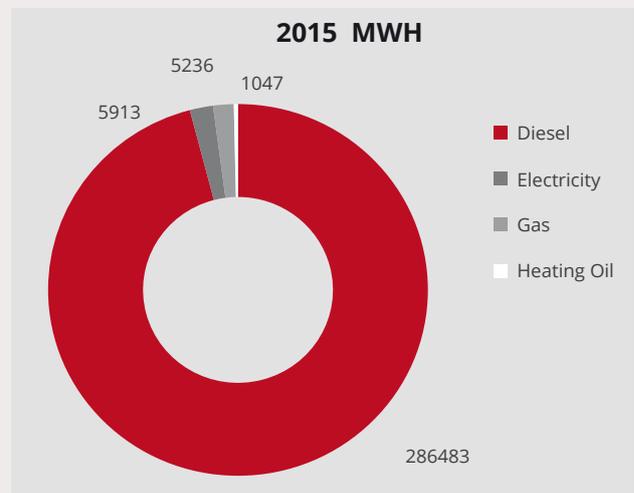
Improved Monitoring and Reporting of fleet fuel consumption through use of Business Systems Software and SAP.



Initiatives for 2016

In November 2015, a project was commenced which involves fitting all service vehicles based in Cork with Telematics systems which are designed to optimise vehicle fuel consumption. This means that in addition to the 56 vehicles which already have equipment fitted, a further 97 vehicles will be fitted with Telematics.

Energy Consumption in Megawatts





Garage Operations

Fleet age and maintenance costs

The average age of the fleet continues to increase as a result of much reduced investment in fleet during the height of the economic downturn.

The older average age of the fleet means that maintenance costs have risen per vehicle.

Difficult trading conditions precluded the company from investing further in fleet replacements.

Average Fleet Age

Average age of fleet	2015 years	2014 years
Schools	16	15
Road passenger	8	7

Training

2015 saw the continuation of year two of the three year fleet specific training programmes. These programmes have improved the overall ability of garages to respond to fleet issues and allow our technical staff to keep up to date with the advances of our modern fleet.

In 2015 Garage operations received ISO9001 & PAS 43 accreditation which is the international Management System specification for best practice in safe working of vehicle breakdown, recovery and removal operations.

Garage/Depot enhancements

Facilities upgrade

Facilities upgrade work continued with the completion of the national electrical services programme in Broadstone garage. Overall depot facilities improvements continued with renewal and improvement works on inspection pits, vehicle wash installations and Ad-blue & fuel storage.

Equipment upgrade

A fully automated vehicle chassis and underbody wash system was successfully installed and commissioned at Broadstone garage. This system utilises automated traversing and revolving high pressure cleaning heads and allows unmanned vehicle chassis cleaning to CVRT standard in less than 30 minutes.

Luas Project at Broadstone

The LUAS cross city project continued in Broadstone with the completion of the boundary wall and commencement of the phased yard improvement works including revised parking layout, improved surface drainage, lighting and site close circuit television. Efforts continued to maintain site operations while heavy construction activities were underway site wide.



Údarás Um Shábháilteacht Ar Bhóithre
Road Safety Authority

Garage Operations (cont'd)

Comfort & safety on board

These state-of-the-art vehicles give improved safety, comfort and service to our customers. The vehicles offer:

- complimentary 4G Wi-Fi;
- real time passenger information displays;
- multi-camera CCTV systems;
- air conditioning, deeper cushioned seats;
- extra leg room, power sockets and reclining seats;

Accessibility

Partnerships with voluntary sector

Bus Éireann continue to work in conjunction with our Disability User Group – which includes the Irish Wheelchair Association, DeafHear, National Council for the Blind in Ireland and the Disability Focus Group of Dublin Community Forum – to improve accessibility for our customers.



Engine technology and innovation

Features of the new fleet:

- latest Euro VI emissions certification making them the most environmentally friendly diesel buses currently on the road in Ireland.
- Engine exhaust output is certified to the highest EU standards for emissions controls.
- The latest Euro VI standards reduce harmful NOx gases and Particulate Matter (PM) by at least 95% and 97% respectively compared to similar 20 year old buses.

Bus stop improvements

In addition, Bus Éireann works closely with the NTA and local authorities regarding the design of new bus stop development, which will facilitate all our customers boarding and disembarking our services at specifically designed bus stops. This year the NTA granted funding for an additional forty accessible stops, which we very much welcome.

Wheelchair accessibility

The introduction of the new vehicles into our fleet, which are wheelchair accessible with priority seating for reduced mobility passengers, brings the percentage of our fleet that is wheelchair accessible to 76%.

The fleet that operates on city and town services is fully wheelchair accessible, and the coach fleet that operates on commuter and Expressway services is 65% wheelchair accessible.

Bus Éireann remain committed to having accessible coach services in place with wheelchair lift facilities on a route by route basis as soon as the full complement of accessible coaches are available and the appropriate bus stop infrastructure is in place.

Focus on Customer Innovation using IT

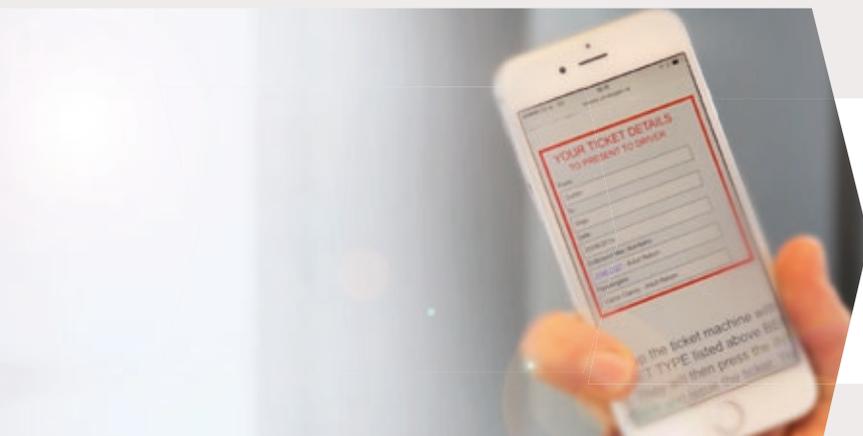
Bus Éireann is focused on delivering innovations which enhance the travelling experience and create additional value for customers.

Through engagement with our suppliers and working with our stakeholders, Bus Éireann continued to pursue the implementation of innovative new technology solutions in 2015. Some of the key initiatives undertaken included:

Key initiatives

- In 2015, we introduced a new mobile optimised Bus Éireann website. The website is based on new designs for better accessibility and customer navigation and features enhanced mobile optimised journey planning and real time information.
 - The Homepage features a navigation hub making key functionality easily accessible for customers – Buy Tickets/View Timetables/Fare Finder/Real Time Information.
 - The new website also features an enhanced mobile optimised eCommerce engine to facilitate and enhance the online purchasing experience. A seat reservation system has also been incorporated in the new website which will be coming online early in 2016.
- In conjunction with the NTA, Bus Éireann successfully rolled out Leap Card to Limerick and Waterford in 2015 offering customers a cheaper, flexible and more convenient way to travel on services. Other Leap enhancements in 2015 included the provision of smartcard support, rollout of Leap, TaxSaver products and the rollout of other products.
 - The NTA smart collection device was also introduced at key city locations in 2015 which enabled customers to collect online Leap product purchases and travel credit top-ups.
 - Bus Éireann also introduced improvements in customer communication management in 2015 with the introduction of Salesforce system enabling staff to have the ability to very quickly respond to customer communications.
 - Salesforce has also enabled Bus Éireann to amalgamate communications from various different channels such as Facebook, Twitter, email, phone and letters into a single system for much more streamlined communication management with customers.
 - We continued to make enhancements to the Bus Éireann RTIS (Real Time Information Systems) in 2015 with the upgrade of the AVL(Auto Vehicle Location System) Control Centre system
 - New buses introduced in 2015 also came with the latest AVL on-board technology, including multifunctional displays and automatic passenger counting.

making
better
connections





Our People

Bus Éireann is committed to the continuous professional development of all our staff.

An Duaiscáim

An Duaiscáim is a study scheme which is open to all staff where a variety of courses are provided to assist them in developing their skills in the workplace. Staff can partake in computer courses at many levels including the ECDL. In 2015, the following third level programmes were undertaken by staff through An Duaiscáim Accounting, Mechanical Engineering, Human Resource Management and IT.

Clerical Staff development

A number of training courses were provided to staff throughout 2015 focusing on developing more efficient ways of working, customer care, effective productivity, leadership and motivation. Other training on in-house IT systems such as CORE, SAP and Trapeze were also carried out during the year.

Management Staff development

Bus Éireann continued to invest in its managerial team during 2015 with staff undertaking a number of courses with particular focus on developing effective and efficient management skills.

A number of workshops concerning the company's policies and procedures were held, with topics including disciplinary, absenteeism, grievance, dignity and respect, vetting and child protection in-house procedures.

Other programmes included effective leadership, productivity, procurement training and a number of other courses.

Fourteen management staff undertook the Management CPC Programme in 2015 and sixteen participated in the accredited Managing Safely programme.

Drivers training and skills updating

Induction training

All drivers are given comprehensive induction training and route familiarisation training before commencing service. Vehicle familiarisation training is provided to allow drivers become accustomed to the handling characteristics of the vehicles they drive. This is provided by fully qualified approved driving instructors.

Regulatory focussed training

Drivers are required to undertake statutory training, manual handling and Driver CPC which covers the safe operation of vehicles, defensive/eco driving, legal obligations and care for customers. Drivers have a legal obligation to carry and maintain a Driver Qualification Card confirming they have completed 5 modules over 5 years.

Energy saving focussed training

In addition, drivers are trained in defensive and Eco driving which encourages safe driving and raises awareness of environmental obligations.

All Bus Éireann training instructors are fully qualified to Road Safety Authority standards and the Institute of Advanced Motorists and Instructors standards.





Apprentice Training

The training of apprentices continued with 16 new apprentices recruited in 2015. The apprentices undertake a four year training programme, which is provided by Bus Éireann in conjunction with SOLAS.

Focussed training

Apprentice Training Programme:

- is completed as on-the-job training across our network of 17 garages.
- on successful completion of the four-year programme apprentices, they gain a Quality and Qualifications Ireland (QQI) Level 6 Advanced Certificate as Heavy Vehicle Mechanics.
- these include electronic control and monitoring systems, computerised engine management systems and advanced vehicle diagnostics.

Awards

Over the years, we have had much success in the National Skills Competition with one of our apprentices coming first overall in the trade of Heavy Vehicle Mechanics in 2015.

Craftworkers

Progression from apprenticeships to craftworker roles

In some cases, our apprentices are employed as Craftworkers following successful completion of their apprenticeship and have progressed to supervisory and management positions with the Company.

Craftworker training

All our craftworkers are provided with Continual Professional Development. This process trains technicians over a three year development period to establish knowledge of our fleet types and a greater understanding of diagnostics and repair. The training takes into consideration procedures in diagnostics and Euro VI developments.

Bus Éireann are the first PSV Operator in Republic of Ireland to train and test our Craftworkers to the Institute of Vehicle Recovery Standards.

Accreditation

Bus Éireann achieved recognition for this project by being awarded Institute of Vehicle Recovery (IVR) Certification, ISO 9001 and PAS 43 accreditation.

In addition to the above we have also conducted a three year continual professional development programme for all Craftworkers. This is a partnership between Bus Éireann and manufacturers. This is to ensure the servicing, diagnosis of faults, tracing and repair of issues on products.

General safety training for all staff

Statutory Health & Safety training for all staff was completed for 2015.

Recognition

For the third time, Bus Éireann were winners in the Road Safety Authority's Road Safety Awards 'Leading Lights' campaign in the category of Best Approved Driving Instructor.



Equality and Diversity

In 2015 Bus Éireann updated the Equality and Diversity Policy and the Dignity and Respect Policy which were distributed to all staff.

As required in the Disability Act 2005, we continued to monitor the number employees with disabilities. Since commencing this monitoring process, there has been an increase in the number of employees with a disability.

Partnerships with community groups

Bus Éireann remains a business partner of the National Institute for Intellectual Disability (NIID) at Trinity College Dublin, providing support for people with intellectual disabilities. In addition we continue our membership of the Diversity Charter Ireland.

In May 2015, Bus Éireann continued its involvement in Green Ribbon Month and "See Change" which is a national partnership of more than 70 organisations which are working together to reduce stigma and challenge discrimination associated with mental health problems.

Communication and awareness campaigns

Bus Éireann joined Ireland's largest anti-racism campaign which was launched across the public transport network in April 2015. The awareness campaign, involved a poster campaign across all public transport links in Dublin and the wider country, along with an extensive social media campaign with the aim of encouraging the general public to stand up to racism and report any incidents they may witness.

International Women's Day

Bus Éireann once again had the privilege of hosting the event in March for the CIÉ Group. 'Make It Happen' was the 2015 theme, encouraging effective action for advancing and recognising women. The day included addresses from colleagues who shared their experience as women in the workplace at a senior level. The Irish Hospice Foundation was selected to benefit from the funds raised at the event.

Public Relations

Media support

The Press Office supports all aspects of the company in delivering a strong public relations function. In 2015 Bus Éireann continued to deliver information and key messages to our customers, the public, media and stakeholders.

Information campaigns focused on service improvements on both PSO and Expressway networks, and the provision of additional services for special events and holiday periods.

Social media focus

The department maintains a strong customer focus updating on our service provisions via the website, social media channels and regional and national media outlets.

The office works particularly closely with the company's School Transport Department communicating information via Social Media and media regarding service disruptions.



National focus

The Press Office Manager also represents Bus Éireann on the National Emergency Co-Ordination Committee.

Promotion of the company's community project involvement and Corporate Social Responsibility initiatives are also communicated via the Press Office team.

Fleet launches and promotions

2015 saw the company hold a successful fleet press launch for our new Expressway coaches, as part of the company's 'Like the car, Only better' campaign.

The Press Office also played a key role in the organisation of the 'Going Places' Public Transport Forum in Galway in 2015 and promotion of the ID2015 collaboration.

Corporate Social Responsibility

National and regional focus

Bus Éireann contributed to over 50 Corporate Social Responsibility (CSR) initiatives in 2015. The majority of these were in local communities including initiatives such as the Knocknaheeny Justice Project in Cork, and Waterford Spraoi Arts Festival.

Examples include the annual #Stop Racism campaign with other public transport companies and facilitating and supporting fundraising efforts for the 'Change for Charity' initiative.

Significant improvement

Bus Éireann had the biggest increase in the most improved CSR reputations in Ireland in the last year, with members of the public noting our public service, and product and service quality.

Five most improved CSR reputations in Ireland 2014-2015

Rank	Company	Points Change	2014 CSR Index	2015 CSR Index	What the public recalls them doing to be good corporate citizens:
1.		+13.3	57.3	67.0	Public service, product/service quality
2.		+10.3	39.9	50.2	Supports the economy, good value, supports charities/good causes, environmentally friendly
3.		+8.3	57.7	66.0	Public education, supports charities/good causes, Sports/Arts/Event sponsorships
4.		+7.8	51.2	59	Public education, supports community events/good causes, supports charities/good causes
5.		+7.5	47.6	55.1	Sports/Arts/Event sponsorships, product/service quality, supports charities/good causes

Excellent/Top tier	80+
Strong/Robust	70-79
Average/Moderate	60-69
Weak/Vulnerable	40-59
Poor/Lowest tier	<40

Statistical significance: difference >6.6

THE REPUTATIONS AGENCY

REPUTATION INSTITUTE

Sponsorships

Bus Éireann sponsors the annual Comhaltas Macalla na hÉireann tour through provision of a coach with special branded artwork, and a driver for the full nationwide tour.

Comhaltas is the primary Irish organisation dedicated to the promotion of the music, song, dance and the language of Ireland among the Irish people and Irish diaspora.

The company is also a proud sponsor of Fleadh Cheoil na hÉireann, which is attended by over 350,000 people.

In 2015, we were invited to undertake a collaboration project with Youth for Public Transport (Y4PT) regarding the 2015 Fleadh Cheoil which was hosted in Sligo.

This international body promotes the interests of advancing public transport usage, and we have long fostered a strong relationship with our international colleagues and policy makers in UITP/Y4PT.

Bus Éireann was also one of the corporate sponsors for the 2015 Community and Voluntary Awards in County Waterford, and sponsored the award category for Social Inclusion.

In Galway, Bus Éireann was a sponsor of Console's East West Cycle and Headstrong's Jigsaw programme.

In Cork, we sponsored the Annual Tour de Munster cycle in aid of Down Syndrome Ireland.

Senior Management Team

The senior management team is based at Broadstone, Dublin 7 under the leadership and direction of our Chief Executive Martin Nolan.

Our experienced senior management team covers roles across all the key functions of our business in areas such as operations, finance, human resources, business development, engineering and strategy.



Chief Executive Officer

Martin Nolan was appointed Chief Executive Officer of Bus Éireann in early 2011. Martin previously worked as Chief Operating Officer of Bus Éireann from 2006 to 2011, with responsibility for all operations and information systems and previous to that as Chief Financial Officer from 1999 to 2006. Prior to that, Martin worked in the private sector in the role of Finance Manager and Company Secretary.

Martin is a Fellow of the Institute of Chartered Accountants in Ireland and an Associate of the Chartered Institute of Logistics and Transport (CILT) Ireland. He also holds a Certificate of Professional Competence in Road Transport Operations Management.



Chief Operating Officer

Sam Simpson joined Bus Éireann in 2014. Previously he worked in the Middle East and was responsible for Serco's Bus Operations in Asia, Middle East, and Americas for which he had P&L accountability.

Sam has over 30 years' bus industry experience; including nearly 25 years' experience at General Manager and director level. Prior to joining Bus Éireann, Sam managed bus operations in London, Manchester, Birmingham, Reading and West Yorkshire. In 2006, Sam was awarded the accolade of UK Bus Manager of the Year by the leading trade publication "Route One".

Sam is an Engineer by training and educated to Higher Degree level with a seminal PhD work which was commercially published in 2008.



Chief Finance Officer and Company Secretary

Andrea Keane is Chief Finance Officer and Company Secretary of Bus Éireann, a role that she has held since 2006. Andrea has responsibility for all financial matters within the company and as Company Secretary is responsible for advising the Board, through the Chairman, on governance issues.

Andrea is an associate member of the Chartered Institute of Management Accountants. Andrea worked in Iarnród Éireann as Manager Management Accounts between 1997 and 2006, and has also worked in the private sector in a number of Financial and Management Accounting roles.



Head of Strategy

Vincent Sheehan is Head of Strategy in Bus Éireann, responsible for strategic planning and regulatory affairs. Vincent has held a number of senior management roles within Bus Éireann. He joined the Bus Éireann team in 2006 and prior to that Vincent worked for 15 years for a wide range of public and private sector enterprises in the areas of business strategy, marketing and management development.

Vincent is a graduate of the MBS and BComm in UCD and is a member of the Chartered Institute of Logistics and Transport in Ireland (CILT).



Chief Human Resources Officer

Joe Kenny has worked in the public transport sector for over 32 years in a variety of roles within human resources and operations management. He holds a BBS degree and an MBA from University College Dublin. He previously worked with Dublin Bus before joining Bus Éireann in 2007 as Regional Manager East. He was appointed to the post of Chief Human Resources Officer in 2010.

Joe is currently the Chairperson of the UITP (International Association of Public Transport) Business and Human Resources Commission. He is a member of the Chartered Institute of Personnel Development (CIPD) and is also a member of the Chartered Institute of Logistics and Transport in Ireland (CILT).



Chief Mechanical Engineer

Joe Neiland was appointed as Chief Mechanical Engineer in Bus Éireann in early 2000. His role includes responsibility for the technical, safety, purchase, maintenance and performance of the fleet. Joe is also Head of Procurement as well as managing any special facilities projects throughout the company. Prior to joining Bus Éireann, Joe was a mechanical engineer with Irish Rail for over 20 years in a number of technical and managerial roles. He also played a key role in the design and implementation of the SAP IT system throughout the CIÉ Group.

He is a member of Engineers Institute of Ireland and holds a Bachelor of Mechanical Engineering degree from UCD as well as a Diploma in Manufacturing Management from the Irish Management Institute



Chief Commercial Officer

Stephen Kent was appointed Chief Commercial Officer in November 2013. Stephen held a number of marketing and commercial positions in Waterford Crystal, Dwans, Glanbia and Bank of Ireland before leaving to join Bus Éireann from C&C where he was Sales and Marketing Director in Irish and International roles.

Stephen is a graduate of the Marketing Institute, and holds a BBS degree from the University of Limerick and an MBA from Heriot Watt, University Edinburgh.

Directors And Other Information

Board of Directors

Aidan Murphy	Chairman
Bill McCamley	
John Moloney	
Henry Minogue	(re-appointed 29 January 2015)
Gerard Ryan	(re-appointed 30 July 2015)
Deirdre Ashe	
Denis Mackin	
Anne Bradley	(appointed 11 June 2015)
David McGarry	(appointed 11 June 2015)

Chief Executive

Martin Nolan

Secretary and Registered Office

Andrea Keane
Broadstone
Dublin 7

Telephone: 00 353 1 703 3484

Website: www.buseireann.ie

Registered Number: 119570

Company Limited by Shares

Designated Activity Company under the Companies Act 2014 (from 1 February 2016)

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

Biographies of Directors



Aidan Murphy

Aidan Murphy was appointed to the board in April 2013 and as Chairman of Bus Éireann in July 2014, following the retirement of Paul Mallee in June 2014.

Aidan is the COO of Carlow Precast and has extensive experience as a supply chain professional having held positions as CEO Pulse Logistics, Managing Director Supply C&C Group, General Manager Wincanton Ireland and Logistics Director Allegro Ltd. He has been a keynote speaker to several European supply chain events, including Logicon and the European Supply Chain Summit and is a Fellow and past President of the Chartered Institute of Logistics and Transport Ireland.

Aidan is a member of the board Commercial and Innovation Committee and served on the Audit Review Group up to the time of his appointment as Bus Éireann Chairman.

Aidan is also a CIÉ board member.



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 depot as a bus driver. He has held a variety of positions in his trade union, SIPTU, including membership of the Regional, Divisional and Branch Committees. Bill is presently a member of the Transport Sector and Dublin District Committees. He has represented his trade union at a number of European transportation conferences and was a member of the Department of Justice Working Party on Bus Violence 1996. Bill has written extensively on transportation and trade union issues, including a book on the history of Dublin's tramworkers.

Bill is also a CIÉ board member.



John Moloney

John Moloney was first appointed to the board in December 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

John joined Bus Éireann in 1978 and works in Cork as a bus driver. He is a member of the NBRU.

John is a member of the board Safety Committee and is also a CIÉ board member.



Henry Minogue

Henry Minogue was first appointed to the board in October 2011.

Henry has been the IT Director for UPC (now Virgin Media Ireland) in Ireland since 2006 having previously served as Programme Manager for Strategy and Planning. He has worked in the IT and Telecommunications sector in Ireland for 18 years. During this time he has gained extensive business experience in IT Strategic Planning, IT Operations Management, Delivery and Governance while also delivering Business Transformation through Innovation led programmes.

Henry has held numerous consulting and senior management positions in the telecommunications industry in Ireland. His portfolio also covers consulting positions in both the retail and financial sectors. Henry is a member of the Irish Computer Society and the Institute of Directors in Ireland.

Henry was appointed Chairman of the Bus Éireann Audit Review Group during 2012 and also serves as a member of the board Commercial and Innovation Committee.

Henry retired as a director on 9 October 2014 and was re-appointed as a director on 29 January 2015.



Gerard Ryan

Gerard Ryan was appointed to the board in July 2012.

Gerard has over 15 years' experience in senior management positions in the financial services and IT sectors in diverse organisations. He is currently Operations Director with Acorn Life Ltd, a privately owned Irish life insurance company, based in Galway. He is a non-executive Director of Acorn Insurance Ltd., a general insurance brokerage which is part of the Acorn Group. He has a strong background in general management and also highly experienced in financial and cost management, project management and assessment, business change, technology led innovation and meeting customer needs.

He holds a Masters in Business Administration from the UCD Michael Smurfit Graduate Business School and is also a B.Sc. in Computer Science graduate of Trinity College, Dublin.

Gerard is a member of the Audit Review Group and Chairman of the board Commercial and Innovation Committee.



Deirdre Ashe

Deirdre Ashe was appointed to the board of Bus Éireann in July 2014. Deirdre is Chairman of the Remuneration Committee and a member of the board Commercial and Innovation Committee.

Deirdre is Director of Personal Lines for Liberty Insurance Ireland and has been a Management Consultant working locally and internationally specialising in Marketing, Product and Business Strategy. She is a former Director of Aviva Health Insurance Limited and has held the positions of Marketing Director, Product Director and Commercial Director where she has successfully led the formulation and delivery of company launches, integration and international alignment.

Deirdre holds a Bachelor of Arts in Economics from NUIG, an MBA and a diploma in Company Direction from the Institute of Directors (IOD).



Denis Mackin

Denis Mackin was appointed to the board in July 2014.

Denis has thirty three years' service with the Public Service in Post & Telegraph, Telecom Éireann, O.P.W. and presently Office of Government Procurement (OGP); Denis has also served on South Dublin County Council and its committees. Denis was a member of Tallaght Community School for 22 years, is currently Chairman of Old Bawn Community School and board member of the Kilnamanagh Community Centre. Denis is a member of the board Safety Committee.



Anne Bradley

Anne Bradley was appointed to the Board in June 2015.

Anne is Director of IT in Aer Lingus and in addition holds the position of Emergency Response Director. Prior to that she served as Director of Operations Logistics with responsibility for the delivery of airline operations. Other leadership positions have included Head of Ground Operations and Airline Nominated Post Holder.

Anne's significant experience in transport and aviation enables her to bring directly relevant skills and expertise to the Board of Bus Éireann. Her understanding of operating in a highly regulated and competitive environment make her ideally suited to serve as Chairman of the board Safety Committee.

Anne assumed the Chairmanship of the board Safety Committee in June 2015.



David McGarry

David McGarry was appointed to the board in June 2015.

David is a member of the Audit Review Group (ARG) of Bus Éireann and also a member of the board Remuneration Committee.

David is Group Chief Financial Officer of Shannon Group plc. Prior to joining Shannon Group plc, he was Finance and Development Director of Indaver Group, and prior to that worked with NCB Corporate Finance and KPMG. David is a Chartered Accountant and a Chartered Director. David holds an MBA from the University of Leuven in Belgium, Bachelor of Commerce degree from University College, Cork and diploma and certificate in Company Direction from the Institute of Directors.

Directors' Report

The directors present their annual report in accordance with their obligations under the Irish Companies Act 2014 and the Transport (Re-organisation of Córas Iompar Éireann) Act 1986.

Principal activities and financial review

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

Córas Iompair Éireann, of which Bus Éireann is a subsidiary, is Ireland's national statutory authority providing land public transport within Ireland. It is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport.

The company recorded an overall deficit of €6.0 million (2014: Surplus €5.1 million) after the receipt of Public Service Obligation (PSO) payments of €33.7 million (2014: €34.4 million).

The deficit is disappointing but was achieved in very challenging conditions where the company delivered revenue growth, continued costs efficiencies, and within a framework of reduced PSO support and reduced maintenance grants.

Road passenger journeys increased by 0.67 million journeys and school journeys increased by 0.14 million journeys in 2015.

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

Results and reserves

The financial statements for the year ended 31 December 2015 are set out in detail on pages 49 to 78. The results for the year ended 31 December 2015 show a deficit of €6.0 million (2014: Surplus (€5.1 million).

The accumulated losses have increased to €12.9 million at 31 December 2015 (€6.9 million in 2014).

The net assets have declined from €22.3 million at 31 December 2014 to €16.3 million at 31 December 2015.

The Board

The company is controlled through its board of directors. The board met on ten occasions during 2015 (ten in 2014) and has a schedule of matters reserved for its approval.

Principal risks and uncertainties

The principal risks and uncertainties for the company are current and future market conditions and competitive, regulatory and liquidity risks.

Risk management

The company is committed to managing risk in a systematic and disciplined manner. The key risks are identified and action plans developed to mitigate these risks.

Risk register

A risk register is maintained by the company and is updated for review by the directors and senior management on an ongoing basis. A board Safety Committee is in place to review safety matters and maintenance matters. The board Commercial and Innovation Committee reviews commercial risks and the Audit Review Group reviews and monitors internal control and audit risks.

Directors Report (cont'd)

Competitive and regulatory risks

The company is dependent upon sustainable positive market conditions for its commercial services and upon sufficient funding for public services and school bus services from the National Transport Authority and the Department of Education and Skills respectively.

The company is subject to extensive regulation by the National Transport Authority (NTA) in respect of transport services which it provides and which includes detailed reporting requirements and challenging targets as set down by the NTA. This includes compliance with the terms of the five year direct award contract with NTA which was signed in late 2014.

Liquidity risks

Liquidity is carefully managed on a CIÉ Group basis of which the company is a member, by a dedicated professional team which coordinates day to day cash and treasury management together with annual and multi annual planning and the securing of sufficient corporate bank funding to allow the CIÉ Group to continue to operate.

Control environment

The company's controls are based on a common and process oriented management system. The objective is to ensure that the company's culture is characterised by integrity and that ethical values are not compromised. The control environment is characterised by the main business processes and the associated company policies and procedures, as well as local instructions.

Future developments

The company continues to monitor its revenues and costs closely into 2016 and beyond.

A new seat reservation system will be implemented during 2016.

There will be a continued focus on fleet fuel saving measures throughout the company both as a cost savings measure and also from an environmental perspective.

With the increase in economic activity, traffic congestion has once again become an issue. The company will renew its efforts to obtain increased bus priority measures in collaboration with the relevant local authorities and government agencies so that both public transport remains an attractive option for the public as well as controlling cost increases that can be associated with traffic congestion.

Investment in fleet will continue during 2016 with new vehicles coming into service.

The company has a comprehensive strategic planning and review process in place which is reviewed regularly by both senior management and the directors.

Capital investment

Capital expenditure amounted to €18.5 million in 2015 (2014: €26.7 million). The company received capital funding for PSO services from the National Transport Authority (NTA) in 2015 of €8.7 million (2014: €25.2 million), including grants of €1.5 million (2014: €0.8 million) in respect of land and buildings which are held by CIÉ, which enabled the company to invest in improved services for its customers.

Attendance at Board/committee meetings

Listed below are details of directors' attendance at board/committee meetings held during 2015:

	Board	Safety	Commercial and innovation	Remuneration
Mr Aidan Murphy	10/10	–	18/18	–
Mr Bill McCamley	7/10	–	–	–
Mr John Moloney	9/10	5/5	–	–
Mr Henry Minogue	7/9	–	14/17	–
Mr Gerard Ryan	10/10	–	18/18	–
Ms Deirdre Ashe	10/10	–	16/18	1/1
Mr Denis Mackin	9/10	5/5	–	–
Ms Anne Bradley	5/5	2/2	–	1/1
Mr David McGarry	4/4	–	–	1/1

Audit Review Group

The Audit Review Group (ARG) during 2015 comprises the following non-executive directors:

Mr H Minogue	(re-appointed to board and ARG on 29 January 2015)
Mr G Ryan	(re-appointed to board and ARG on 30 July 2015)
Mr D McGarry	(appointed to board and ARG on 11 June 2015)
Ms D Ashe	(resigned from ARG on 27 October 2015)

The main duties of the ARG 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 ARG discusses with the external auditor the nature and scope of the audit and the audit findings. The ARG also monitors the integrity of the financial statements prepared by the company.

The ARG keeps under review the effectiveness of the company's internal controls and risk management systems through regular direct updates from the Group Internal Audit department and from senior management.

The Terms of Reference of the ARG have been approved by the board and are reviewed on an annual basis and amended as appropriate. The Group met on nine occasions in 2015 (fourteen in 2014).

The ARG, 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.

Board Remuneration Committee

The board Remuneration Committee was established during late 2015 and met on one occasion during the year. It comprises the following non-executive directors:

Ms D Ashe – Chairman Board Remuneration Committee
Ms A Bradley
Mr D McGarry

The Committee considers and reviews remuneration and human resources policies within the company.

Directors Report (cont'd)

Board Safety Committee

The Bus Éireann Board Safety Committee, which was established at sub board level in 2004, met on five (five in 2014) occasions during the year. This Committee monitors the safety of the company against an annual safety plan and encourages the widest participation in safety awareness and accident prevention in the company.

It comprises the following directors:

Ms A Bradley – Chairman Board Safety Committee – Appointed during 2015

Mr J Moloney

Mr D Mackin

Board Commercial and Innovation Committee

The Commercial and Innovation Committee comprises the following non-executive directors:

Mr G Ryan – Chairman Board Commercial and Innovation Committee

Mr A Murphy

Ms D Ashe

Mr H Minogue

The terms of reference of the committee are to address four specific areas namely enterprise development, technology innovation, marketing and research and policy and planning.

The committee met on eighteen occasions during 2015 (ten in 2014).

Employee participation and consultation

In 2015 meetings of the local councils continued throughout the year.

As part of its consultation with all staff the company publishes an in company magazine entitled BÉ Connected and which issues on a number of occasions during the year.

Health and safety

The company is committed to ensuring the well-being of its employees by maintaining a safe place of work and by complying with relevant employment legislation including the Safety, Health and Welfare at Work Act, 2005. Governance of Health and Safety is monitored through the board Safety Committee.

EC (Late Payment in Commercial Transactions) Regulations 2012

The directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Regulations 2012. Procedures have been implemented to identify the dates upon which all invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the regulations.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Bus Éireann, Broadstone, Dublin 7.

Financial Reporting Standard 102 (FRS 102)

FRS 102 is effective for the financial year ended 31 December 2015 and this is the first year that the financial statements are being prepared under the new standard. Management in conjunction with CIÉ group conducted a comprehensive review of the implications of FRS 102 and the concepts and pervasive principles contained within the Standard in the preparation of the financial statements. The comparative amounts in the 2015 financial statements have been prepared in accordance with FRS 102 and required some restatement to align with the requirements of FRS 102. The restatements required are set out in the notes to the financial statements.

Directors

The directors of the company are appointed by the Minister for Transport, Tourism and Sport. The names of persons who were directors during the year ended 31 December 2015 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Mr Aidan Murphy	
Mr Bill McCamley	
Mr John Moloney	
Mr Henry Minogue	(retired 9 October 2014, re-appointed 29 January 2015)
Mr Gerard Ryan	(re-appointed 30 July 2015)
Ms Deirdre Ashe	
Mr Denis Mackin	
Ms Anne Bradley	(appointed 11 June 2015)
Mr David McGarry	(appointed 11 June 2015)

The directors or the secretary who served during the period did not hold any interest in any shares or debentures of the company, its holding company or its fellow subsidiaries at any time during the year.

Code of practice for the Governance of State Bodies

Details of the policies and procedures implemented by the Córas Iompair Éireann Group including the company, following publication of the Code of Practice for the Governance of State Bodies are set out in the Córas Iompair Éireann Annual Report.

Post balance sheet events

There have been no significant post balance sheet events which require adjustment to or disclosure in the financial statements.

Company status

The company registered as a Designated Activity Company, as required under the Companies Act 2014 on 1 February 2016.

Freedom of Information

The Freedom of Information (FOI) Act 2014 was signed into law in late 2014. During 2015, for the first time, certain parts of the Bus Éireann business came under its remit. The Act was extended to the administrative activities carried out by sections of the company. These activities relate to the provision of Schools Transport services to the Department of Education and Skills. Under the Act, Bus Éireann is subject to Freedom of Information requests via the Department of Education and Skills on records created since 21 April 2008.

Going concern

The board of directors have a reasonable expectation that 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 financial statements. Further details are set out in note 1 of the financial statements.

Statutory Auditors

The statutory auditors, PricewaterhouseCoopers, Chartered Accountants continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the board

A Murphy	Chairman
H Minogue	Director
Date	6th April 2016

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these 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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' report to the members of Bus Éireann

Report on the financial statements

Our opinion

In our opinion, Bus Éireann's financial statements (the "financial statements"):

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2015 and of its deficit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended;
- the significant accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matter on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the directors are responsible for the preparation of the financial statements and for being satisfied that they give 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 391 of the Companies Act 2014 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.

Independent Auditors' report to the members of Bus Éireann (cont'd)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mary Cleary

for and on behalf of PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

Dublin

6th April 2016

Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated. Bus Éireann has adopted FRS 102 for the first time in these financial statements. Details of the transition to FRS 102 are disclosed in note 25.

As permitted by the Companies Act 2014, the directors have adapted the prescribed format of the profit and loss account in a manner appropriate to the nature of the company's business.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires directors to exercise their judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out at (v) below.

(b) Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity but has not taken advantage of any available disclosure exemption for qualifying entities.

(c) Foreign currency

(i) Functional and presentation currency

The functional currency and presentational currency of the company is the Euro, denominated by the symbol "€" and unless otherwise stated. The financial statements have been presented in thousands ('000).

(ii) Transactions and balances

Transactions denominated in the foreign currency are translated into the functional currency using the spot exchange rates at the date of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account within 'materials and service costs'.

(d) Turnover

Turnover comprises the gross value of services provided. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered.

Turnover is recognised in the period in which the service is provided. The key income streams are described below along with a description of the revenue recognition policy for each revenue stream:

On bus and cash integrated ticketing system revenue is recognised on the day the service is provided. Proceeds received for the sale of annual tickets and other future dated products are carried within liabilities and recognised in the income statement over the term of the relevant product.

Other revenue is recognised in the period to which it relates.

(e) Public Service Obligation Payments and Grants

(i) Public Service Obligation (PSO) payments

PSO payments received and receivable during the year are recognised in the profit and loss account in the period they become receivable.

Summary of Significant Accounting Policies (cont'd)

(ii) European Union and Exchequer grants

European Union (EU) and Exchequer grants which relate to capital expenditure are credited to deferred income as they become receivable. Bus Éireann records grants using the "Accrual Model" in accordance with FRS102 section 24. They are amortised to the profit and loss account on the same basis as the related assets are depreciated.

Grants in respect of expenditure are recognised in the profit and loss at the same time as the related expenditure for which the grant is intended to compensate is incurred.

(f) Materials and Services costs

Materials and services costs otherwise referred to as operating costs constitute all costs associated with the day to day running of the operations of Bus Éireann, excluding depreciation, amortisation and payroll costs which are disclosed separately in the profit and loss account, and set out in more detail in note 5 of the financial statements.

(g) Interest receivable/interest payable

(i) Interest receivable

Interest earned is credited to the profit and loss account in the period in which it was earned.

(ii) Interest payable

Borrowing costs are charged to the profit and loss account in the period in which they are incurred.

(h) Exceptional costs

Bus Éireann's profit and loss account separately identifies results before specific items. Specific items are those that in our judgement need to be disclosed separately by virtue of their size, nature or incidence. The company believes that this presentation provides additional analysis as it highlights exceptional items. Such items include significant business restructuring costs.

In this regard the determination of 'significant' as included in our definition, both qualitative and quantitative judgement is used by the company in assessing the particular items, which by virtue of their scale and nature, are disclosed in the company profit and loss account and related notes as exceptional items.

(i) Income tax

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(j) Related party transactions

Bus Éireann is a subsidiary of CIÉ Group. Bus Éireann discloses transactions with related parties which are not wholly owned within the group. It does not disclose transactions with members of the same group that are wholly owned.

(k) Intangible fixed assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight-line basis. Software is not considered to have a residual value.

Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances. Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(l) Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to location and condition necessary for its intended use and applicable decommissioning costs.

The bases of calculation of depreciation are as follows:

(i) Depreciation and residual values

Road passenger vehicles

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

Plant and machinery

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

Details of the expected useful lives of the various types of assets for depreciation purposes are set out in the notes to the financial statements.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(ii) Subsequent additions and major components

Subsequent costs, including in respect of replaced components, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance costs are expensed as incurred.

(iii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

(m) Leased assets

(i) Operating leases

Operating leases do not transfer substantially of the risk and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are recognised as a reduction of the operating lease expense on a straight line basis over the period of the lease.

(n) Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying

Summary of Significant Accounting Policies (cont'd)

amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account.

(o) Stocks

Stocks consist of maintenance materials, spare parts and fuel and other sundry stock items. Stocks of materials and spare parts are valued at the lower of weighted average cost and net realisable value. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the balance sheet date, stock which is known to be obsolete is written off and provision is made in respect of stocks which are considered to be impaired.

(p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(q) Financial instruments

The company has chosen to apply the provisions of Section 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

The company has a number of basic financial assets which include trade and other debtors, amounts owed from group companies and cash and cash equivalents and which are recorded in current assets as due in less than one year.

Basic financial assets are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is

initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) Financial liabilities

Similarly, a number of basic financial instruments are included in current liabilities, including trade and other creditors, bank loans and overdrafts and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans and overdrafts, loans from fellow group companies and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(r) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

Provision is made for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

Other provisions consist of provisions related to the operation of bus services, pay related provisions, environmental provisions, legal claims and pension related provisions.

Provision is not made for future operating losses.

(s) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(t) Employee benefits

The company provides a number of employee benefits to staff depending on their grade, seniority and statutory obligations. Benefits include the payment of salary or wages and the payment of premia for additional work undertaken.

In addition employer contributions in respect of pension are made for eligible staff to the respective pension schemes.

Defined benefit pension plan

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan) for employees of the CIÉ group. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

These schemes have been accounted for in the CIÉ Group financial statements. The defined benefit pension scheme assets are measured at fair value. Defined benefit pension schemes liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet of CIÉ as a liability. All of the subsidiaries, as well

Summary of Significant Accounting Policies (cont'd)

as CIÉ itself, participate in the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan. The scheme rules do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit costs for the schemes as a whole are recognised in the separate financial statements of CIÉ as in the absence of a formal contractual arrangement the directors believe that this is entity that is legally responsible for the schemes. The other participating entities, including Bus Éireann recognise a cost equal to their contribution for the period. Further details of these schemes are set out in note 18.

(u) Equity

Ordinary called up share capital and revenue reserves are classified as equity and set out in note 15 of the financial statements.

(v) Critical accounting estimates and assumptions

Estimates and judgements made in the process of preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement and complexity and the estimates and assumptions that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying amount of the intangible assets, property plant and equipment, and the

useful economic lives for each class of asset are set out in note 9.

(ii) Third party and employer liability claims provision and related recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

The 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.

Further details are set out in note 13 to the financial statements

(iii) Defined benefit pension scheme

The CIÉ group, of which the company is a member, has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Note 18 to the financial statements sets on in more detail matters related to pensions costs and the pension schemes.

Profit and Loss Account

Financial Year Ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Revenue			
Operating turnover		303,004	297,899
Revenue grants	14(c)	4,048	5,265
Receipts from public service obligation contract	23	33,714	34,387
	3	340,766	337,551
Costs			
Payroll and related costs	4(a)	(130,666)	(123,940)
Materials and services	5(a)	(208,072)	(200,553)
EBITDA before exceptional operating costs		2,028	13,058
Exceptional costs	5(b)	(357)	(2,090)
Depreciation and amortisation (net)	5(d)	(7,067)	(6,665)
Profit/(loss) on disposal of tangible fixed assets		1	(6)
Operating (deficit)/surplus		(5,395)	4,297
Interest receivable and similar income	6	–	825
Interest payable and similar charges	6	(596)	–
(Deficit)/surplus for the year before tax		(5,991)	5,122
Tax on (deficit)/surplus	7	–	–
(Deficit)/surplus after tax		(5,991)	5,122

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Statement of Comprehensive Income

Financial Year Ended 31 December 2015

	2015 €'000	2014 €'000
(Deficit)/surplus for the year	(5,991)	5,122
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(5,991)	5,122

Balance Sheet

Financial Year Ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Fixed assets			
Intangible fixed assets	8	3,728	3,567
Tangible fixed assets	9	88,570	90,420
		92,298	93,987
Current assets			
Stocks	10	4,027	3,700
Debtors	11	74,664	82,311
Cash at bank and in hand		1,226	1,062
		79,917	87,073
Creditors (amounts falling due within one year)	12	(56,267)	(53,893)
Net current assets		23,650	33,180
Total assets less current liabilities		115,948	127,167
Provisions for liabilities and charges	13	(51,566)	(51,543)
Deferred income	14	(48,081)	(53,332)
Net assets		16,301	22,292
Capital and reserves			
Called up share capital	15	29,204	29,204
Profit and loss account		(12,903)	(6,912)
Total equity		16,301	22,292

On behalf of the board

A Murphy Chairman

H Minogue Director

Date 6th April 2016

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Statement of Changes In Equity

Financial Year Ended 31 December 2015

	Called up share capital €'000	Profit and loss account €'000	Total €'000
Balance at 1 January 2014	29,204	(12,034)	17,170
Surplus for the year	–	5,122	5,122
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	5,122	5,122
Balance at 31 December 2014	29,204	(6,912)	22,292
Balance at 1 January 2015	29,204	(6,912)	22,292
Surplus for the year	–	(5,991)	(5,991)
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	(5,991)	(5,991)
Balance at 31 December 2015	29,204	(12,903)	16,301

Statement of Cash Flows

Financial Year Ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Cash from operations			
Net cash generated from operating activities	16	5,453	6,522
Cash flows from investing activities			
Additions to tangible and intangible assets	8&9	(18,490)	(26,671)
Sale proceeds on disposal of tangible fixed assets		6	17
Capital grants received	14(a)	7,157	24,313
Movement on loan to parent company		6,634	(5,091)
Interest (paid to)/received from parent company	6	(596)	825
Net cash generated from/(used in) investing activities		(5,289)	(6,607)
Cash flow from financing activities			
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		164	(85)
Cash and cash equivalents at start of year		1,062	1,147
Cash and cash equivalents at end of year		1,226	1,062

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Notes to The Financial Statements

1 Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the company and the CIÉ Group, of which the company is a member, will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Background

At 31 December 2015 the CIÉ group had net liabilities of €206m (2014: €616m) and net current liabilities of €275m (2014:€284m). The net liabilities of the group include liabilities in respect of defined benefit pension obligations of €288m (2014:€702m) and deferred income in respect of capital grants received of €2,687m (2014:€2,784m).

In July 2013 the CIÉ Group successfully completed negotiations with the Group's banks in relation to re-financing and increasing the banking facilities available to the Group. Committed facilities of €160m were secured up to July 2018, of which €26m has subsequently been repaid and is not available to be redrawn under the Group's term loan facility. At 31 December 2015 the Group had drawn down €54m under the term loan facilities. The undrawn amount available to the Group under the Group's revolving credit facilities was €80m.

These facilities contain a number of financial covenants, all of which have been met by the CIÉ Group in 2015. Management expect that the CIÉ Group will continue to meet the covenants set out in the facility agreement for the period of at least 12 months from the date of approval of these financial statements.

Nature of Uncertainties Facing Group

While trading performance improved during 2015 the CIÉ Group continues to face a challenging business environment which gives rise to uncertainties.

While management are confident that overall financial targets including those required for the Group to meet its financial covenants will continue to be met in the forthcoming year, the Group's future performance is based on a number of challenging targets and assumptions, which require constant monitoring and oversight by management. The Group's budget assumes that the Group will continue to incur an operating deficit in 2016.

The principal uncertainties affecting the future outlook can be summarised under the following headings:

Revenue

The achievement of the revenue growth targets set out in the Group's 5-year business plans are based on a combination of assumptions related to increases in nominal fares, increases in passenger journeys and the mix of fares between cash and other fares. The capacity of the Group to secure the fare increases assumed in its plans is principally dependent on fare determinations by the National Transport Authority (NTA) and increases in passenger journeys is dependent on sustained economic recovery.

Operating Costs

Maintaining operating costs at appropriate levels as set out in the Group's business plans remains 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.

Investment Costs

Achieving the appropriate level of investment in the maintenance, renewal and enhancement of public transport infrastructure is critical to underpinning the provision of safe, effective and reliable public transport services. Ensuring that necessary investment is appropriately funded is a continuing challenge for management so that the investment demand of the Group's operations does not undermine the financial sustainability of the Group.

The Group's plans for 2016 are subject to capital expenditure funding support from the Exchequer and the NTA and also envisage funding investment from operating cash flows. The Group's sustainability in the longer term is dependent on an appropriate level of government funding being in place to fund the public transport services that are required under the Group's Public Service Obligation contracts.

Notes to the Financial Statements (cont'd)

Funding of investment requirements in the longer term remains a significant challenge for all stakeholders. Should there be a shortfall in levels of funding; the risk that the Group may not generate sufficient returns to protect its financial stability during the life of the current 5-year business plan arises. In that event, working capital will become constrained requiring constant monitoring. Mitigating actions would be required to ensure that the overall financial covenants to which the Group is committed, are not breached and that sufficient cash-flow is generated after investment to meet obligations as they fall due.

Pensions

The Group's pension schemes are in deficit. The liabilities of these schemes are included in the financial statements of CIÉ and not at the individual operating company level, as explained in note 18 to the financial statements. Although the net liabilities of the pension schemes reduced significantly at 31 December 2015, in comparison to the prior year, the financial markets remain volatile, including significant movements in the underlying interest rates under which liabilities are measured, and the valuation of assets held by the schemes, since year end. The ongoing volatility in the valuation of the schemes require careful monitoring and the identification of measures which can be implemented, on an agreed basis, to reduce the risk in relation to the schemes.

CIÉ is engaging with its staff to identify and agree on measures which are designed to de-risk the schemes.

Management's Actions

Group and Company management have taken and are continuing to take a number of actions, including:

- Continuous review of risks and opportunities affecting the Group's business plan.
- Discussions with the NTA and Department of Transport, Tourism and Sport on the appropriate funding structure/Net financial effect for Iarnród Éireann, Bus Éireann and Bus Átha Cliath.
- Discussion with staff representatives to agree measures to address the financial position of Group's pension funds.
- Continued implementation and rigorous monitoring of cost saving initiatives.
- Close monitoring by management of the daily, weekly and monthly cash position across the Group.
- Implementation of revenue protection initiatives and seeking new revenue generating activities.

Letter of Support

The on-going support of the Department of Transport, Tourism and Sport has been evidenced in the letter of support dated 5th April 2016.

The letter states that: "the Department continues to monitor the financial position of CIÉ and is engaging with CIÉ in relation to measures necessary to safeguard CIÉ's financial sustainability." Whilst the letter states 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" and "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 EU Commission notification and approval".

Conclusion

Having made due enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the cashflow generating from the CIÉ Group's trading activities and its existing banking facilities will be sufficient to fund the ongoing cash flow needs of the group, and to meet its financial covenants under the CIÉ Group's banking facilities agreements, for the period of at least 12 months from the date of approval of these financial statements. They also have a reasonable expectation that the Government will support measures to ensure financial stability. For these reasons, directors have concluded that the risks described above do not represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern.

Notes to the Financial Statements (cont'd)

The directors, having regard to above, have a reasonable expectation that the CIÉ Group, and therefore the company, will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements, and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

2 Activities, ownership and statement of compliance

(a) Statement of compliance

The financial statements of the company have been prepared on a going concern basis in accordance with Irish GAAP (Accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The financial statements comply with Financial Reporting Standard 102, "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2014.

(b) Activities and ownership

CIÉ, of which Bus Éireann is a subsidiary, is Ireland's national statutory authority providing public transport within Ireland. CIÉ is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport.

Bus Éireann is a transport management company, whose principal activities are the management and planning of an integrated network of services including the provision of schools bus services, using its own and sub-contractor resources.

Bus Éireann, the company, is a Commercial State Company and is part of the CIÉ Group of companies. The company was re-registered as a Designated Activity Company effective from 1 February 2016 under the Companies Act 2014.

The financial statements of the company relate solely to the activities of Bus Éireann.

3 Total revenue

This comprises operating turnover, net of recoverable VAT, receipts under the Public Service Obligation Contract and Revenue grants. Details of Revenue grants are set out in note 14(c). The company is a transport service provider and provides services throughout Ireland and is regulated by the National Transport Authority (NTA).

Notes to the Financial Statements (cont'd)

4(a) Payroll and related costs

	2015	2014
	€'000	€'000
Staff costs:		
Wages and salaries	111,028	105,364
Social insurance costs	10,307	9,980
Other retirement benefit costs	9,253	8,535
	130,588	123,879
Engineering work for group companies recharged	(49)	(54)
Net staff costs (excluding directors remuneration)	130,539	123,825
Directors' remuneration:		
– For services as directors	65	55
– For executive services	62	60
Total directors' remuneration and emoluments	127	115
Payroll and related costs	130,666	123,940

	2015	2014
	Number	Number
The average numbers of employees during the year were:		
Full-time	2,078	2,039
Part-time school bus drivers	409	417
Total	2,487	2,456

4(b) CEO remuneration

Wages and salaries costs include the following remuneration payable to the CEO Mr Martin Nolan, for executive services.

	2015	2014
	€'000	€'000
Basic salary	190	184
Taxable allowances and benefits in kind	15	16
Social insurance costs	22	22
Post-retirement benefit costs	46	44

These are in accordance with Department of Public Expenditure and Reform guidelines for Chief Executives.

Notes to the Financial Statements (cont'd)

4(c) Key management and director earnings

Key management compensation, including salary and benefits of CEO, and directors are as follows:

	2015	2014
	€'000	€'000
Salaries and short term benefits	1,254	1,152
Post retirement benefit costs	187	186
Social insurance costs	87	78
Total	1,528	1,416

Key management and directors earnings comprise salaries and related costs payable to senior management and directors. No bonuses, performance related pay or compensation for loss of office costs were incurred.

The directors of the company were paid director's fees for services as directors during 2015 as follows:

Mr H Minogue	€11,620
Mr A Murphy	€21,600
Ms D Ashe	€12,600
Mr. G Ryan	€12,600
Ms A Bradley	€6,958

Mr B McCamley, Mr D Mackin, Mr D McGarry and Mr J Moloney did not receive any director's fees for services as directors.

All payments comply in full with government guidelines for director's fees.

5 Expenses by nature

(a) Materials and service costs

	2015	2014
	€'000	€'000
Fuels and lubricants	32,727	34,380
Contractors	127,697	124,167
Road tax and licences	608	573
Operating lease rental of vehicles	530	538
Rates	696	759
Third party and employers liability claims (note 13)	4,794	1,500
Other materials and services	41,020	38,636
	208,072	200,553

Contractor costs comprise school contractors, bus hireage and contract service maintenance.

Notes to the Financial Statements (cont'd)

(b) Exceptional costs

	2015	2014
	€'000	€'000
Restructuring paid and provided for	357	2,090

During 2015, the company provided for costs associated with restructuring.

(c) Operating deficit for 2015 (surplus for 2014) is stated after

	2015	2014
	€'000	€'000
Inventory consumed	40,860	41,962
Increase/(decrease) in inventory obsolescence provision	121	(79)
Foreign exchange losses (net)	11	13
Profit/(loss) on disposal of fixed assets	1	(6)
Operating leases	530	538
Restructuring costs (note 5(b))	357	2,090
Depreciation of tangible fixed assets	19,060	16,494
Amortisation of intangible fixed assets	1,115	928
Amortisation of grants	(13,108)	(10,757)

(d) Depreciation and amortisation of tangible and intangible fixed assets

	2015	2014
	€'000	€'000
Depreciation of tangible fixed assets (note 9)	19,060	16,494
Amortisation of intangible fixed assets (note 8)	1,115	928
Amortisation of capital grants (note 14(a))	(13,108)	(10,757)
	7,067	6,665

6 Net interest expense

	2015	2014
	€'000	€'000
Interest receivable and similar income from parent company	–	825
Interest payable and similar charges to parent company	(596)	–
	(596)	825

Notes to the Financial Statements (cont'd)

7 Taxation

(a) Tax expense included in profit or loss

	2015 €'000	2014 €'000
Current tax:		
Irish corporation tax on profit for the financial year	-	-
Adjustments in respect of prior financial years	-	-
Current tax expense for the financial year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Deferred tax expense for the financial year	-	-
Tax on profit on ordinary activities	-	-

(b) Tax expense/(income) relating to items recognised in other comprehensive income

Current tax	-	-
Deferred tax	-	-
Total tax expense relating to items recognised in other comprehensive income	-	-

(c) Tax expense relating to items recognised in equity

Current tax	-	-
Deferred tax	-	-
Total tax expense relating to items recognised in equity	-	-

Notes to the Financial Statements (cont'd)

d) Reconciliation of tax expense

Tax assessed for the financial year differs than that determined by applying the standard rate of corporation tax in the Republic of Ireland for the financial year ended 31 December 2015 of 12.5% (2014: 12.5%) to the deficit for the year. The differences are explained below:

(Deficit)/surplus on ordinary activities before tax	(5,991)	5,122
(Deficit)/surplus multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	(749)	640
Effects of:		
– Capital allowances for the year in excess of depreciation	1,703	1,435
– Income not subject to tax	(5,853)	(5,643)
– Expenses not deductible for tax purposes	153	105
– Unrelieved tax losses carried forward not recognised	4,635	3,157
– Income charged to tax at higher rate	124	204
– Other movements	(13)	102
Current tax charge for the year	-	-

A potential deferred tax asset of €120m (2014: €116m) has not been recognised, as the future recovery against taxable profits is uncertain.

Notes to the Financial Statements (cont'd)

8 Intangible Fixed Assets

	Software €'000	Total €'000
Cost		
At 1 January 2015	5,423	5,423
Additions	1,276	1,276
Disposals	–	–
At 31 December 2015	6,699	6,699
Amortisation		
At 1 January 2015	1,856	1,856
Charge for the year	1,115	1,115
Disposals	–	–
At 31 December 2015	2,971	2,971
Net book amounts		
At 31 December 2015	3,728	3,728
At 31 December 2014	3,567	3,567
Cost		
At 1 January 2014	3,701	3,701
Additions	1,722	1,722
Disposals	–	–
At 31 December 2014	5,423	5,423
Amortisation		
At 1 January 2014	928	928
Charge for the year	928	928
Disposals	–	–
At 31 December 2014	1,856	1,856
Net book amounts		
At 31 December 2014	3,567	3,567
At 31 December 2013	2,773	2,773

(a) The expected useful lives of the intangible assets for amortisation purposes are as follows:

Software – 3 to 5 years straight line

Notes to the Financial Statements (cont'd)

9 Tangible fixed assets

	Road Passenger Vehicles €'000	Plant & Machinery €'000	Total €'000
Cost			
At 1 January 2015	294,116	25,736	319,852
Additions	15,774	1,440	17,214
Disposals	(6,658)	(120)	(6,778)
At 31 December 2015	303,232	27,056	330,288
Depreciation			
At 1 January 2015	211,668	17,764	229,432
Charge for the year	17,514	1,546	19,060
Disposals	(6,658)	(116)	(6,774)
At 31 December 2015	222,524	19,194	241,718
Net book amounts			
At 31 December 2015	80,708	7,862	88,570
At 31 December 2014	82,448	7,972	90,420
Cost			
At 1 January 2014	273,023	23,779	296,802
Additions	22,923	2,026	24,949
Disposals	(1,830)	(69)	(1,899)
At 31 December, 2014	294,116	25,736	319,852
Depreciation			
At 1 January 2014	198,337	16,477	214,814
Charge for the year	15,138	1,356	16,494
Disposals	(1,807)	(69)	(1,876)
At 31 December 2014	211,668	17,764	229,432
Net book amounts			
At 31 December 2014	82,448	7,972	90,420
At 31 December 2013	74,686	7,302	81,988

Notes to the Financial Statements (cont'd)

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

	Lives (Years)
Road passenger vehicles	8 - 14
Plant and machinery	3 - 10

(ii) Road passenger vehicles at a cost of €79.99 million (2014: €68.84 million) were fully depreciated but still in use at the balance sheet date.

(iii) Tangible fixed assets at 31 December 2015 include €4.58 million (2014: €22.58 million) in respect of tangible fixed assets not yet in service at that date.

(iv) The company does not own the property in use; this is owned by the CIÉ Holding Company and is included in the financial statements of CIÉ.

(v) Assets with a carrying value of €4,000 were disposed in compliance with CIÉ Group policies and procedures for disposals of assets during the year.

10 Stocks

	2015 €'000	2014 €'000
Maintenance materials and spare parts	2,867	2,572
Fuels, lubricants and sundry stocks	1,160	1,128
	4,027	3,700
Stock consumed during the year:		
Stock of materials and fuel consumed net of fuel rebate	40,860	41,962

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

11 Debtors

	2015 €'000	2014 €'000
Trade debtors	3,843	3,737
Amounts due from Department of Education and Skills	9,359	9,743
Amounts owed by parent company	60,422	67,057
Other debtors	1,040	1,774
	74,664	82,311

All assets fall due within one year.

Amounts owed by the parent company are unsecured, interest free and repayable on demand. The directors acknowledge that, although the amounts owed by the parent company are repayable on demand, the company does not intend to seek repayment of the amounts due in the foreseeable future.

Trade debtors are stated net of a provision for doubtful debts of €92,529 (2014: €21,263).

Notes to the Financial Statements (cont'd)

12 Creditors

	2015 €'000	2014 €'000
Amounts falling due within one year		
Trade creditors	15,831	13,150
Income tax deducted under PAYE and USC	2,250	1,805
Social insurance	1,591	1,274
Value added tax and other taxes	243	280
Other creditors	1,192	–
Accruals	22,860	24,384
Deferred income (note 14 (a))	12,300	13,000
	56,267	53,893
Creditors for taxation and social insurance included above	4,084	3,359

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

13 Provisions for liabilities and charges

	Operational €'000	Environmental €'000	Other €'000	Restructuring €'000	Third party and employer liability claims €'000	Total €'000
2014						
Opening Balance	5,009	150	1,299	100	48,496	55,054
(Credit)/charge to profit and loss account (net)	288	–	(256)	1,200	1,500	2,732
Used during year	(786)	–	–	–	(5,457)	(6,243)
Closing Balance	4,511	150	1,043	1,300	44,539	51,543
2015						
Opening Balance	4,511	150	1,043	1,300	44,539	51,543
(Credit)/charge to profit and loss account (net)	(20)	66	(114)	(100)	4,794	4,626
Used during year	(37)	(150)	(380)	–	(4,036)	(4,603)
Closing Balance	4,454	66	549	1,200	45,297	51,566

Notes to the Financial Statements (cont'd)

Operational provisions

The operational provision consists of provisions related to the operation of bus services and pay related provisions. Included in the operational provision is an amount €3.8m (2014: €3.9m) in respect of post-retirement benefit costs at the balance sheet date.

Environmental provision

The environmental provision relates to restoration costs arising as a result of environmental legislation.

Other provision

The other provision consists of provisions related to the legal claims.

Restructuring provision

The restructuring provision relates to amounts payable arising from the implementation of continuing cost saving initiatives.

Third party and employer's liability claims

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

(a) External insurance cover

CIE has, on behalf of the company, the following external cover:

- (i) Third party liability in excess of €2,000,000 for school buses and €2,000,000 for other road transport, on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of claims subject to United States jurisdiction where the excess is US\$3,300,000.
- (ii) Aggregate cover in the twelve month period, April 2015 to March 2016, for third party liabilities in excess of a self-insured retention of €11,000,000, subject to an overall Group self-insured annual aggregate retention of €27,000,000, after which any individual self-insured retention in that annual period will be €50,000.
- (iii) Group Combined Liability Insurance with overall indemnity is €200,000,000 for the twelve month period, April 2015 to March 2016, for rail and road transport Third Party and Other Risks Liabilities, excluding Terrorism.
- (iv) All risks, including storm damage, with an indemnity of €200,000,000 in respect of Group's property in excess of €1,000,000 on any one loss or series of losses, with the annual excess capped at €5,000,000 in aggregate after which any individual self-insured excess in that annual period will be €100,000.
- (v) Terrorism damage indemnity cover for the Group is €200,000,000, with an excess of €10,000,000 for each and every loss, except for railway and road rolling stock whilst in transit where the excess is €500,000 for each and every loss in Ireland/Northern Ireland, and €250,000 for each and every loss in the United Kingdom (excluding Northern Ireland).

Similar insurance arrangements are in place in respect of earlier years.

(b) Third party and employer liability claims provision and related recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

The estimated cost of claims includes expenses to be incurred in settling claims. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of unpaid claims the company uses a variety of estimation techniques, including statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may cause distortion in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when

Notes to the Financial Statements (cont'd)

compared with the cost of previously settled claims including, for example, changes in company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, changes in the legal environment, the effect of inflation, changes in mix of claims 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. Reinsurance recoveries are recognised where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance having regard to notification from the company's brokers of any re-insurers in run off.

14 Deferred income

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

(a) Capital grants

	2015 €'000	2014 €'000
Balance at 1 January	66,332	52,776
Received	7,157	24,313
Amortisation charge (note 5(d))	(13,108)	(10,757)
Balance at 31 December	60,381	66,332
<i>Made up as follows:</i>		
Included in current liabilities (note 12)	12,300	13,000
Included in non-current liabilities	48,081	53,332
	60,381	66,332

Notes to the Financial Statements (cont'd)

Disclosure to accord with Department of Finance Circular number 17/2010

(b) Capital grants

	2015	2014
	€'000	€'000
Capital grants were used to fund the following additions:		
Computer, Hardware and Software	821	1,528
Buses	6,336	22,785
Property	1,533	844
Sub total	8,690	25,157
Less:		
Transfer to CIÉ (Property)	(1,533)	(811)
Reclassified to profit and loss	–	(33)
Total	7,157	24,313

(c) Revenue grants receivable

Maintenance and other	4,048	5,265
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Capital Grants are amortised over the useful lives of the assets. Revenue Grants are brought to Profit and Loss in full in the relevant year received. The relevant agency and programme is the NTA and the Capital Funding Programme 2015 and the sponsoring government department is the Department of Transport Tourism and Sport. Grants are restricted to Public Service Obligation (PSO) activities.

15 Share capital

	2015	2014
	€'000	€'000
Authorised		
Ordinary shares of €1.27 each	40,632	40,632
Allotted, called up and fully paid		
Ordinary shares of €1.27 each	29,204	29,204

Notes to the Financial Statements (cont'd)

16 Note to the statement of cash flows

	2015	2014
	€'000	€'000
(Deficit)/Surplus for the financial year	(5,991)	5,122
Net interest payable/(receivable)	596	(825)
Operating (deficit)/surplus	(5,395)	4,297
(Profit)/loss on disposal of tangible fixed assets	(1)	6
Depreciation and amortisation of tangible and intangible fixed assets	20,175	17,422
Capital grants amortised	(13,108)	(10,757)
Increase in inventory	(327)	(338)
Decrease/(increase) in debtors	1,012	(2,290)
Increase in creditors	3,074	1,693
Increase/(decrease) in provisions for liabilities and charges	23	(3,511)
Cash flow from operating activities	5,453	6,522

17 Operating lease obligations

	2015	2014
	€'000	€'000
Commitments under non-cancellable operating leases payable as follows:		
Within one year	1,235	220
Between one and five years	4,600	220
	5,835	440

Included above within one year and between one and five years for 2015 is an operating lease entered into during the year for buses with lease obligations of €1.1 million and €4.4 million respectively. The term of this lease is five years.

18 Pensions

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan) for employees of the CIÉ group. The employees of Bus Éireann are members of Córas Iompair Éireann Group pension schemes. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The rules of the schemes do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit cost for the schemes as a whole are recognised in the separate financial statements of CIÉ as in the absence of a formal contractual arrangement, the directors believe that this is the entity that is legally responsible for the schemes. The other participating entities, including Bus Éireann recognise a cost equal to their contribution for the period.

Notes to the Financial Statements (cont'd)

The valuations of the schemes under FRS 102 as at 31 December 2015 showed a deficit of €288.4 million, (2014: €701.8 million). The disclosures required under FRS 102 in respect of the group's defined benefit plans, in which the company participates, are set out in the financial statements of CIÉ for the year ended 31 December 2015 which are publicly available from CIÉ, Heuston Station, Dublin 8.

The company's pension cost for the year under the defined benefit schemes was €9.25 million (2014: €8.54 million) and these costs are included in note 4(a). The company cost comprises of contribution payable for the year.

19 Capital commitments

	2015	2014
	€'000	€'000
Contracted for	30,807	15,178
Authorised by Directors but not contracted for	6,075	1,006
	36,882	16,184
Capital commitments for which funding by way of grants is committed	21,185	3,173

20 Guarantees and contingent liabilities

The CIÉ Group has borrowings of €53.6 million (2014: €66.4 million) at the balance sheet date. These borrowings are cross guaranteed by Bus Éireann and the other subsidiaries in the CIÉ Group.

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

Bus Éireann's capital expenditure in respect of PSO Fleet is funded through Capital Grants from the National Transport Authority. This funding is provided in line with the provisions of the Direct Award Contract, signed on 1 December 2014 and certain contingent liabilities arise under these agreements. The directors believe that the risk of the National Transport Authority exercising their rights under the related agreements is remote.

Notes to the Financial Statements (cont'd)

21 Net (deficit)/surplus by activity

	Public services				Total €'000
	Commercial and school transport €'000	Stage carriage €'000	City €'000	Public Services Total €'000	
2015					
Revenue	222,869	47,823	32,312	80,135	303,004
Costs (net)	(228,276)	(78,139)	(39,985)	(118,124)	(346,400)
Result before PSO payment	(5,407)	(30,316)	(7,673)	(37,989)	(43,396)
Revenue grant				4,048	4,048
PSO payment				33,714	33,714
Result after PSO payment	(5,407)			(227)	(5,634)
Exceptional costs	(233)			(124)	(357)
Result for financial year	(5,640)			(351)	(5,991)
2014					
Result for financial year	1,613			3,509	5,122

The company operates commercial, schools transport and public service activities. The principal activity operated on a commercial basis is Expressway.

The School Transport Scheme is operated under "contract", more correctly described as an administrative arrangement, with the Department of Education and Skills.

The remaining principal activities are Stage Carriage and City Services for which the company receives PSO payments in respect of these public service activities. Costs for Expressway, Stage Carriage and City Services are allocated on the basis of numbers of buses, kilometres, hours and other available metrics. The cost of PSO operations in the year ended 31 December 2015 amounted to €38 million, before exceptional items, while the compensation received amounted to €33.7 million for PSO payment and €4 million for revenue grants respectively.

22 Related parties

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

The company is exempt from the disclosure requirements of paragraph 33.9 of FRS102 in relation to transactions with those entities that are a related party by virtue of the fact that the same State has control, joint control or significant influence over both the reporting entity and the other entity.

23 Public service obligation contract

The PSO payable to the company through the holding company, Córás Iompair Éireann, amounted to €33.7m for the year ended 31 December 2015 (2014: €34.4m).

Notes to the Financial Statements (cont'd)

24 Membership of Córas Iompair Éireann Group

Bus Éireann is a wholly owned subsidiary of CIÉ and the financial statements reflect the effects of group membership. Copies of the CIÉ consolidated financial statements can be obtained from CIÉ, Heuston Station, Dublin 8.

25 Transition to FRS 102

This is the first year that the company has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial year ended 31 December 2014. The company's date of transition to FRS 102 is 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and total equity as at 1 January 2014 and 31 December 2014 between Irish GAAP as previously reported and FRS 102.

	€'000
Income and expenditure	
Irish GAAP Surplus for the year as previously reported	5,122
FRS 102 Surplus for the year	5,122
Reconciliation of total equity at 31 December 2014	
Irish GAAP Closing equity as previously reported	22,292
FRS 102 Closing equity	22,292
Reconciliation of total equity at 1 January 2014	
Irish GAAP Closing equity as previously reported	17,170
FRS 102 Closing equity	17,170

In accordance with FRS 102, revenue grants have been reclassified to revenue in the current year and comparative year.

In accordance with FRS102, computer software has been reclassified to intangible fixed assets in the current year and comparative year.

Some prior year comparative amounts have been reclassified on a basis consistent with the current year to accord with Financial Reporting Standard 102 (FRS 102).

The company's statement of cash flows reflects the presentation requirements of FRS 102, which differ to FRS 1. In addition the statement of cash flows under FRS 102 reconciles profit for the financial year to cash and cash equivalents at the end of the financial year whereas under previous Irish GAAP the cash flow statement reconciled profit for the financial year to cash at the end of the financial year.

26 Approval of financial statements

The directors approved the financial statements on 6th April 2016.

Highlights

Chairman's Statement

Review

Financial Statements



Bus Éireann

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