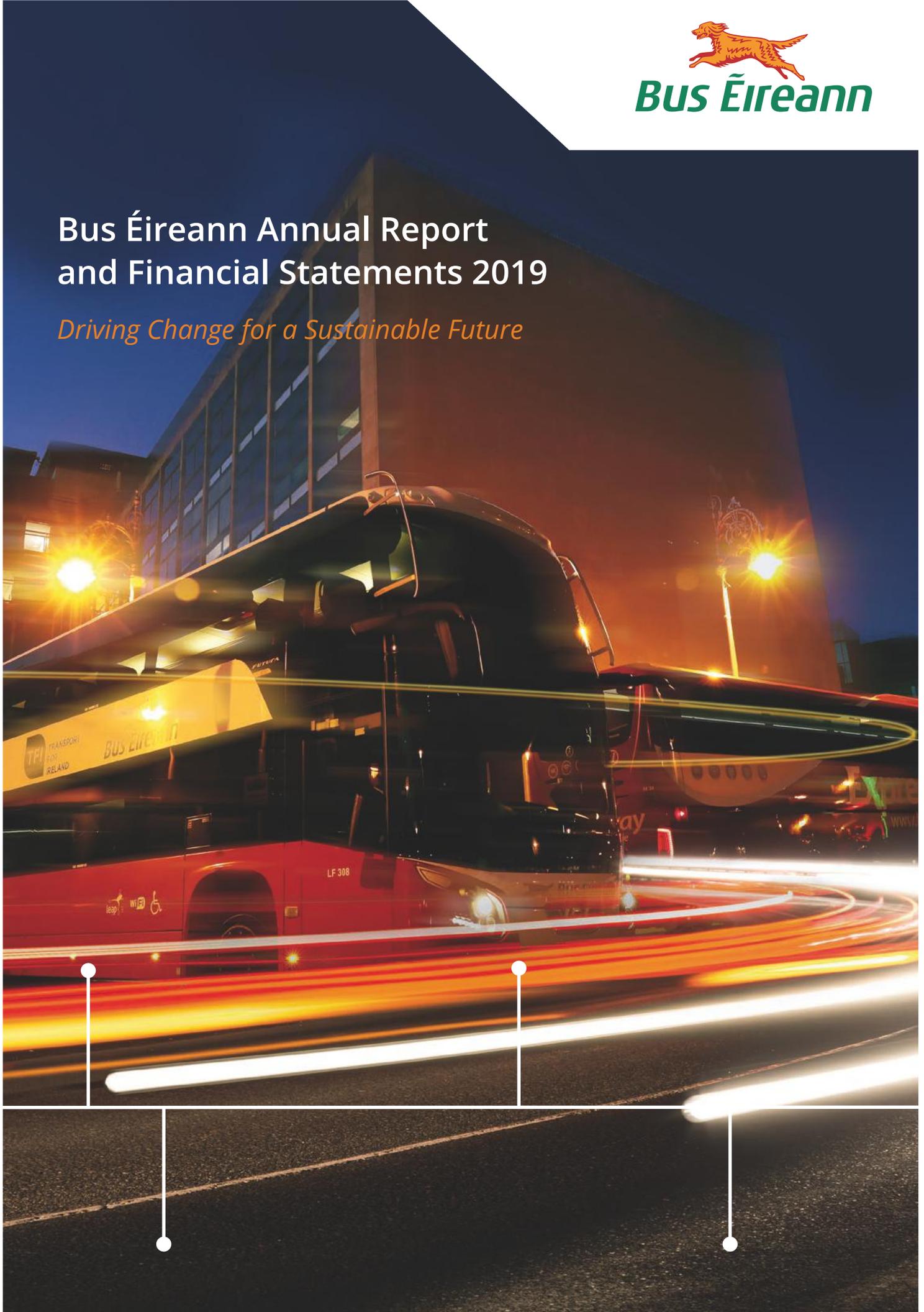


# Bus Éireann Annual Report and Financial Statements 2019

*Driving Change for a Sustainable Future*



# Financial and Operating Highlights

## Operating Revenues



**2019 €366.5m**  
**2018 €337.6m**

## EBITDA before exceptional costs



**2019 €8.8m**  
**2018 €9.7m**

## Profit/(Deficit) for the year

**2019 €2.3m**  
**2018 (€6.4m)**



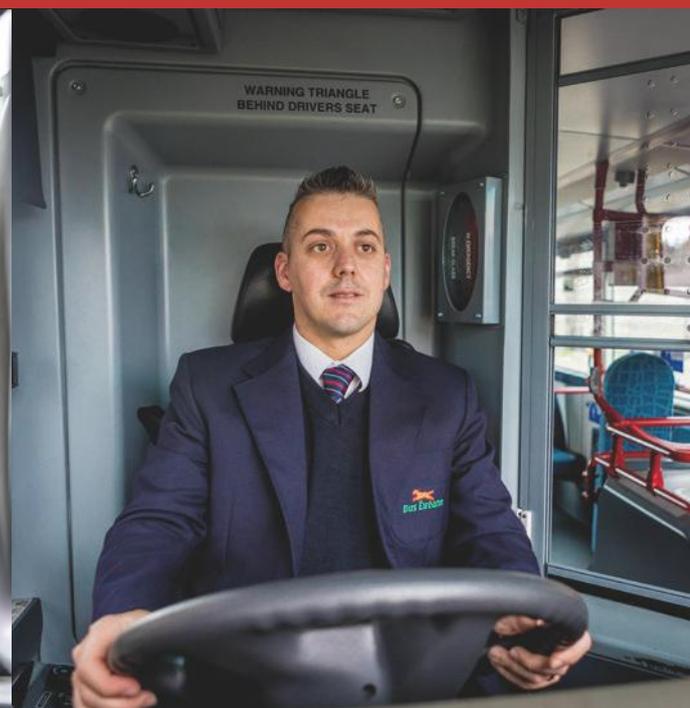
## Payroll and related costs

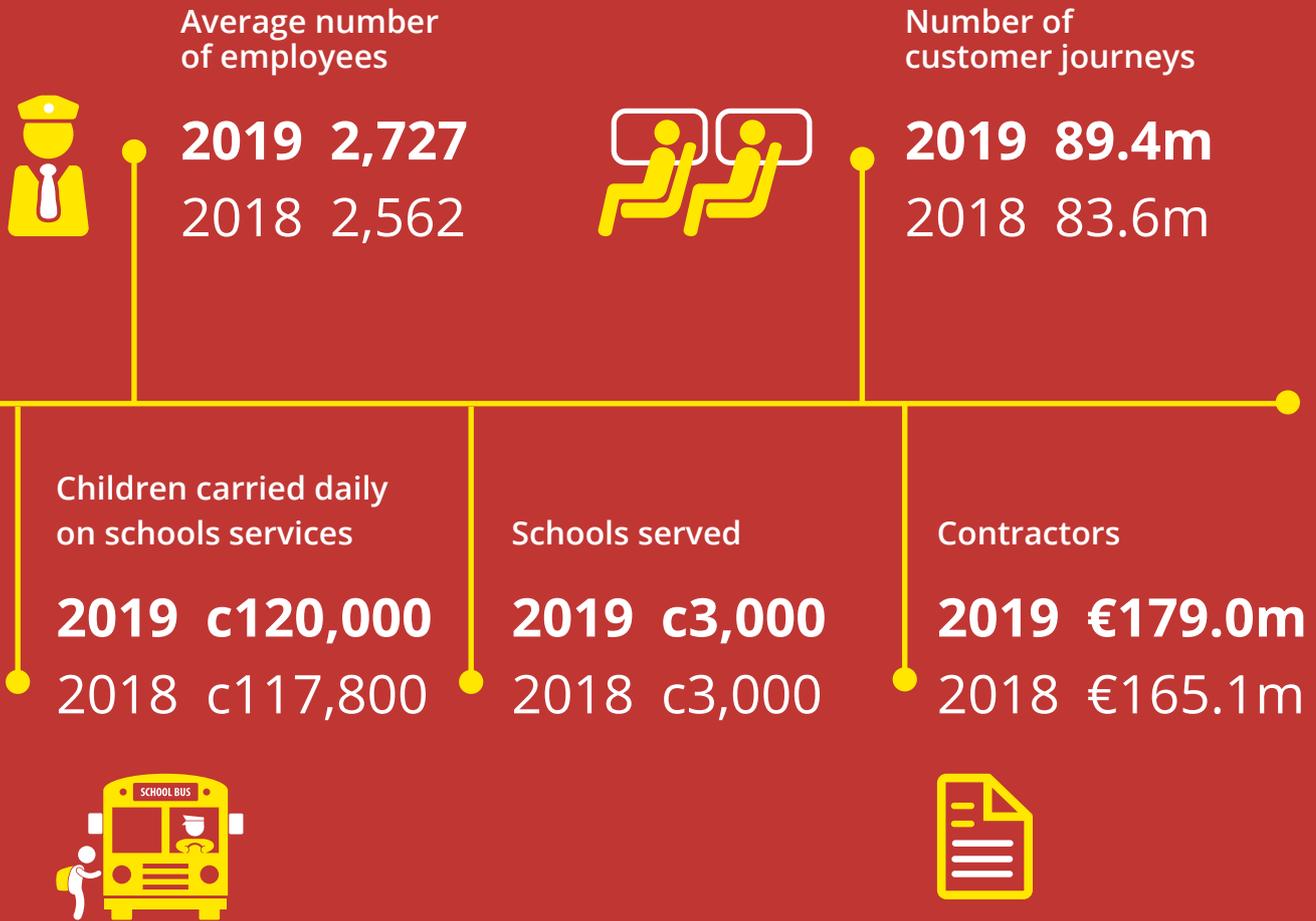
**2019 €142.9m**  
**2018 €129.4m**



## Contribution to the Exchequer

**2019 €58.5m**  
**2018 €58.1m**





# Contents

Financial and Operating Highlights	1	Directors' Responsibilities Statement	57
Company Highlights	6	Independent Auditor's Report	58
Chairman's Statement	10	Profit and Loss Account	61
Chief Executive's Statement	14	Statement of Comprehensive Income	62
Sustainability	18	Balance Sheet	63
Operations Review	22	Statement of Changes in Equity	64
Directors and Other Information	43	Statement of Cash Flows	65
Directors' Report	48	Notes to the Financial Statements	66

# Destination 2023

At the beginning of 2019, we launched our new 5 year growth plan to employees internally, Destination 2023, to mobilise a new culture of performance and transparency for our customers, staff and stakeholders. The plan sets our purpose and goal, a new vision and value statement, underpinned by four strategic objectives to align the business to the needs of the future, particularly guided by our commercial mandate and government policies in relation to public transport.

## Our Purpose

As Ireland’s national bus company, our purpose is to connect people with who and what matters to them, helping to make life better.

## Our Goal

To be the most customer-centred and sustainable transport company in Ireland, with services delivered by people who believe in Bus Éireann as a great place to work.

## Our Strategic Objectives

<b>Customer Satisfaction</b>	Develop and implement a plan to achieve a best-in-class customer experience at all touchpoints.
<b>Employee Engagement</b>	Develop leadership at every level and establish a culture of performance to become a great place to work.
<b>Financial Sustainability</b>	Ensure Bus Éireann is fully funded now and into the future, covering operating and capital expenditure needs and delivers on target profit across each of our businesses.
<b>Service Delivery</b>	Establish operational excellence across all business processes to deliver safe, reliable, and on-time performance for all services.

## Our Vision

Not only are we Ireland’s national bus company, we are the nation’s favourite. More people travel with Bus Éireann than with any other transport provider in Ireland, because they know that every customer matters to us.

People choose Bus Éireann because we are punctual and reliable; our buses are clean, fresh and smart; our fares are competitive and good value; and our service is safe and friendly. Ours is one of the greenest national transport companies in Europe.

Everything about Bus Éireann is simple, easy, and in tune with the way we live, work and travel today.

We take care of the school run and the daily commute, and we’re here for those special journeys too. We help make people’s lives better and easier.

Our successes are made possible by our great people: our drivers, our partners, and everyone who makes it possible to get our customers where they want to go.

We choose to work at Bus Éireann because we are an organisation that cares for all our people, that believes and trusts in each other. We never compromise on our values and recognise our people who go the extra mile. Our leaders foster a culture of performance, making it easy for us to be at our best every day, providing opportunities for us to grow and develop.

Our pride is rooted in our strong heritage. We are committed to delivering today, and for generations to come.

# Our Values







We are committed to providing our customers with a comprehensive, quality public transport service through our integrated network, connecting communities throughout Ireland.

## Customer Journeys and Vehicle Kilometres

Year ended 31st December

	2019 Millions	2018 Millions
<b>Customer journeys</b>		
Provincial city services	26,699	23,058
Other scheduled services	20,074	19,007
School transport scheme	42,614	41,576
	<b>89,387</b>	<b>83,641</b>
<b>Vehicle kilometres</b>		
Provincial city services	12,408	10,176
Other services – own	69,876	74,155
Other services – sub contracted	120,168	109,848
	<b>202,452</b>	<b>194,179</b>

# Company Highlights

## Sustainability, Climate Change and Emissions

**53% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emission standard**

- In 2019, Bus Éireann took delivery of 100 fully accessible vehicles which feature the latest Euro VI emissions certification and which are considered 'best in class' in terms of emissions.
- 53% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emission standard. We are committed to increasing this further through investment in new vehicles.
- Bus Éireann participated in a large-scale alternative fuel trial in early 2019, under the direction of the Department of Transport, Tourism and Sport (DTTAS).
- The roll-out of the telematics system on our fleet commenced, with employee training delivered during the year.
- Our total energy usage for 2019 was 317,841 megawatts, higher due to an increased number of services provided in 2019 and higher traffic congestion. Our energy efficiency has improved by 14.6% from the baseline year (2009)
- In 2019, Bus Éireann appointed an Energy Performance Officer and implemented an action plan to achieve energy management ISO 50001 accreditation in early 2020.

## Customer, Commercial and Schools

**A fresh new customer focus has commenced across all touchpoints of our service delivery**

**Our relentless focus on providing the highest standards for every customer through an efficient, effective operation ensures that quality, safety and sustainability underlies our overall service ethos**

- Passenger journeys at the highest level in 10 years.
- There were 89.4 million passenger journeys in 2019 compared to 83.6 million in 2018.
- Bus Éireann signed a new five-year contract with the National Transport Authority (NTA) for the provision of public transport services across Ireland up to 2025. The contract is worth in excess of €800 million and includes the provision of services on 218 routes across the country.
- In 2019, Bus Éireann launched Ireland's first ever 24-hour city service in Cork. The service, which operates every day, links Ballincollig with Carrigaline. During 2019, customer journeys on this route increased by 70%.
- In 2019, Leap Card usage across the Bus Éireann network increased by 42%.
- Expressway's profitability improved in 2019 despite an increasingly competitive market.
- Expressway was successful in retaining stops in the Dublin Airport Terminal 1 Coach Area in a competitive 2019 tender process.
- Expressway is building for the future and in 2019 approval was given for a significant investment in new fleet and a new ticketing system, both improvements which will further enhance customers' experience.
- Ancillary business performed strongly during 2019. A busy summer of planned events was further boosted by additional business, including President of the United States' visit to Ireland in June and the Irish Open in July.
- In 2019, Expressway targeted business to and from Dublin Airport under the banner of "Get to the Airport Ready to Fly", which focused on customers travelling to and from Dublin Airport. The campaign, which ran in all towns and villages across Ireland, had a domestic and international reach and involved TV, radio, social and out-of-home collateral.

### Revenue & Passenger Journeys 2019 vs 2018

#### Operating Turnover

**+8.6%** ▲

#### Total Journeys

**+6.9%** ▲

- 100 new fully accessible vehicles were allocated to routes across the city, town and inter-urban network. All vehicles have the latest Euro VI emission certification and include many features that will further improve customer experience.
- New fleet purchased by the NTA ensures that all City and Town vehicles are low floor wheelchair accessible.
- Improving customer and employee facilities continues to be a focus. In 2019 there were five station accessibility projects completed in Cavan, Monaghan, Drogheda, Sligo and Ballyshannon.
- A web chat facility for School Transport customers went live during the busy summer season. This facility complemented the existing service programme, resulting in customer satisfaction levels of 80%.

## Safety, Risk and Property

*Bus Éireann operates a safe, reliable, convenient and good value public transportation service.*

*We strive to ensure a robust and focused approach to risk management is maintained within the Company.*

- The Company's Emergency Plan was expanded and updated in 2019. Two test scenarios were staged to assist in emergency response planning.
- A comprehensive new driver safety booklet, 'Driving Safely', was produced in 2019.
- The rate of collisions involving a Bus Éireann vehicle reduced significantly in 2019.
- Bus Éireann held its inaugural Safety Conference in October. The conference was attended by safety representatives and officers from across the Company with keynote speakers from the Road Safety Authority (RSA) and An Garda Síochána (AGS).
- In 2019, there were 31 separate facility improvement projects delivered along with five station accessibility improvement projects.

## Our People

*Our people are our most important resource in developing sustainable public transport solutions.*

- In 2019, Bus Éireann strengthened its Senior Management Team with the appointment of Eleanor Farrell as Chief Commercial Officer and Seán Loughman as Chief Information Officer.
- 'Destination 2023, Our Vision for the Future' was rolled out to employees across the organisation.
- During 2019, Bus Éireann introduced a GPS (*Growth Performance Success*) performance management and development programme for managers across the organisation.
- Over 1,600 drivers participated in bespoke customer service training, held across over 170 sessions in locations across the country.
- New internal communications channels were introduced. These included *BÉ Online*, a social media platform, to encourage a culture of two-way communication.
- During 2019, Bus Éireann conducted an employee survey, 'Have Your Say', to gain insights into levels of employee engagement across the organisation.
- A highly successful female driver recruitment campaign was launched.
- Bus Éireann celebrated International Women's Day.
- We continued to support our employees in community causes important to them.



## Company Highlights and Key Messages (continued)

### Awards, Achievements and Standards

*The Company is fully committed to enhancing our culture, which includes competing for Accreditations, Awards and increasing Standards.*

- 10 apprentices gained a Quality and Qualification Ireland (QQI) Level 6 accreditation in Heavy Vehicle mechanics this year.
- Bus Éireann celebrated its employees' success in 2019 at the annual GEM ('Go the Extra Mile') Awards ceremony in Croke Park. These awards recognised excellent customer service, community impact, performance and forward thinking. Now in its second year, the awards were issued in a number of different categories.
- Bus Éireann was shortlisted for the prestigious Irish Logistics and Transport Awards 2019 for 'Passenger Transport Company of the Year'.
- Expressway's 'Get to the Airport Ready to Fly' campaign won two Gold awards at the An Post Smart Marketing Awards.
- Limerick apprentice Daniel Curtin, based in the Limerick garage, won the Ireland Skills 2019 Heavy Vehicle Maintenance Competition in the RDS, while Patrick Doherty based in Stranorlar Garage was runner up.
- Bus Éireann continues to be the primary sponsor of the Comhaltas concert tours of Ireland, tours that embrace local communities of all sizes throughout Ireland.
- Bus Éireann ran a successful competition for Transition Year students in 2019. The competition 'Go Places with BÉ' is aimed at students nationwide and encourages dynamic thinking and creativity.
- Bus Éireann is involved in many charitable initiatives across the country including the Hollyhill justice project and Ballybeg community project.
- Expressway is official carrier of Dublin and Galway Senior Football/Hurling teams.



### Communications, Corporate Social Responsibility and Sponsorship

*As a commercial state company, we have extensive stakeholder relationships and are committed to sustaining and enhancing those relationships.*

- Bus Éireann celebrated being back #InTheDrivingSeat with a highly successful stakeholder event in the National Museum of Ireland in 2019.
- During 2019, a number of customer engagement events in Cork, Drogheda and Sligo to coincide with network enhancements and fleet investment.
- Bus Éireann attended the National Ploughing Championships to build brand awareness, meet with current and prospective customers and showcase our fleet and services.
- In 2018, Bus Éireann worked with Ms Kirsten Mate Maher, Waterford Rose and winner of the 2018 International Rose of Tralee. Kirsten was an ambassador for our Waterford City network while also promoting the Expressway brand.

### Technology

*New technology facilitates real opportunities to drive growth, improve cost efficiencies and enable real business transformation*

- Bus Éireann continued to deliver technology enhancements in 2019 in order to provide an enhanced service delivery and customer experience.
- During the year we approved a new three-year technology strategy and roadmap.
- During the year, we completed the migration of our HR IT system to the cloud.

- Introduced a new employee engagement app called 'BÉ Online' which enables the sharing of company information and plans, electronic pay slips and online roster and schedule information.
- During 2019, we commenced the procurement of a new technology solution for the Expressway service enabling online ticketing, barcode validation, contactless payment, seat reservation and yield management.
- Upgraded our ticket vending machines with contactless payment functionality.
- The on-bus ticketing machines were upgraded with new software, this upgrade has resulted in a reduction of passenger loading time by up to 90%.
- In 2019, we completed proof-of-concept for new high capacity wireless network for our depots enabling remote upload/download of on-bus ticketing, CCTV, location and tachograph information.

## Financial Performance and Capital Investment

*The Company saw a return to profit for the first time in five years*

- Profit after exceptional costs €2.3m (2018: Loss of €6.4m)
- Profit before exceptional costs €2.3m (2018: Profit of €1.6m)
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was €8.8m (2018: €9.7m)
- Operating turnover was €366.5m for 2019 (2018: €337.6m)
- Payroll and related costs were €142.9m (2018: €129.4m)
- Total fuel costs for 2019 were €31.1m (2018: €29.8m)
- Cash generated from operations was €15.8m for 2019 (2018: €3.5m)
- Net exceptional costs for 2019 were (€0.036m) 2018: €7.9m
- Net shareholders' funds as stated in the balance sheet were €16.0m in 2019 (2018: €13.7m)

### Profit (deficit) for year

2019	2018
€2.3m	(€6.4m)



# Chairman's Statement



We continue to focus on growth and sustainability and to ensure our costs are competitive in a more open bus market.

The comprehensive transformation programme approved by the Board in 2017, continued to be implemented during 2019 and expanded upon through the development of a new five year growth plan. As a commercial semi-state company, our goal and remit is to deliver sustainable earnings on a consistent basis and in 2019, we maximised the growth potential presented by the fiscal environment and took swift decisive action in relation to certain costs and unfunded activity to ensure we continue to deliver services sustainably for both our customers and stakeholders.

In 2019, a renewed focus on identifying further opportunities for efficiency gains in business processes commenced, supported by the implementation of a new performance culture focused on meeting the needs of our customers and stakeholders. This critical sustainability focus helped to ensure we strengthened our company scorecard on many of the objectives we set for the business when we set out the original transformation plan. We continue to ensure that costs are competitive not only to weather the unprecedented revenue impact brought about by COVID19 in 2020 but also to position the business to compete longer term in a tendered environment, precipitated by the bus market opening, which will be a new ongoing feature of the public transport landscape.

## 2019 Growth and Focus

The business is complex and diverse given our national reach and range of services which is unparalleled by any other transport company in Ireland. Over 2,700 people helped to deliver Bus Éireann services across our School Transport, Commercial and Public Service Obligation (PSO) routes, supported by thousands of other people indirectly employed as contractors and suppliers. These are the people who delivered 89 million passenger journeys for Bus Éireann in 2019 – an exceptional performance and our strongest passenger growth in over a decade. I want to thank all of the staff for their dedication and commitment, helping us to achieve significant growth through collaboration to improve our service quality measures and focus on meeting the needs of our customers on a daily basis.

The results for the year ending 31st December 2019 reflect not only the opportunity presented by expansion of our services which helped to grow revenues, but also greater levels of focus, accountability and control achieved in our costs.

In 2019 Bus Éireann recorded a profit after exceptional of €2.3m, an improvement on 2018 where we recorded a loss after exceptional of €6.4m. This is a significant achievement and is the first time the Company has returned a profit after exceptional since 2014.

## Commitment to Safety

The Board continues to ensure that standards and behaviours for safety and best practise will never be compromised. An array of new initiatives were undertaken in 2019 to supplement our annual training programme including the rollout of Eco-drive telematics across all of our road passenger fleet, introduction of a new safety management system, IOSH training for all safety council representatives, launch of a Respect Your Driver campaign and an updated emergency plan. In 2019 I welcomed the very positive initiative to hold a Bus Éireann Safety Conference which took place for the first time, attended by over 100 employee Safety Representatives, Safety Officers and managers from all over the country. We were delighted to be joined by guest speakers from the Road Safety Authority and An Garda Síochána, who both contributed to a wide ranging forum and idea generation session all focused on ensuring our safety systems are robust and that all risks are as low as reasonably practicable.

The collaboration achieved at the event proved to be a strong bedrock for the business during early 2020 when we had to respond to COVID19 and its inherent risks to our passengers and employees, to co-ordinate and implement a step-change in our cleaning, hygiene and precautionary safety measures as part of significant new health guidelines issued by the HSE for public safety.

The Board and Management remain committed to delivering the safest transport system possible. We will continue to work with all stakeholders, and continue to foster a close working relationship with the RSA and HSA and other stakeholders to continuously improve standards of safety and build awareness of safety for our staff, customers and the general public above all else.

## Investing in our Future and for Generations to Come

In response to the challenges of global climate change and the desire to be part of the solution to reducing Ireland's transport-related greenhouse gas emissions and improving air quality, the publication of the Climate Action Plan (CAP) in 2019 was a watershed moment for the Company and for other public transport providers. It presents challenging targets for the Company. As a public body, the target is an absolute CO2 reduction of 30% by 2030. Company CO2 emissions have reduced by 7% since the baseline

measurement year (2009) and while this represents progress, there is much more to come. The delivery of our fleet and infrastructure capital plan is critical to Bus Éireann achieving the CAP targets, as is continuing fleet renewal investment by the NTA and Department of Education and Skills and we continue to engage positively with both stakeholders to ensure investments are fully in tune with the needs of the service.

Our transition to sustainable alternative fuels commences in 2020, with the arrival of Bus Éireann's first hybrid buses. Planning commenced in 2019 for the Athlone bus fleet to change to full electric operation, as part of a pilot project in conjunction with the NTA. In 2019, a trial of hydrogen buses for PSO fleet in the GDA was also agreed, which will be funded by the NTA and a working group will be initiated to bring this to market within the next 24 months.

Air quality continues to be an area of focus, particularly in urban environments. 53% of our service fleet now meets the latest Euro VI standards, which means the tailpipe emissions of nitrous oxides, hydrocarbons and particulates from these vehicles are negligible.

A new energy policy has been adopted and I am pleased to report that 14.6% energy reduction was achieved in 2019 on the baseline year. We began the process of improving company energy management systems in 2019, funded through the Government's Energy Efficiency Obligation Scheme. The objective is to further improve our energy efficiency and achieve ISO50001 energy management certification in 2020 and as a Board, we look forward to supporting the achievement of this goal.

These achievements and decisions help to safeguard the future for all of our staff and customers and demonstrate our commitment to acting in the national interest not just for today, but for the generations to come.

## Strong Governance in Place

The Board continues to prioritise an approach to corporate governance which is based on best practice and emerging regulation and trends. In 2019, the appointment of three new Directors gave us a full complement of members, enabling a re-cast of the Board sub-committee structure to formally review the business through four discrete business streams – (1) Strategy, (2) Audit and Risk, (3) Safety and Accessibility, and (4) Customer, People and Culture.

## Chairman's Statement (continued)

The Board is fully committed to improving corporate governance standards in Bus Éireann, and welcomes the introduction in 2019 of a new compliance framework and programme within the Company to work in tandem with existing internal controls. A full review of the revised Code of Practice for the Governance of State Bodies was undertaken and supplemented by an independently facilitated Board Evaluation which found the Company in compliance and further recommendations for improvements have been adopted for implementation.

These processes and new structure confirm that the Company has an effective system of corporate governance in place. I am satisfied that the Board has an appropriate and responsive system of internal controls to mitigate significant risk, maintain any exposure at an acceptable level and ensure that Bus Éireann implements an effective approach to corporate governance.

### Meeting the Challenges Ahead

Having served as a Director of Bus Éireann since 2013 and as Chairman since 2015, I have experienced enormous change during my tenure and look forward now on what has been achieved in recent years with optimism, notwithstanding the most prevailing challenges posed by Brexit and most recently COVID19.

### COVID19

While this report documents the significant progress made by Bus Éireann in 2019, it is clear now that 2020 has been a year like no other and the impacts of COVID19 on the Company must also be addressed.

The pandemic has had a severe and unavoidable impact on the entire public transport sector. The impact of severely reduced passenger demand, and then restricted capacity, is outlined in the Directors' report. The Board has taken necessary and prudent decisions to safeguard the Company through this period, including the planned withdrawal from four Expressway routes.

I want to pay tribute to Bus Éireann's employees and management for their contribution to the national effort in maintaining services and providing connectivity as an essential service. It has been exemplary. The support of the Government, the Departments of Transport and Education and Skills, the National Transport Authority and CIÉ has given the Company the necessary financial support to continue to operate. We thank them for their partnership in these extraordinary times. The progress made in 2019 demonstrates the Company's potential for performance and growth, and we look forward to returning to that pathway in the future.

I look forward to continuing to set and implement the strategy of this business, helping it to overcome whatever challenges may arise, and ensuring that the path to sustainable growth is maintained.

The final appointments to complete our new Executive team were made during the year. The composition of the leadership team now possess the depth and breadth of skills to address the challenges and opportunities presented to Bus Éireann and to deliver the next critical phase of sustainable growth.

I would like to thank my fellow Directors for their outstanding commitment and resolve to address every challenge presented and in helping to forge a new plan with the Executive team and wider staff.

I would like to welcome Brendan Lenihan, Miriam Hughes and Richard Manton who joined the Board in 2019, bringing more diversity of advice and a wealth of experience to our Board to ensure we have the right balance of skills to meet the needs of the future.

Finally, I would like to thank the Minister, the Departments, the NTA, and CIE for their continued and unwavering support of Bus Éireann. I look forward now to expanding the role of Bus Éireann in Irish society and delivering on our ambition to become the most customer-centred and sustainable transport company in Ireland, with services delivered by people who believe in Bus Éireann as a great place to work.



**Aidan Murphy**  
Chairman

In 2019, Bus Éireann recorded a profit after exceptional of €2.3m, an improvement on 2018 when we recorded a loss after exceptional of €6.4m. This is a significant achievement and is the first time the Company has returned a profit after exceptional since 2014.



# Chief Executive's Statement



In 2019, passenger journeys grew to the highest levels achieved since 2008, reflecting improved levels of service delivered across the network.

2019 saw passenger journeys grow to the highest levels achieved since 2008 and the financial position of the Company was further strengthened by stronger revenues, improved control on costs and agreement reached with our stakeholders on the requisite funding required to provide services in a sustainable manner.

The combination of strong passenger growth on our services and the improvement of our finances, enabled our Board and Stakeholders to confidently commit to new investment decisions during 2019 for fleet, facilities, technology and in our people. These decisions will prove pivotal to helping position the Company for success and are further supported by our execution of new five year plan which we have called – 'Destination 2023'.

With our new leadership team in place, we started the year by reviewing our purpose, goal, vision and values for Bus Éireann to help build strong engagement with all of our people and stakeholders. Uniting behind this new vision of the future has already helped us to achieve a balanced scorecard of new objectives for Customer Experience, Service Delivery, Financial Sustainability and for our People. These objectives now help us performance manage for success as we set out to ensure the business continues to grow and build on the current momentum of our achievements in 2019.

In 2019 we started communicating and bringing the actions required to achieve Destination 2023 to life across all aspects of the business. This is a new journey and relies on a new culture of performance, transparency and accountability emerging which I am confident will be achieved with strong leadership and credible plans. Ensuring we achieve this culture change also helps us set up to align positively to Project Ireland 2040, the National Development Plan 2018-27, the Climate Action Plan and new Regional Transport Strategies.

Notwithstanding the exogenous shock of the worldwide COVID19 pandemic which impacted every facet of our economy and society in 2020, the next decade still promises to be one of step-change for public transport and as Ireland's national bus company, we continue to look forward to ensuring we play a significant role, and to contributing critical thought leadership to sustainable mobility for the future.

## Becoming the Most Customer Centric Transport Company

2019 was a milestone year for Bus Éireann, as we introduced a wide range of customer focused initiatives, which contributed to over 89 million customer journeys taken in 2019 – an increase of almost six million compared to 2018.

Customer journeys increased by 15% on the Public Service Obligation (PSO) network with services delivered on over 200 routes nationwide.

Every school day, we carried more than 120,000 primary, post-primary and special needs school children across 7,000 routes, serving over 3,000 schools under the School Transport Scheme, which we operate on behalf of the Department of Education & Skills (DoES). Delivering the requirement of the School Transport Scheme is a highly complex logistics exercise every year. In 2019 we trialled WebChat for customers engaging through our website and this new channel greatly assisted our real time response to improve our customers' experience.

Expressway journeys also continued to grow in an increasingly competitive market helped by exceptionally strong marketing campaigns. Our marketing targeted Airport and Free Travel passengers, in addition to new initiatives to recruit and drive loyalty among students, commuters and those travelling for holiday or leisure, helping to grow these segments across our inter-regional routes.

Our fleet age and quality also improved with funding received for 100 new PSO buses by the NTA during 2019. In addition, we continued to invest in Expressway and our Board approved decisions to invest in 30 new inter-city coaches, our first Expressway fleet purchase since 2015.

We continue to focus on ensuring that our services are accessible, and recognize that continued investment is required not just for fleet, but in physical and audio/visual infrastructure across Ireland. 90% of our total fleet and 100% of our city and town fleet is now wheelchair accessible. This is a positive and essential step forward and we are now also concentrating on offering accessible services in the regions, in conjunction with targeted investment by the NTA.

Customer initiatives delivered strong results in 2019 across all regions of the country. Waterford city services transitioned into a new tendered contract in June 2019 and the service enhancement delivered under contract to the NTA delivered over 72% growth in passengers and a 92% customer satisfaction by the end of the year.

To harness and lead all of our customer experience initiatives, I am pleased that we created a new Head of Customer Experience role to bring greater focus on delivering even higher levels of satisfaction and recommendation for our services to ensure that the customer is at the heart of everything we do.

## Making Bus Éireann a Great Place to Work

Our overarching goal is to maximise the engagement we have with all of our staff, to promote a culture where performance really matters and create the conditions that make Bus Éireann a great and enjoyable place to work.

Our new leadership team is committed to achieving this goal and in 2019, we strengthened the team with the recruitment of a new Chief Commercial Officer and Chief Information Officer who both bring strong and relevant experience to help us deliver transformational change and growth within their respective functions.



## Chief Executive's Statement (continued)

Recruitment continued throughout the whole organisation and with new expansion of services, over 200 new drivers also joined Bus Éireann in 2019. To improve our diversity, we conducted a dedicated advertising campaign and held three recruitment open days to also attract more women into our driving and engineering roles. To underline our new customer focus with our drivers, we ran over 170 'Delight the Customer' workshops with over 1600 drivers across the country and the frontline feedback we received through these forums will bring real value to our business.

On 1 September 2019, Bus Éireann implemented a Labour Court Recommendation setting out a 7.75% pay increase over three years. Implementing this first pay increase since 2008 was an important step to ensuring Bus Éireann remains a competitive employer. Crucially, the pay increase is linked with productivity and this is a critical tenet of our sustainability strategy. Management continues to work with Trade Unions in a positive, collaborative manner to grow the business, create new jobs and achieve a reasonable work-life balance in the best interest of both the Company and the customers we serve.

Collaboration relies on a good channel of communications and in 2019 we strengthened communications by introducing a new BÉ Online portal which allows us to share information with our people and hear their feedback. We also launched our first employee engagement survey, Have Your Say and the results of this survey has informed our work programme for 2020 to improve engagement with all of our workforce.

Recognition is a crucial feature of any service industry and ours is no different. This year, I am delighted that we significantly increased our reach and focus on developing a performance culture with our Go the Extra Mile (GEM) awards, with over 350 colleagues recognised for outstanding contribution in 2019. To foster a new performance culture, we also rolled out our Growth, Performance, Success (GPS) performance management framework across our Executive team with a rollout to Clerical team members in 2020.

## Focus on Financial Sustainability

In 2019, operating revenues showed a significant improvement at €366.5m compared to €337.6m in 2018. Our bottom line position for the year was a profit after exceptional of €2.3m and our net assets position for 2019 increasing to €16.0m, an improvement on €13.7m for 2018.

In December, the Company signed a new five-year Direct Award contact with the National Transport Authority, which will ensure an investment of over €800 million in PSO services nationally delivered by Bus Éireann over the next five years. Funding was agreed in detail for current services delivered to date and the contract details incentives and penalties for certain agreed performance levels, all designed to ensure we deliver the best possible service and value for the State. Additional services have been requested by the NTA as part of the new Government Stimulus response to COVID19 and these will be implemented before the end of 2020.

The State does not fund certain commercial routes operated by Bus Éireann and these include Expressway, Eurolines and contracted services for concerts or special events. The performance on commercial cost and revenue growth enabled our Board and the Board of CIÉ to agree to invest in 30 Expressway vehicles together with a new investment in a new ticketing solution for Expressway. These new assets are expected to be delivered in 2021 as part of a new viability plan approved by the Board in September 2020, including a plan to withdraw from four Expressway routes within the network, not later than January 2021.

In 2019 the School Transport scheme was operated on a cost recovery basis in line with the arrangement with the Department. The expansion of the Scheme in recent years has been fully funded and commitment to this model continued through 2020 with additional funding secured from the Department of Education and Skills to implement social distancing requirements and other safety measures to comply with public health guidelines.

## Delivering Service Excellence

Safety remains our top priority. 2019 saw a positive trend in collisions despite a negative trend in passenger accidents which we continue to mitigate and manage against. Our Safety Conference in October 2019 brought together all safety representatives across the Company to share and develop safety best practices and this new initiative helped to contribute to best practise in close collaboration with An Garda Síochána, the Road Safety Authority (RSA) and the Health & Safety Authority (HSA).

In February, we launched Ireland's first 24 hour route in Cork, launched new routes and increased frequency or extended hours on other routes. The full employment effects of a strong economy helped drive significant organic passenger growth and real benefit to Bus Éireann. Conversely, it also helped to make service delivery challenging and we experienced higher levels of congestion in our regional cities and the Greater Dublin Area than we have seen in many years. Bus Éireann will continue to work with the NTA on development of seasonal timetables and will also work with the other stakeholders to address some of the underlying issues including the lack of bus priority on many commuter and city routes to ensure significant modal shift is achieved, particularly for the cities and the GDA.

In addition to focusing on punctuality and network enhancement, we accelerated a programme of property investment, improving facilities in garages, depots and bus stations across Ireland for both customers and staff. The regeneration has been positive and will be followed by strategic reviews of our capacity needs at each location to ensure we can not only meet growth trends in the future as part of the NTA Bus Connects plans for Cork, Galway and Limerick, but also to ensure we are cost competitive and cost efficient for the services we deliver.

Finally and not least, our modus operandi for service delivery will change driven in part by our responsibilities to deliver against the Government's new Climate Action Plan 2019. We will build new skills around energy management, environmental management, new fuel alternatives and infrastructural changes. New skills and processes will be required to accommodate new lower emission fleet to protect our future to generations to come. Scoping and trials have already begun in 2019 to accelerate during 2020 as we create and look forward to living in an even greener Ireland.

## COVID19 and Outlook

COVID19 has been a unique challenge. Operating our services through various levels of restrictions has impacted the strength of the financial position achieved in 2019. On the positive, the entire team has demonstrated commitment and flexibility, and a clear focus on our corporate values including safety and collaboration. Our team demonstrated enormous dedication to providing a safe service to customers who really needed Bus Éireann to access medical services, to make essential journeys and to bring frontline employees to their workplaces in healthcare, retail and food production.

We worked closely and intensively with CIÉ, the National Transport Authority and other stakeholders to identify solutions to provide stability to our PSO, Expressway and Schools services. This ranged from additional funding to the Direct Award Contract, to agreeing a new Commercial Bus Operators Direct Award Contract with the NTA for our Expressway services until January 2021 and securing very substantial additional funding from the Department of Education and Skills to support the safe delivery of the School Transport Scheme.

We are grateful to all of our stakeholders for this support. We are now concentrating on a future beyond COVID19, building on the foundations laid in 2019 and staying focused on the fundamental objective of creating a stronger and more resilient transport company that delivers economic and social value to the State.

Our senior management team and I look forward to continuing to lead the Company through the current challenges. We look forward to working with the Ministers, the Departments, the NTA, CIÉ and most especially our Board to deliver our 'Destination 2023' plan. We will continue to deliver an unrivalled network of services across Ireland, and I look forward being part of the growth and new opportunity the next decade will bring.

***Bus Éireann - connecting people with who and what matters.***



**Stephen Kent**  
Chief Executive Officer

# Sustainability

## Our Purpose

As Ireland's national bus company, our purpose is to connect people with who and what matters to them, helping to make life better.

## Our Vision

- As a company we are committed to the UN Sustainable Development Goals to achieve a better and more sustainable future for all.

*"The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030." UN*

- We have identified seven priority Sustainable Development Goals that are linked to our Destination 2023 strategic objectives and align with our values.
- As part of our Destination 2023 vision statement we aim to be one of the greenest national transport companies in Europe.

## Customer Satisfaction

Develop and implement a plan to achieve a best-in-class customer experience at all touchpoints.



- In 2019 Bus Éireann achieved their highest passenger journeys in 10 years with 89.4 million journeys.
- 86% of our buses are currently accessible, and the figure rises to 100% in regional cities and towns. Our aim is to achieve a fully accessible and environmentally sustainable fleet.
- In 2019 planning commenced for the changeover of the Athlone bus fleet to full electric operation, as part of a pilot project in conjunction with the National Transport Authority.



- 53% of our service fleet now meets the latest Euro VI emission standards and this figure will continue to increase to a committed 60% with the delivery of vehicles currently on order
- Our transition to sustainable alternative fuels will commence in 2020, with the planned delivery of 26 hybrid electric buses and 15 electric fleet cars.
- A trial of hydrogen buses in the Greater Dublin Area was also agreed and will be funded by the National Transport Authority.

## Financial Sustainability

Ensure Bus Éireann is fully funded now and into the future, covering operating and capital expenditure needs and delivers on target profit across each of our businesses.



- Bus Éireann is fully committed to working in partnership with our stakeholders on policy direction including National Transport Authority, Department of Education and Skills, Department of Transport, Tourism and Sport and CIÉ.
- We continue to work with the National Transport Authority and local authorities on their plans for improved network connectivity between its transport services and active travel options.
- In 2019 Bus Éireann welcomed the opportunity to make a submission to the Public Consultation on the review of Sustainable Mobility Policy.
- Bus Éireann continues to work with our Disability User Group, which includes the Irish Wheelchair Association, Chime and the National Council for the Blind in Ireland, amongst others, to improve accessibility for all our customers

## Employee Engagement

Develop leadership at every level and establish a culture of performance to become a great place to work.

### 8 DECENT WORK AND ECONOMIC GROWTH



- In 2019 we have grown our business and increased our workforce by 6.4% and in 2019, a total of 58 employees were promoted.
- Bus Éireann is committed to promoting sustainable tourism, connecting and facilitating business while contributing to the functioning economy of the country.
- In 2019 there were 31 separate facility improvement projects delivered. Considerable planning and design work was also undertaken on key, large projects, including a planned new facility at Limerick (Roxboro Road), the redesign of Busáras, and garage electrical works at five garages.

### 5 GENDER EQUALITY



- In 2019 we launched a highly successful female driver recruitment campaign.
- Bus Éireann is a member of the 30% Club, dedicated to promoting gender balance at all levels in business, as well as the Diversity Charter Ireland. Currently, women comprise approximately 40% of the CEO's leadership team and 30% of the management layer.

## Service Delivery

Establish operational excellence across all business processes to deliver safe, reliable, and on-time performance for all services.

### 4 QUALITY EDUCATION



- Bus Éireann operates the School Transport Scheme on behalf of the Department of Education and Skills which provides the State with an equal access safe, efficient, effective and reliable School Transport Scheme carrying over 120,000 school children every school day.
- Bus Éireann has a long tradition of developing apprentices, each of our apprentices undertakes a 4-year training programme provided by Bus Éireann in conjunction with SOLAS.

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Bus Éireann is committed to waste prevention, reduction, recycling and reuse. Several new initiatives began in 2019 including waste compaction being carried out on-site at larger locations, re-use and recycling of computer equipment through a registered charity and we have ceased the purchase of single-use plastic beverage containers and cutlery.
- In 2019 the roll-out of the telematics system on our fleet was further facilitated, with employee training delivered and all vehicles equipped with a view to launching in February 2020. The system enables improved driver awareness of driving performance, as it impacts on fuel consumption and passenger safety.
- Bus Éireann joined the UTRAP consultative group on urban air quality improvement in which public transport will play a key role.



Revenue & Passenger  
Journeys 2019 vs 2018

Operating Turnover

**+8.6%** ▲

Total Journeys

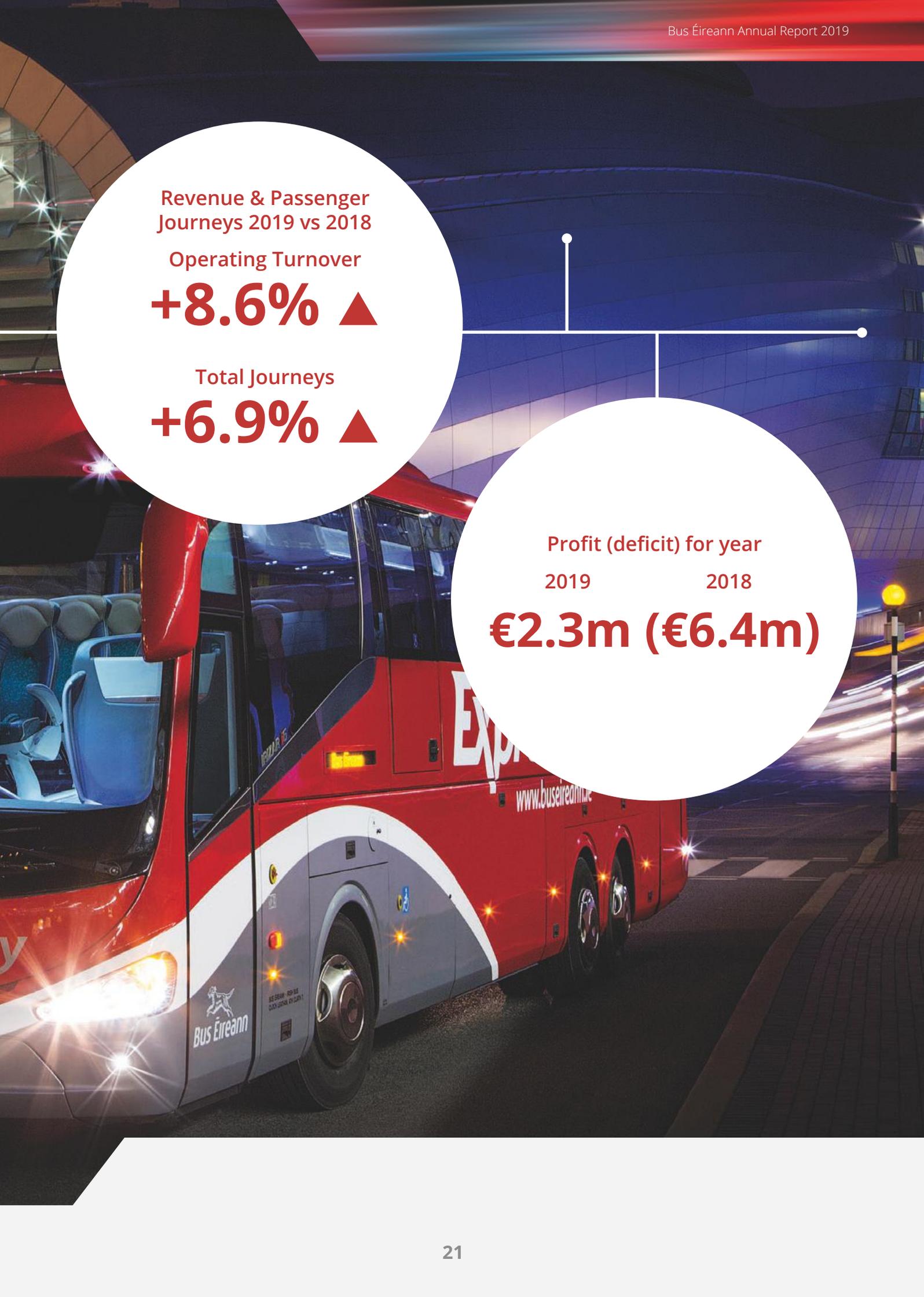
**+6.9%** ▲

Profit (deficit) for year

2019

2018

**€2.3m (€6.4m)**



# Operations Review

## Customer Experience

*During 2019, Bus Éireann introduced a range of timetable enhancements and customer service improvements across the network resulting in passenger journeys increasing by almost +7%.*

## Service Delivery Improvements

### Public Service Obligation

#### Cork City Network

- Significant enhancements to Route 220 & 220x (Ballincollig – City Centre – Carragaline) resulted in Ireland’s first 24-hour city service. The service now operates 24/7, except on Christmas Day, while service frequency has also doubled during the day. Since its introduction in early 2019, passenger numbers have grown by 70%.
- In November, in conjunction with the NTA, Bus Éireann introduced a new service (Route 225) between Haulbowline – Ringaskiddy – Carragaline – Cork Airport. The new route operates a 30-minute frequency from 4am to midnight.
- During 2019, improvements were also made to route 216 (CUH – City Centre – Monkstown) with services extended to Monkstown and Passage West more than doubling the number of daily departures from those locations.



#### Drogheda Town Network

- A significantly enhanced town service was introduced in August 2019. The new town network resulted in frequency increasing by 136% with extended hours of operation and increased frequency at the weekend.
- The network is now operated by five new low-floor midi buses.
- Since the service was introduced, customer numbers have grown by over 60%.

#### Galway Network

- An enhanced timetable on Route 424 was introduced in December. This delivered a significant increase in frequency across all days with extended hours of operation.
- The evening frequency on Route 419 was also increased to better meet the changing travel needs of our customers.
- To meet growing customer demand, two new high-capacity double-deck buses were introduced to the Galway City network during 2019.

#### Dublin Commuter Network

- An enhanced Route 101 & 101x (Drogheda – Balbriggan – Dublin) was introduced in August, delivering increased peak hour services along the M1 corridor and extended hours of operation with services now operating between 04:30 and 01:30.

#### Mayo Network

- An enhanced Route 458 (Ballina – Sligo – Enniskillen) was implemented in March 2019. The enhancement has resulted in a significant increase in frequency, particularly at weekends and with extended hours of operation.

### Limerick City Network

- An improved set of timetables was introduced in May 2019. This has delivered a more punctual and reliable service to our customers in Limerick.

### Waterford City Network

- The operation of the Waterford City Network transferred to a new NTA Gross Cost contract in June 2019.
- Following on from a significant investment in the Waterford City network in December 2018, passenger numbers increased by more than 50% in 2019.

## Commercial

### Expressway

- Expressway selected a preferred supplier for a new fare/ticketing system project and is preparing for initial rollout in late 2020.
- During 2019, Expressway introduced two additional services every day on Route 32 (Dublin to Letterkenny). These additional services offer connections for Donegal-based customers with early morning Dublin Airport flights. In addition, we are currently trialling a new limited stop "X" type service along this route.
- In late 2019, in order to align fare structures across the Expressway network, we introduced a new pricing structure on the 100X route between Dublin and Dundalk.
- In conjunction with our partner Translink, Expressway introduced a new online ticketing service on our Belfast corridor routes in 2019. This offers faster boarding and an improved customer experience with online booking and QR code scanning.
- Following a detailed business review, it was decided to cease our relationship with Go Bus on the Cork-Dublin route and provide a greater focus on the development of our own brand performance.

### Ancillary

- 2019 was a busy year for the Ancillary department. Between UEFA's U-17 European Championships in May, a busy concert season during the summer and the National Ploughing Championships in August, revenue grew significantly.

- During 2019, Bus Éireann introduced revised routing on the Expressway Eurolines 871 (Dublin/Holyhead/London) service. This change has further enhanced our customers' experience with business along the route increasing in what is an extremely competitive market.

## Schools

Bus Éireann operates the School Transport Scheme on behalf of the Department of Education and Skills. During 2019, Bus Éireann worked very closely with the Department to ensure that school transport services provided by Bus Éireann continued to be delivered safely, effectively and efficiently.

- Over 120,000 children travel to school on 7,000 dedicated school transport routes to over 3,000 schools across the country every school day.
- This includes 14,300 children with special educational needs who are provided with services designed to meet their individual requirements.
- School transport services provided over 42 million journeys in 2019.

These journeys operated safely and effectively due to the commitment of an experienced and dedicated team of school transport staff working across the country.

### Growth of Scheme

- More than 395 new services were approved by the Department of Education and Skills in 2018 with a further 1,157 amendments to services sanctioned, including vehicle upgrades, extra trips and extensions to existing routes.
- The vast majority of these amendments were to cater for the increasing demand for the transport of children with special educational needs.
- A number of Special Schools continued to operate for an extended period into July. The Department of Education and Skills sanctioned transport for children availing of this service during this summer period.

### Temporary Alleviation Measures

Bus Éireann introduced a number of amendments to services during August and September to cater for areas where there was significant demand for concessionary travel. These services were introduced with the approval of the Department of Education and Skills, where they met the defined criteria set down by the department.

## Operations Review (continued)

### School Transport Customer Line

Following its success in July 2018, Bus Éireann deployed a national customer telephone system for school transport offices again in 2019 to coincide with the peak season of payments and application processing.

- The investment in systems and technology, approved in consultation with the Department of Education and Skills, was aimed at improving the customer service experience for the 75,000 families that engage with the School Transport Scheme.
- 35,000 calls were received over that period with up to 50% of the queries relating to ticketing and payments.
- A new web chat facility was introduced in July 2019 to supplement the customer service programme. This proved very popular with customers, with over 8,000 interactions and customer satisfaction levels in excess of 80%.
- Over 250,000 emails were sent to families as part of our information campaign to customers reminding them of key deadlines for payments and applications.
- Communication with parents of Special Educational children was improved in relation to the status of their applications.

The overall customer improvements introduced in 2019 resulted in improved customer satisfaction overall.



## Fleet Improvements

### Public Service Obligation

In 2019, Bus Éireann took delivery of 100 fully accessible vehicles, which were allocated to routes across the city, town and inter-urban network. All vehicles are fully accessible, feature Transport for Ireland livery and feature:

- The latest Euro VI emissions certification which are considered the best-in-class in terms of emissions, with very low amounts of nitrous oxides, hydrocarbons and particulates
- On-board monitor screens displaying passenger information, including estimated time of arrival at next stop
- Bright new interior design with comfortable seating that includes priority seats, a dedicated wheelchair space and a separate, designated child buggy space
- USB sockets, complimentary Wi-Fi and cameras throughout with CCTV security

### City Services

- A total of 21 new double-deck city service buses were introduced during 2019.
- 19 new double-deck buses were allocated to the Cork City network with a further two allocated for the Galway city network.
- These new City buses have replaced older single and double-deck fleet to provide additional capacity for growth.
- A further 26 plug-in electric diesel hybrid buses were ordered in 2019.

### Town Services

- Bus Éireann introduced 26 new Wright StreetLite midi buses across Bus Éireann's town services in Sligo, Athlone, Drogheda, Navan and Balbriggan.
- These vehicles replaced the ageing town fleet, resulting in improved customer experience and environmental benefits through lower emissions.

### Inter-urban Services

- Bus Éireann took delivery of 40 new inter-urban low-entry, single-deck coaches for use on regional stage carriage and commuter services. The coaches are 13.5-metre, two-axle Volvo Sunndegui SB3LE models with 49 seats and a permanent wheelchair space. The wheelchair space is accessed via a ramp at the front door, significantly improving ease of access for our mobility-impaired customers.

### Expressway

- The Expressway fleet renewal process was completed with approval for the procurement of 30 new coaches. This is the first stage of a multi-year fleet investment plan that will ensure Expressway's position as the premier inter-city coach service.

## Customer Focus

### Accessibility

Bus Éireann continues to work with our Disability User Group, which includes the IWA, Chime, and the National Council for the Blind in Ireland, amongst others, to improve accessibility for all our customers.

- 100% of our city and town service fleet is now fully accessible whilst 90% of our total fleet is accessible.
- In September 2019, Bus Éireann, in conjunction with the National Transport Authority (NTA), launched two low-entry accessible vehicles on Route 480 between Ballyshannon and Sligo, with a further 36 accessible vehicles being deployed on Public Services Obligation (PSO) services in Sligo, Mayo, Galway and Clare by early 2020.
- In November, Bus Éireann, along with Minister Ross, the NTA, the Now group and other public transport providers officially launched the JAM Card. The JAM Card will assist people with hidden disabilities to use public transport services and will enable the customer to alert the bus driver that they need a little bit of extra time.
- During 2019, Bus Éireann completed accessibility improvement work in five bus stations across the country. These include Sligo, Ballyshannon, Sligo, Monaghan, Cavan and Drogheda. This investment will allow Bus Éireann to increase the number of services that are fully accessible.



### Technology

- Bus Éireann continued to deliver technology enhancements in 2019 in order to provide an enhanced service delivery and customer experience. Key initiatives undertaken included:
  - Procurement of a new technology solution for the Expressway service enabling online ticketing, barcode validation, contactless payment, seat reservation and yield management.
  - Upgrading of ticket vending machines with contactless payment functionality.
  - Upgrading of on-bus ticketing machines with new software speeding up bus loading times by 50% – 90%.

### Leap Card

- Usage across all networks grew by 42% in 2019, particularly on our urban/town and commuter networks.

### Marketing

It was a fantastic year of awards and results to look back on for Bus Éireann and Expressway.

- Expressway's *Get to the Airport Ready to Fly* campaign took home two Gold awards at the An Post Smart Marketing Awards – GOLD Travel, Entertainment and Tourism Award and GOLD Smartest Advertising Award.
- *Get to the Airport Ready to Fly* continued to deliver strong results in 2019 with strong cut-through and an independently verified tagline of "Over 300 daily departures to and from Dublin Airport".
- A targeted marketing campaign for free travel pass users was launched with the focus on local press and radio, over-55s expos, and sponsorship of Virgin Media's OAP B&B.





With over 42m journeys on School Transport services in 2019, Bus Éireann is committed to providing safe and efficient services to school children right across the country.

## Operations Review (continued)

- Expressway's first ever "Cyber Friday" campaign maintained market perception of value during a period of deep competitive discounting.
- There was high visibility with the sponsorship of Dublin GAA and the "Drive for Five" campaign.

### Public Relations and Corporate Communications

- To build awareness and encourage customer uptake Bus Éireann held a number of route launch events in 2019. Events were held in Cork in early 2019 to celebrate the enhanced route 220 service, while further events took place later in the year to coincide with the brand new route 225 service. Other events were held in Drogheda to promote the many benefits of the enhanced town network in August.
- Strong summer Leap campaigns with €1 fares in Galway and Limerick and nationwide "kids go free" campaigns drove strong passenger demand on Bus Éireann services during this promotion.
- A successful student campaign encouraged the use of Bus Éireann Expressway with innovative pop-art style graphics and an updated approach to on-campus events.
- To celebrate being #BackInTheDrivingSeat, Bus Éireann hosted a highly successful stakeholder event in the National Museum of Ireland in May 2019. The event was attended by over 100 stakeholders from across the political, business and media landscape and provided the platform for Bus Éireann to tell its story of financial recovery along with the 2018 financial results.

### Corporate Social Responsibility

- Bus Éireann is the proud supporter of the Comhaltas Ceoltóirí Tour of Ireland, a tour that embraces local communities of all sizes throughout Ireland.
- Dementia: Bus Éireann is an active member of the HSE Dementia Understand Together working group.
- Local Community Engagement: Bus Éireann works with many local organisations and charities across the country including the Hollyhill justice project and the Ballybeg community group.
- Anti-racism: Bus Éireann is a supporter of the annual 'Say No to Racism' campaign, along with the Immigrant Council of Ireland, the National Transport Authority and other public transport providers.
- Expressway continues its support of the Dublin and Galway senior football and hurling teams.
- Bus Éireann again participated in the National Ploughing Championships in 2019. Staff from across the country acted as ambassadors meeting and chatting with our customers and the wider public over the course of the three-day event.
- Bus Éireann ran a successful 'Go Places with BÉ' competition in 2019, a competition aimed at Transition Year students nationwide.
- Supporting equality and diversity, Bus Éireann supported International Women's Day in 2019.
- Bus Éireann pledged its commitment to safety with the support of National Slow Down Day.



## Leadership and a Great Place to Work

*At Bus Éireann our employees are what set us apart. They are the heart of our business. Our goal is to be the most customer-centred and sustainable transport company in Ireland, with services delivered by people who believe in Bus Éireann as a great place to work.*

## Our People

- Eleanor Farrell was appointed as Chief Commercial Officer and Seán Loughman as Chief Information Officer.
- *Destination 2023, Our Vision for the Future* was launched to employees.
- *GPS (Growth Performance Success)*, Bus Éireann's performance management and development programme was launched to managers.
- In October we launched *Destination 2023, Our Vision for the Future* to Bus Éireann's management team. The day focused on achieving our Purpose, Goal and Strategic Objectives while living our Values of Safety, Customer First, Collaboration, Forward-thinking and Performance.
- We enhanced our employee recognition programme, *Go the Extra Mile (GEM)* with Local GEM awards to complement our Annual GEM awards.
- We developed new communications channels, including *BÉ Online*, a social media platform, to encourage a culture of two-way communication.
- An employee survey, *Have Your Say*, was conducted to gain insights into levels of engagement.
- A women driver recruitment campaign was launched.
- We celebrated International Women's Day.
- We continued to support our employees in community causes important to them.
- 10 Bus Éireann apprentices gained a Quality and Qualification Ireland (QQI) Level 6 in Heavy Vehicle Mechanics.



## GPS | Developing a Culture of Performance

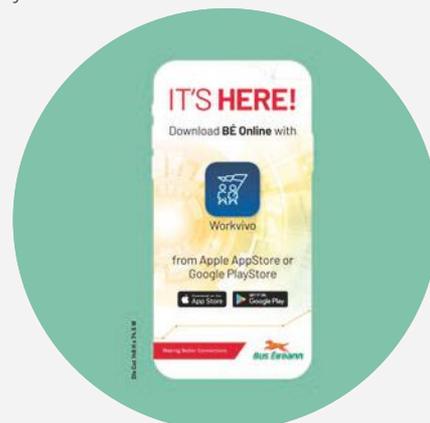
At Bus Éireann, we want to create a performance-based culture where our people have clear objectives, get honest feedback, and have open conversations about careers, development and progression. GPS (Growth, Performance, Success) is Bus Éireann's performance management and development programme. It provides the framework through which Bus Éireann's strategic, top-level goals are used as the basis for developing individual objectives and measuring performance. We introduced GPS to managers in 2019, and will engage with administrative and supervisory employees in Q1 2020.

## Go the Extra Mile | Recognising Bus Éireann's Values Ambassadors

Created in 2018 to recognise and reward employees who embody our vision and values, Bus Éireann's *Go the Extra Mile (GEM)* Awards programme is helping to build a culture where our people feel motivated and valued. Following the success of the inaugural Annual GEM Awards in 2018, we extended the programme with Local GEM Awards so managers can recognise their team members' contribution throughout the year. In 2019, we recognised over 500 employees for their exceptional efforts, culminating in an awards ceremony in Croke Park.

## BÉ Online | Enabling Communications for all Employees

After a successful pilot in our Athlone depot, we launched BÉ Online nationwide in 2019. BÉ Online is Bus Éireann's social media platform where all employees can read company and employee-generated social news wherever they work. Up to that point, communicating with our Driver and Mechanic employees was slow and cumbersome, relying on printed newsletters and posters which quickly went out of date. With frequent updates on how we are performing against our strategic objectives, fleet news and employee recognition updates, 60% of our employees actively use the platform every day.



## Operations Review (continued)

### Have Your Say | Employee Engagement Survey

Our goal is to become a great place to work for everyone, where employees are committed and loyal, willing to go the extra mile for their manager, team and customers. In 2019, we measured this sentiment (referred to as Employee Engagement) through *Have Your Say*, an employee survey launched during the summer.

The survey has provided valuable insights into how our employees are feeling about working at Bus Éireann. We validated that feedback with our Road Passenger Drivers and have action plans in place to address issues raised. In Q1 2020, we will validate the results with the rest of our employees.

Throughout the year, we used the findings from the survey to inform and develop our employee communications and engagement strategy.

### Supporting our Communities

With a reach that goes deep into communities across Ireland, our employees are proud to support causes that make a difference to so many people. In 2019, one example of this was our employees wearing Christmas jumpers to raise funds for our chosen charity. Bus Éireann was delighted to support this cause, as were as it turned out, many of our passengers.

*“The Bus Éireann Christmas Jumper Day was a huge success with a total of €3,060 raised for a great charity, The Alzheimer Society of Ireland.*

*Many thanks to everyone who got involved and supported a very worthy cause.”*

Aisling Harte

### Training for the Future | Bus Éireann Apprentice Programme

Bus Éireann has a long tradition of developing apprentices to take up roles as part of our Engineering and Maintenance functions. Each apprentice undertakes a four-year training programme provided by Bus Éireann in conjunction with SOLAS. The apprentice training programme consists of seven phases, three off-the-job and four on-the-job. In total, our apprentices will complete 208 weeks of training and then be awarded the Quality and Qualifications Ireland (QQI) Level 6 Advanced Certificate in Heavy Vehicle Mechanics. In 2019, 10 apprentices gained a Quality and Qualification Ireland (QQI) Level 6 in Heavy Vehicle Mechanics.

### Leading the Way | Diversity & Inclusion

Joanne Duffy, Services Manager, attended the 2019 European Commission conference “Towards a more inclusive and diverse transport sector” along with other transport providers in Europe. The information garnered from the conference will help shape Bus Éireann’s diversity strategy in 2020, in particular how we recruit more women drivers. Bus Éireann is delighted to be a member of the 30% Club, dedicated to promoting gender balance at all levels in business, as well as the Diversity Charter Ireland. Currently, women comprise approximately 40% of the CEO’s leadership team and 30% of the management layer.

### Promoting Diversity and Inclusion | Women Drivers Recruitment Open Day

With a tight labour market and just 3% of all drivers being women, we took on the challenge to encourage women to consider a career in transport. We launched a campaign on social media, radio and in local channels. Facebook posts reached almost 50,000 people and 8,281 people visited our information page at [www.buseireann.ie](http://www.buseireann.ie).





We held events in Dublin, Cork and Galway in March, and were delighted to welcome 174 women to our three depots to meet with staff, view our fleet, see our AVL system, and learn what it is like to be a driver with Bus Éireann. Most importantly, they found out how to go about applying for a position with our team. As a result of the campaign, we recruited 15 new women drivers.

Participants completed a survey at the end of their session. 98% rated the event as 'excellent' while 100% said they would recommend driving with Bus Éireann to another woman. We also captured some great comments from the feedback questionnaire, such as:

*"I did not realise it was such a friendly place to work and how they all help each other out as a team."*

*"I felt you could ask any question and the staff were willing to give you the information, really enjoyed the day."*

### Encouraging and Enabling Women in the Workforce | International Women's Day

Each year on 8 March, International Women's Day (IWD) is celebrated around the world. Themed #BalanceForBetter, International Women's Day 2019 was a call-to-action for driving gender balance across the world.

We held a series of nine events across the country exclusively for women and hosted by either Sinead Kilkelly, Chief People Officer, or Miriam Flynn, Chief Schools Officer. Joined by colleagues from Irish Rail, the events were designed to develop a culture of open dialogue and engagement. Conversations focused on careers and development, and

the challenges faced in the workplace. Our colleagues shared stories about the women who inspire them, and the journeys travelled to establish and grow careers. They also shared steps they could take to achieve better balance and progress.

Since 2013, the CIÉ Group of Companies has supported IWD events, with approximately 180 women attending each year. This year, Irish Rail hosted the event for the first time, which took place on a train and in a hotel in Drogheda. We were joined by three keynote speakers: Joanne O'Riordan, Siobhan Murray and Fiona Ross, who spoke passionately about their life experiences, the challenges they've faced, and how those experiences, and the resilience those experiences fostered in them, have made them who they are today. They encouraged our women to realise their individual potential and push boundaries.

Bus Éireann launched the 'Respect Your Driver' campaign in 2019.

### Opportunities Today

Throughout the year, a number of opportunities continuously arise for our people to progress their careers. In 2019, a total of 58 employees were promoted. Our office-based staff enjoyed promotional opportunities across clerical and executive roles. 18 drivers were promoted, 10 of them to supervisor roles. Many of these career steps were supported by Bus Éireann's Duascéim scheme, which provides support for employees to complete relevant courses such as the Transport Management Certificate of Professional Competence (CPC), required for supervisor positions, in readiness for the opportunity to progress.

Bus Éireann continues to be an attractive employer for drivers. More than 200 new drivers were successful in their applications and joined Bus Éireann over the course of 2019 to support our wide range of service enhancements. Comprehensive induction, training and route familiarisation is completed before commencing service.

### 'Delight the Customer' Workshops

- Over 170 innovative customer service training courses delivered nationally.



As Ireland's national bus company, our purpose is to connect people with who and what matters to them, helping to make life better.



## Operations Review (continued)

### Financial stability

#### Financial Performance

In 2019, Bus Éireann recorded a profit after exceptional of €2.3m, an improvement on 2018 which was a loss after exceptional of €6.4m. This is a significant achievement and is the first time the Company has returned a profit after exceptional since 2014. This improvement reflects greater efficiencies, the continuation of the cost saving initiatives commenced in the transformation plan during 2017, a greater focus on being fully funded from the NTA, thus minimising unfunded activity, a significant reduction in bus hire (24.1% to €8.9m), and an increase year on year in Expressway revenues.

The upward trend in passengers using public transport has continued into 2019 with total passenger journeys rising 6.9% to 89.4m in 2019. This has led to a 7.0% increase in total road passenger revenue increasing to €163.0m in 2019. Total Expressway revenue has increased 2% to €60.7m whilst total PSO revenue has risen 9.2% to €154.9m. Increasing passenger numbers has meant the Company has had to recognise a worrying increase in the number of accidents correlating with an increase in our third-party claim cost and this is a strong focus area going forward.

PSO Subvention in 2019 is up 9.8% whilst funding from the Department of Education and Skills has increased by 10.0%, both due to additional services being provided.

Out of the €2.3m profit, €0.7m is attributable to PSO activity whilst the remaining €1.6m is attributable to the non PSO activity.

	PSO	Schools & Commercial	Pre-Exceptional	Exceptional	Profit/(Loss)
2019	€0.7m	€1.6m	€2.3	€0.036	€2.3m
2018	€0.5m	€1.0m	€1.6m	€7.9m	(€6.4m)

2019 saw a reduction in EBITDA to €8.8m as compared to €9.7m in 2018 mainly as a result of the impact caused by a 2.75% pay award as the first year of the three year LRC agreement and a pension charge related to previous years. In order to deliver the additional PSO services required by the NTA during 2019 there was a need to increase headcount primarily across the driver cohort. Payroll and related costs rose by 10.4% to €142.9m in 2019 with an average headcount of 2,727 compared to €129.4m in 2018 with an average headcount of 2,562.

Investment activity in 2019 was €15.7m versus €26.2m in 2018. This expenditure was primarily on fleet and excludes €1.6m expenditure on property which is held on the balance sheet of CIÉ.

During 2019 significant commitment to investment was made in our fleet and customer, with the Board approving the purchase of 30 new Expressway vehicles and a new seat reservation system. This is a significant investment and was only possible after a comprehensive financial evaluation process of capital appraisal was undertaken.

The Company's Balance sheet strengthened during 2019, holding net current assets of €37.5m (2017 €28.2m) with net assets standing at €16.0m, up from €13.7m in 2018.

#### Financial Control and Corporate Governance

During 2019 the Company has implemented enhanced discipline around the control of capital and operating expenditure. The Capital Steering Committee met 12 times during 2019 to ensure governance and rigour on investment decisions ensuring all are supported by detailed financial business cases. This ensures that options are thoroughly evaluated and our Board makes fully informed Capital expenditure decisions.

A key focus in 2019 has also been on the increased vigilance over unfunded activity. In addressing this particular concern regular meetings have been initiated both internally and with the NTA to examine additional costs as services are increased or enhanced. This clarity ensures that the correct business decisions are made for the appropriate elements of the business which are fundamental for the Company's future. A further key focus has been on the Expressway business working closely with the commercial department to deliver a stronger, more strategic and economically resilient business.

A new six pillar procurement strategy was developed during the year including an enhanced approach to procurement compliance and governance in order to ensure the Company meets its regulatory requirements in key areas and performs best practice in framework and contract management

In 2019, Bus Éireann performed a bottom up budget and rolled this out in order to ensure budget accountability across all business areas. A regular sequence of meetings is now in place across all the business in order to ensure transparency and understanding of the results and related KPIs and monitor/agree corrective actions where necessary. Periodic meetings are held with the senior leadership team to review and critique the results.

In late 2019 and as part of the direct award costing model, bottom up budgeting was further developed with key performance indicators underpinning the costs by location, thus ensuring a fully funded PSO business as part of the new Direct Award Contract signed with the NTA in December. Key to this was a cross functional working group which ensured agreed understanding on head count requirements across the business. A full analysis of spare requirements was conducted allowing for a seasonally adjusted and phased budget

In 2019 the Company commenced the process of examining the finance function to ensure it is future fit. This work will continue into 2020 and will address our processes, systems, technologies, data analytics and resources in order to ensure resilience within the function.

The Company is fully committed to meeting the requirements of the Code of Practice for the Governance of State bodies. In 2019, it introduced a new Compliance Framework to assist first and second line defence in relation to compliance monitoring and quality assurance reviews. A quarterly compliance report is now discussed with the senior team, with review at ARC and Board. In addition the Company completed an in depth review of compliance with corporate governance requirements of the Code of Practice for the Governance of State Bodies resulting in the updating of its Corporate Governance Manuals for Directors and Employees

During 2019, Bus Éireann successfully renewed its Road Passenger Transport Operating Licence for 2019/2024, established its internal register of Beneficial Ownership, undertook an external review of Board Effectiveness in line with Code of Practice, undertook a Quality Assurance review of compliance with the revised Public Spending Code 2019, reviewed its compliance with the Official Languages Act 2003, implemented a new Fraud Management Policy and agreed a range of SLAs with CIÉ Group related to centrally provided services.

### Financial Sustainability and Funding

In order to maintain sustainability, it is important the PSO and Schools services Bus Éireann delivers for the NTA and Department of Education and Skills (DOES) are adequately funded. The 2019 profit and loss account reports receipts from Public Obligation funding of €58.0m, increase of €5.1m over 2018. Schools revenue also rose to €203.5m from €185.3m in 2018. This reflects the increased services required by the NTA and the increased demand for Schools

Transport particularly for children with special needs. In December Bus Éireann signed a new Direct Award Contract to 2024 which allows the Company to deliver PSO services by way of a fully funded contract.

In order to maintain future profit and passenger growth across the Expressway business capital expenditure was approved by the Board to allow the purchase of 30 new Expressway fleet. This significant investment is long overdue and will place Expressway in a good position as market competitiveness increases.

Regarding our schools business we are currently facilitating an independent review which will feed into future discussions with the DoES.

Each year Bus Éireann revises its rolling five-year business plan which is reviewed annually by NewERA. The net assets of the Company have improved from 2019 and were at €16.0m, far exceeding the thresholds required for the annual operating licence. The intercompany balance with CIÉ has also improved from 2019 with the net amount owed to Bus Éireann at €101.0m, an increase of €16.1m over 2018.

Capital commitments as at 31st December 2019 were €15.4m which included €13.3m for 30 new Expressway fleet.

### Financial Outlook

The challenges presented by the uncertainties around Brexit continue to impact many companies including Bus Éireann. Bus Éireann is now implementing its Brexit Transformation plan in line with the withdrawal negotiations process between the UK and EU. The ARC receives regular updates on the matter.

As of writing Bus Éireann is dealing with the COVID19 outbreak which has had a significant effect on passenger demand throughout 2020 and will likely continue into 2021. It has created a challenging environment which the Company is responding to together with all of our key stakeholders. The impacts are detailed in the Going Concern section of the Directors' Report.

## Operations Review (continued)

### Operational Excellence

#### Safety

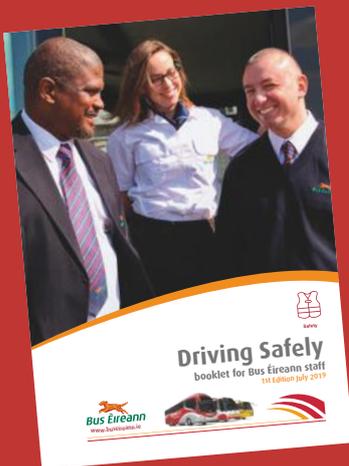
Safety continues to be overseen by the Senior Leadership Team and the Board Safety Committee, which was renamed the Safety and Accessibility Committee during 2019. The Committee's terms of reference have been revised and updated.

- The Company's Emergency Plan was expanded and updated in 2019 and two test scenario sessions were staged to assist in emergency response planning. One simulated event related to a school transport emergency and the other to a road passenger emergency.
- A revised workplace safety audit process was implemented during the year at all operating locations.
- A fully updated company Safety Policy, Safety Management System and Safety Statement was prepared and communicated in 2019.
- A comprehensive new driver safety advice booklet, 'Driving Safely', was produced during the year. The publication outlines the company's safety management processes and gives advice on driver and passenger safety and security.
- There were no passenger or employee (work-related) fatalities in 2019. Unfortunately, company vehicles were involved in three fatal collisions during the year – two involving pedestrians and one involving a motorcyclist.
- The rate of collisions and employee accidents in 2019 was substantially lower than in prior years. The passenger accident rate for road passengers increased, particularly on our city services. A number of measures were introduced in the second half of the year to arrest this trend.
- A safety conference took place in Athlone in October, attended by safety representatives and safety officers from all over the country. We were delighted to be joined by guest speakers from the Road Safety Authority and An Garda Síochána, who contributed to a wide ranging forum and idea generation session on key safety topics.
- The accident and incident reporting CRM system was further updated to provide additional analysis of accident trends and CCTV capture information. This has assisted in the investigation of accidents and subsequent management of claims.
- The expansion of our safety KPIs continued with the addition of reporting on incidents of verbal abuse of employees and of malicious damage to property.

#### School Transport

- The safety of school children travelling on board our school transport services continues to be our highest priority.
- Our positive safety record is further evidenced by the 23% reduction in collisions on Bus Éireann vehicles.
- Bus Éireann, the Department of Education and Skills and the Road Safety Authority continued to collaborate throughout 2019 to ensure safety remains a key priority in the operation of the School Transport Scheme.
- The promotion of school bus safety and the communication of key messages to school children also remained a key focus throughout 2019.

Bus Éireann attended a number of safety events throughout the year including the "Keep Safe" initiatives in conjunction with the Health and Safety Authority (HSA).





**An Roinn Caiteachais  
Phoiblí agus Athchóirithe  
Department of Public  
Expenditure and Reform**

Highlights

Chairman's Statement

Review

Financial Statements

### Child Safeguarding

In line with the requirements of the Children First Act 2015, keeping children safe while in our care is central to the ethos of Bus Éireann. The Child Safeguarding Policy Booklet outlines the key principles of child safeguarding in our organisation and is distributed to all Bus Éireann staff, school transport contractors and their nominated drivers. The Child Safeguarding Policy Booklet serves to further promote the safety and welfare of the children we carry, and sets out the procedures for our personnel to follow when dealing with any concern relating to child protection.

### Vetting

The primary focus of Bus Éireann's Vetting Office is to ensure that we are compliant with our legal obligations under the National Vetting Bureau (Children and Vulnerable Persons) Act 2012-2016. It seeks to maintain excellence in operational standards to support the safety and welfare of the children we carry, in particular those on our school transport services.

The online e-Vetting System, which launched in 2018, has streamlined the vetting process and provides a user-friendly application process benefitting both internal and external users.

In 2019, Bus Éireann's Vetting Office processed applications for 4,431 applicants. This represents an increase of 50% on vetting applications processed in 2018.

The online e-Vetting System automates the generation of the majority of correspondence to applicants. Applicants approved to operate services on behalf of Bus Éireann are issued with an electronic copy of the Company's official Code of Conduct and Child Safeguarding Policy Booklet.

### Risk

*We strive to ensure a robust and focused approach to risk management is maintained within the Company.*

*The Board has overall responsibility for ensuring the Company's exposure to risk remains proportionate to the pursuit of its strategic goals and long-term stakeholder value.*

Safety and the management of risk continues to be the highest priority collectively for both the Board and the Senior Management Team.

Detailed processes, review mechanisms and checks and balances are in place to provide the timely and necessary quality assurance required for the Board and the Senior Leadership Team to make the informed judgements and decisions required.

- The Company's Risk Management Framework was updated during 2019. The framework is aligned with the provisions of ISO 31000:2018 and complies with the requirements of the Department of Public Expenditure and Reform (DPER), Risk Management Guidance for Government Departments and Offices and the Code of Practice for the Governance of State Bodies. The Company's risk register was regularly reviewed and updated during the year by the Senior Leadership Team. Principal risks and those outside of tolerance were reported to each meeting of the Board.

### Environment & Climate

*53% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emissions standard.*

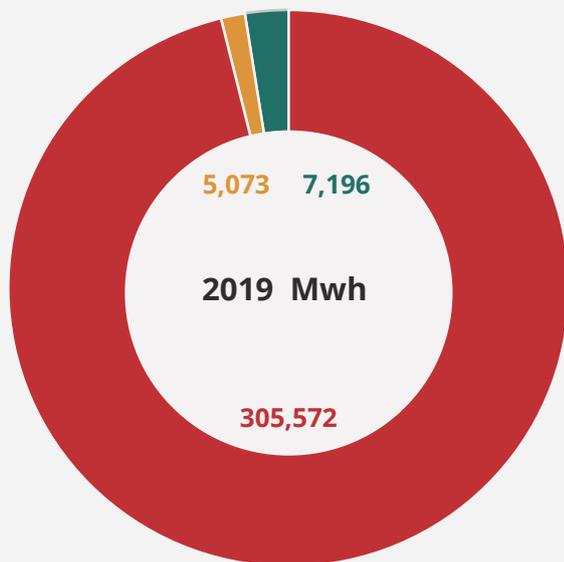
Energy management and fuel sustainability continues to be a strong focus for both the Board and the Senior Management Team. We are committed to meeting the government objectives and targets in relation to energy management and environmental sustainability. A new cross-functional Energy Team was established in 2019 and a new Energy Policy was adopted.

- A process of improving company energy management systems was commenced in 2019, funded through the Government's Energy Efficiency Obligation Scheme. The objective is to further improve our energy efficiency and achieve ISO50001 energy management certification in 2020.
- The roll-out of the telematics system on our fleet was further facilitated, with employee training delivered and all vehicles equipped with a view to launching in February 2020. The system enables improved driver awareness of driving performance, as it impacts on fuel consumption and passenger safety.
- Our energy efficiency has improved by 14.8% (SEAI verified) to 2019 from the baseline measurement year. It is planned that this improvement will continue in 2020.
- A new fuel management system was approved in 2019 and will be implemented in 2020.
- Bus Éireann participated in a large-scale alternative fuel trial in late 2018 and the first half of 2019, under the direction of the Department of Transport, Tourism and Sport (DTTAS). The trial used Bus Éireann facilities at Broadstone in Dublin and Capwell in Cork. The initiative involved monitoring the efficiency and emissions performance of six different vehicle types. It has informed Government policy on public transport fleet investment and we are expecting the first batch of NTA-funded hybrid buses in 2020.

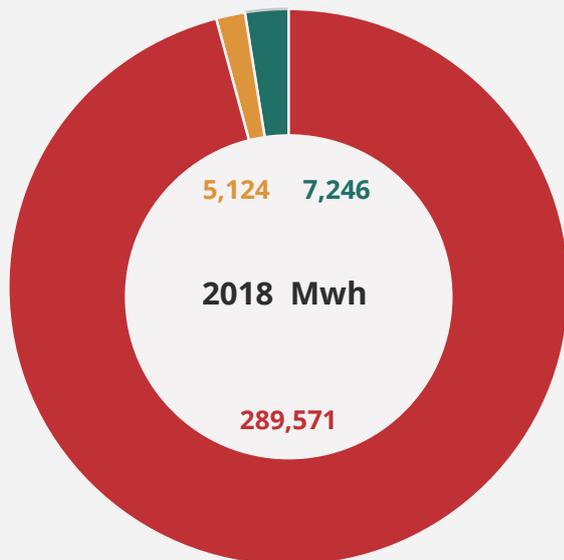
## Operations Review (continued)

- 53% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emissions standard. This will increase to 60% in 2020 with the planned delivery of new fleet.
- Our total energy usage for 2019 was 317,841 megawatts, which is higher due to an increased number of services provided in 2019 and increased traffic congestion.

Our usage is set out as follows in megawatts:



**Diesel**    **Electricity**    **Gas/Heating**



### Environmental and Climate Goals

In response to the challenges of global climate change and the desire to be part of the solution to reducing Ireland’s transport-related greenhouse gas emissions and improving air quality, the publication of the Climate Action Plan (CAP) in 2019 was a watershed moment for the Company and for other public transport providers. It presents challenging targets for the Company. As a public body, the target is an absolute CO<sub>2</sub> reduction of 30% by 2030. Company CO<sub>2</sub> emissions have reduced by 7% since the baseline measurement year (2009). The delivery of the fleet and infrastructure capital plan is critical to Bus Éireann achieving the CAP targets, as is continuing fleet renewal investment by the NTA and Department of Education and Skills.

Our transition to sustainable alternative fuels will commence in 2020, with the delivery of 26 hybrid buses. Planning commenced in 2019 for the Athlone bus fleet to change to full electric operation, as part of a pilot project in conjunction with the NTA. A trial of hydrogen buses in the GDA was also agreed and will be funded by the NTA.

Air quality continues to be an area of focus, particularly in urban environments. 53% of our service fleet now meets the latest Euro VI standards, which means the tailpipe emissions of nitrous oxides, hydrocarbons and particulates from these vehicles are negligible. This figure will increase to 60% with the planned delivery of new fleet. The Company is part of the UTRAP consultative group on urban air quality improvement.

### 1. From Car To Bus

#### *More people sharing resources means fewer cars on the roads and lower CO<sub>2</sub> emissions*

- The more people who choose to travel with us, the better it is for the environment, our economy and society at large.
- Increasing public transport is the nature of our business; we address that on many levels.
- We contribute via active dialogue with all stakeholders, advocating for public transport.
- Creating maximum benefits for passengers who decide to travel with us is a key component.
- Additionally, it is important to communicate the positive effects of the increase of travel by bus.

## 2. Empty Buses In Traffic

*The better we plan traffic, streamline production and avoid running empty buses, the more value we provide to passengers and society*

- Lowering the percentage of empty buses in traffic is an important concept in order to achieve smart traffic planning.
- The goal is to provide the capacity to meet passengers' needs.
- Filling the buses with passengers is also key to our ability to lower emissions and conserve our finite resources. One important element is optimising schedules to minimise idle time and empty buses in traffic.
- Another is planning the shortest possible distance between the bus depot and the first stop.
- The more co-operation and dialogue we have with passengers, the greater the possibilities for adapting public transport to passengers' needs while simultaneously minimising the environmental impact.

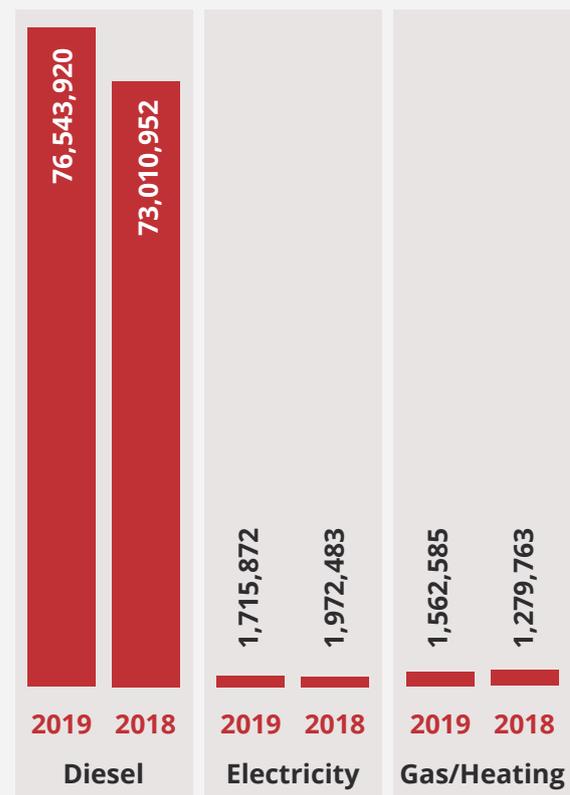
### Alternative Fuel Trials

- The Department of Transport, Tourism and Sport invited Bus Éireann, Dublin Bus and the National Transport Authority (NTA) to participate in planning and supporting the Department's proposed Alternative Fuel Trials.
- The trials are intended to inform future policy decisions on sustainable low/zero emissions drivetrain technologies in public transport bus operations.
- From mid-2018, Bus Éireann's Engineering Management Team worked closely with the Department of Transport Tourism and Sport (DTTAS) and Department of Communications, Climate Action and Environment (DCCA) in the planning and organisation of the trials to assess the performance of a selection of existing and developing alternative power technologies.

- The trials began in late 2018 and continued until April 2019.
- The range of technologies involved in the trials include a number of full electric, hybrid electric, CNG and hydrogen fuel cell single and double-deck buses, tested against existing low emission diesel technologies.
- The Department plans to use the comparative results of the trial to determine the optimum technologies required on future public transport fleets to achieve our national energy targets by 2030.

Our carbon emissions for 2019 and 2018 are set out below and expressed in KG CO<sub>2</sub> factor:

### Carbon Emissions 2019 and 2018



**Roinn Cumarsáide, Gnómhaithe ar son na hAeráide & Comhshaoil**  
 Department of Communications, Climate Action & Environment

## Operations Review (continued)

### Property and Facilities

*Continuous improvement in our customer and employee facilities provides the infrastructure to support capacity growth and transition to alternative fuels.*

Improving our customer and employee buildings and facilities continues to be a key area of focus. In 2019, there were 31 separate facility improvement projects delivered along with five station accessibility improvement projects. Considerable planning and design work was also undertaken on key, large projects, including a planned new facility at Limerick (Roxboro Road), the redesign of Busáras, and garage electrical works at five garages. As services grow, it is critical that infrastructure capacity continues to enable this growth. The transition to alternative fuelled vehicles over the next 10 years will place particular demands on infrastructure provision.

### Technology

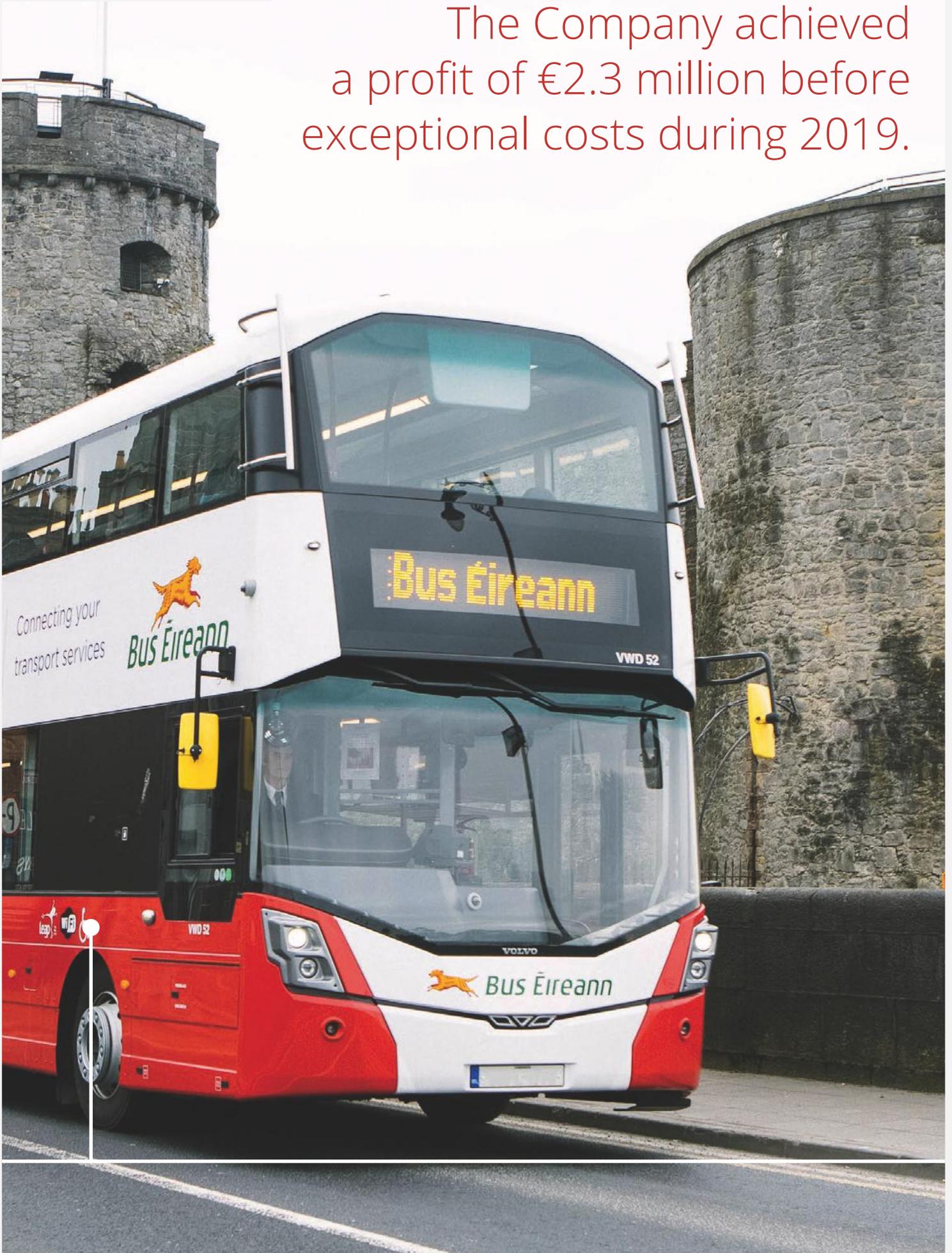
*New technology facilitates real opportunities to drive growth, improve cost efficiencies and enable real business transformation.*

Bus Éireann continued to deliver technology enhancements in 2019, including:

- Preparation and approval by the Board of a new three-year technology strategy and roadmap
- Migration of our HR IT system to the cloud
- Introduction of a new employee engagement app called BÉ Online enabling sharing of company information and plans, electronic pay slips and online roster and schedule information
- Completed proof-of-concept for new high capacity wireless network for our depots enabling remote upload/download of on-bus ticketing, CCTV, location and tachograph information



The Company achieved a profit of €2.3 million before exceptional costs during 2019.



Our relentless focus on providing the highest standards for every customer through an efficient, effective operation ensures that quality, safety and sustainability underlies our overall service ethos.



# Directors and Other Information

## Board of Directors:

### Non-Executive Directors

Mr Aidan Murphy

Mr Diarmuid Corry

Mr Gerard Ryan

Ms Deirdre Ashe

Mr Thomas O'Connor

Mr Stephen Hannon

Mr Brendan Lenihan *(appointed 5th April 2019)*

Ms Miriam Hughes *(appointed 5th April 2019)*

Mr Richard Manton *(appointed 5th April 2019)*

### Chief Executive

Mr Stephen Kent

### Secretary and Registered Office

Tom Delaney

Broadstone

Dublin 7

**Website:** [www.buseireann.ie](http://www.buseireann.ie)

**Registered Number:** 119570

Company Limited by Shares and Designated Activity Company under the Companies Act 2014

### Independent Auditors

Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

Earlsfort Terrace

Dublin 2

# Biographies of Directors



## Aidan Murphy

Aidan Murphy was first appointed to the Board of Bus Éireann in April 2013 and as Chairman in July 2014. His term of office finished on 8th July 2017 and he was re-appointed a Director and Chairman on 6th December 2017.

Aidan has extensive experience as a supply chain professional having held positions as CEO of Pulse Logistics, Managing Director Supply of C&C Group, General Manager of Wincanton Ireland and Logistics Director of 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 Strategy Committee and is also a member of the Board of CIÉ Group. He is also a member of the CIÉ Board Strategy Committee as well as being a non-executive Director of M&M Walshe Group.



## Deirdre Ashe

Deirdre Ashe was appointed to the Board in July 2014. In August 2017 she was reappointed for a second term.

Over this time she has been Chair of the Audit Review and Risk Group (ARRG), the Remuneration Committee, and is currently Chair of the Culture, People and Customer Committee. She has been a member of the Strategy Committee since her appointment in 2014.

Deirdre is a Chartered Director and experienced Non-Executive Director. She is a former Director of Aviva Health, the Asthma Society of Ireland and Life Sure. As an experienced senior leader in domestic and international Insurance she has led Consumer Divisions for Liberty, Aviva and Vivas Health in the General Insurance and Health markets. She is an expert in Digitisation and has led International Transformation Programmes for Liberty Insurance.



## Gerard Ryan

Gerard Ryan was appointed to the Board in July 2012 and was re-appointed to the Board during 2015 and again in 2018.

Gerard has over 20 years' experience in senior management positions in the financial services and IT sectors in diverse organisations. He is currently Operations Director with Acorn Life DAC, 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 Ltd. He has a strong background in general management and also is 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 and Risk Committee (ARC) and is Chairman of the Board Strategy Committee.



## Stephen Hannan

Stephen Hannan was appointed to the Board of Bus Éireann on 1st December 2017 under the Worker Participation (State Enterprises) acts 1977 to 2001.

He works in Ringsend Depot as a Bus Driver with Dublin Bus. He is a member of SIPTU and has held a wide variety of positions within the trade union for almost 30 years. He was President of the Bus Drivers Committee, Vice-Chairman of the Transport Sector Committee, the Divisional Committee and Depot Representative.

Stephen is also a board member of CIÉ since December 2017 and is also a Director of Dublin Bus.



### Thomas O'Connor

Thomas O'Connor was appointed to the Board of Bus Éireann on 25th July 2018 under the Worker Participation (State Enterprises) acts 1977 to 2001.

Thomas works as a bus driver for Dublin Bus and is based in Ringsend garage. He is a member of the National Bus and Rail Union (NBRU) and sits on its National Executive and has served as Dublin Branch Secretary since 2010.

Thomas is also a Board member of CIÉ since December 2017 and is also a Director of Dublin Bus.



### Diarmuid Corry

Diarmuid was appointed to the Board of Bus Éireann on 3rd August 2018 and was also appointed as Chairman of the Board Safety and Accessibility Committee and is a member of the Board Strategy Committee.

Diarmuid is a consultant in electronic system design with a focus on air and spacecraft. He was a founder of ACRA Control Ltd., a supplier of flight test instrumentation to the aerospace industry, and served as a Director until its acquisition in 2011. He is currently Chief Technology Officer for Réaltra Space Engineering, a division of Realtime Technologies Ltd. Diarmuid has a Masters in Electronic Engineering from DCU and also holds an MBA.



### Richard Manton

Richard Manton was appointed to the Board of Bus Éireann in April 2019. He is a member of the Board Safety & Accessibility Committee and the Board Culture, People & Customer Committee.

Richard is a senior manager at Engineers Ireland, responsible for policy, public affairs and academic standards. He previously held positions in research and teaching at NUI Galway and was the community representative on Galway City Council's Transportation Strategic Policy Committee.

Richard is a Chartered Engineer with Engineers Ireland and the Chartered Institution of Highways and Transportation. He has a PhD in Civil Engineering, specialising in sustainable transport.



### Miriam Hughes

Miriam Hughes was appointed to the Board in 2019. Miriam is a Chartered Director from the IOD, independent strategic business consultant and a Non-Executive Director. Miriam is a member of the Board Audit and Risk Committee and the Board Safety and Accessibility Committee.

Miriam is the ex-CEO of one of Ireland's largest communications groups, DDFH&B. During her 17-year tenure at DDFH&B, she managed numerous acquisitions, new business models and more recently navigated the reorganisation of the business to create a new communications company, JWT folk. DDFH&B was 75% locally owned and specialised in advertising, digital content, reputation management, experiential events and brand PR. She worked with many large clients like Bord Gáis, National Lottery, Littlewoods, Irish Life and SuperValu.

Miriam is currently the chairman of the Barnardos Ireland Board, is a Mentor on the Enterprise Ireland Panel, a Non-Executive Director at Pluto (part of the TPI group) and a strategic consultant to a number of small businesses. Miriam is a graduate of UCD and holds a BComm and MBS in Marketing. She is a past president of the Marketing Institute of Ireland, past chairman of the Advertisers Association of Ireland, past council member of Dublin Chamber, past board member of the Irish Hospice Foundation and a current council member for the IMI.



### Brendan Lenihan

Brendan Lenihan was appointed to the Board of Bus Éireann in April 2019. He chairs the Board's Audit and Risk Committee and is also a member of the Board Customer, People & Culture Committee.

Brendan is Managing Director of Navigo Consulting, a specialist adviser in the area of Strategy, Business Planning and Governance consulting. Prior to this, he worked as a Group Finance Director in a large property company and as a Partner with Andersen, with whom he worked in Ireland and in the US. He is an Independent Non-Executive Director of a number of private companies, charities and of the HSE (Health Service Executive). Brendan is a former President of Chartered Accountants Ireland. Brendan holds a Bachelor of Commerce from UCC, a Post Graduate Diploma in Professional Accounting from UCD, is a Chartered Accountant with over 25 years' post-qualification experience, and most recently was awarded a Professional Diploma in Corporate Governance from Smurfit Business School, UCD.

# Senior Management Team



## **Stephen Kent – Chief Executive**

Prior to his appointment as Chief Executive Officer in November 2018, Stephen Kent was appointed as Acting CEO in autumn 2018, having previously served as Chief Commercial Officer since joining Bus Éireann in 2013.

Stephen joined from C&C Group where he was Sales and Marketing Director, and previously worked in a number of senior management roles in Waterford Crystal and Waterford Foods (now part of Glanbia plc). Stephen holds a BBS from the University of Limerick and MBA from Herriot Watt University and is also a graduate of the Marketing Institute of Ireland.



## **Allen Parker – Chief Customer Officer**

Allen Parker took up the newly created role of Chief Customer Officer in May 2018.

Allen has over 27 years' experience in the bus transport market both in Ireland and in the UK. In recent years Allen has been the Managing Director of Aircoach (a subsidiary of the First Group plc).

Allen commenced his career in public transport with Bus Éireann in the 1990's before moving to work for Comfort Delgro in Ireland, including as Managing Director of inter-city coach operator Citylink and then subsequently to the First Group plc where he has held a number of senior roles.

As Chief Customer Officer, Allen has full responsibility for all aspects of service delivery and for driving continuous improvement in the overall customer journey experience. This extends to performance and planning, operations, engineering and all aspects of the customer journey experience, communications, information and accessibility. Responsibility for the management of all National Transport Authority (NTA) contract obligations also rests with the Chief Customer Officer.

Allen holds a B.SC (Hons) in Transport Technology from the University of Ulster.



## **Miriam Flynn – Chief Schools Officer**

Miriam Flynn took up the role of Chief School Officer in February 2018 and assumes full responsibility for the operation and administration of the School Transport Scheme operated by Bus Éireann, on behalf of the Department of Education and Skills.

Miriam has worked in a number of roles within the Company, such as Customer Service, Sales and Marketing, Business Development and Operations. She spent the previous 15 years in the role of Regional Manager, where she had overall responsibility for Bus Éireann operations in the south-west region.

She graduated from NUIG with a Bachelor of Commerce degree and completed a postgraduate Diploma in Marketing at the Smurfit Business School, UCD where she also completed an Executive Leadership programme with the ClíÉ Group.

She is a member of the Chartered Institution of Logistics and Transport and holds a Certificate in Professional competence in National and International Road Transport Operations.



## **Tom Delaney – Chief Finance Officer**

Tom Delaney joined Bus Éireann from Bank of England as CFO and Company Secretary in April 2018. Tom has over 25 years senior finance experience across financial services, manufacturing, FMCG and telco sectors having worked in blue-chip firms such as Coca Cola, Grafton Group, Eircom and Glanbia.

In addition to finance and Company secretarial, Tom has responsibility for the areas of the procurement IT, regulation and compliance within Bus Éireann.

A fellow of the Association of Chartered Certified Accountants, Tom holds a MSC in Finance and Law from Queen Mary, University of London, a diploma in insolvency law from ICAI and is a full member of the Corporate Governance Association of Ireland.



### **Sinéad Kilkelly – Chief People Officer**

Sinéad Kilkelly commenced in Bus Éireann as Chief People Officer in August 2018. She joined Bus Éireann following 9 years at Etihad Aviation Group in Abu Dhabi where she held the post of Vice President People Services. In this role Sinéad led a series of significant organizational change programs in addition to her responsibility for HR strategy and performance, HR technology, HR services, recruitment and people analytics for the Group of 25,000 employees.

Prior to Etihad, Sinéad's HR experience included positions within RBS, Ulster Bank Group and Intel Ireland. She also previously lived in Australia.

Sinéad holds an MBA from Trinity College Dublin and is a Chartered Fellow of the Chartered Institute of Personnel and Development (CIPD).



### **Eleanor Farrell – Chief Commercial Officer**

Eleanor is an experienced senior leader with a strong commercial track record of customer-focused transformation and innovation, combined with strategy development and operational excellence.

Most recently, Eleanor held a global leadership role with Google as Global Head of Operations and Strategy, Customer Onboarding. Eleanor joined Google from Vodafone Ireland where she was Head of Customer Value Management and previously Head of Commercial Strategy & Planning.

Her earlier career was as Management Consultant with McKinsey & Company, where she led a number of critical strategy and change programs.

Eleanor holds an MBA from UCD Michael Smurfit Graduate Business College and an MSc in Computing. She is also Chair of Samaritans Ireland and a member of the Samaritans UK Board.



### **Seán Loughman – Chief Information Officer**

Seán Loughman brings to the newly created CIO role broad and deep technology knowledge. His experience spans strategy, development and delivery, coupled with digital & data analytics and innovation.

Over a wide-ranging career at Eir, Seán held significant Director roles in the areas of technology transformation and product development. His most recent position was Director of IT Strategy, Architecture and Solutions.

Earlier in his career Seán held a number of senior roles at Swedish company Ericsson, both in Ireland and overseas.

Seán holds a Bachelor of Electronic Engineering from University College Dublin.



### **Rory Leahy – Chief Risk & Safety Officer**

Rory Leahy was appointed Chief Risk and Safety Officer in February 2018 and is responsible for company safety policy and strategy, risk management, property and energy performance. Having started his career in Iarnród Éireann, Rory moved to Bus Éireann and has held a number of positions in business development, operations and regional general management. Rory is a graduate in Civil Engineering from UCD and holds an Environmental Management post-graduate diploma from TCD and a Masters degree in the Management of Operations from DCU. He also holds a Certificate of Professional Competence in Road Passenger Transport Operations Management (International).

# 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 for the year ended 31 December 2019.

## Principal Activities and Business 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.

## Review of Operational Financial and Engineering Performance

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.

The Company recorded a profit of €2.3m in 2019 post exceptional (2018: (€6.4m)). This was after the receipt of Public Service Obligation (PSO) payments of €58.0m (2018: €52.8m). Operating revenue increased 8.6% year on year to €366.5m. At 31st December 2019 the Company's balance sheet holds net current assets of €37.5m (2018 €28.2m) with net assets standing at €16.0m, up from €13.7m in 2018. Passenger numbers have increased 6.9% to 89.4m in 2019.

## Dividends

No dividends were proposed, declared or paid during the year 2019 (2018: €nil).

## Reserves

Accumulated losses were €50.2m at the end of 2019 compared to €52.5m in 2018.

## Principal Risks and Uncertainties

The Company is committed to managing risk in a systematic and disciplined manner. The key risks and uncertainties are identified and action plans developed to mitigate these risks. A risk register is maintained by the Company and is updated for review by the Directors and senior management on an ongoing basis. Principal risks are reviewed by the Audit and Risk Committee (ARC) with support from the Board Safety & Accessibility Committee, the Board Strategy Committee and the Board Culture, People and Customer Committee. The Audit and Risk Committee also reviews and monitors internal control and audit risks.

The Company is dependent upon sustainable positive market conditions for all its services. The Company continued to monitor its revenues and costs closely into 2019 and beyond through extensive engagement with all its stakeholders.

Financial and economic risks and opportunities are presented to ARC and Board on a regular basis. The Company is also dependent upon sufficient funding for public services and school bus services from the National Transport Authority (NTA) and the Department of Education and Skills respectively. The Company is required to comply with the terms and conditions of the direct award public service contract with the NTA, and the competitive tender contract for Waterford services.

Liquidity is tightly managed on a CIÉ Group basis. A dedicated team 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. The emergence of COVID19 has required an increased focus on liquidity during 2020.

## Capital Investment

Capital expenditure amounted to €15.7m in 2019 (2018: €26.4m). The Company received capital funding for PSO services from the NTA in 2019 of €16.2m (2018: €22.2m), including grants of €0.0m (2018: €0.25m) in respect of land and buildings which are held by CIÉ, which enabled the Company to invest in improved services for its customers.

## Share Capital and Reserves

Details of the Company share capital is set out in note 16.

The Company has no subsidiaries and no investments in other companies and this is consistent with the prior year.

The reserves of the Company improved during 2019 and accumulated losses now stand at €50.2m at the end of 2019 (2018: €52.5m).

## Shareholders Meetings

An annual general meeting of the Company is held once every calendar year at such time (not being more than 15 months after the holding of the last preceding annual general meeting) and place as may be prescribed by the

## Attendance at Board/Committee Meetings

Listed below are details of Directors' attendance at Board/committee meetings held during 2019

	Board	Audit and Risk Review	Safety	Strategy	Culture, People & Customer
Mr Aidan Murphy	10/10			5/5	
Mr Diarmuid Corry	10/10		4/4	5/5	
Mr Gerard Ryan	9/10	9/9		5/5	
Ms Deirdre Ashe	10/10	5/5		4/5	1/1
Mr Thomas O'Connor	10/10		3/4		
Mr Stephen Hannon	9/10		2/4		
Mr Brendan Lenihan	7/7	6/6			1/1
Ms Miriam Hughes	7/7	6/6	2/2		
Mr Richard Manton	6/7		2/2		1/1

Directors. The Directors may either whenever they think fit or on request from Córas Iompair Éireann convene an extraordinary general meeting of the Company.

## The Board

The Company is controlled through its Board of Directors. The Board met on 10 occasions during 2019 (seven in 2018) and has a schedule of matters reserved for its approval. The Board comprises of non-executive Directors only, two of which were worker Directors at year end. There are no executive Directors.

## Diversity, Equality & Inclusion

As the national bus company Bus Éireann is committed to creating a workplace that promotes diversity, equality and inclusion for all. Bus Éireann fully co-operates with the Department of Transport, Tourism and Sport (DTTas) in ensuring that the Board remains fully reflective of the community we serve, and we believe that a diverse and balanced Board contributes significantly to the strength of the Board's overall ability to carry out its challenging remit.

## Directors' Report (continued)

### Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) was previously called the Audit and Risk Review Group (ARRG). During 2019, it comprised the following non-executive Directors and non-Director member:

Ms Deirdre Ashe	<i>(Chairman)</i> <i>(appointed 1st August 2018, retired 24th June 2019)</i>
Mr Gerard Ryan	
Mr Brendan Lenihan	<i>(appointed Chair of ARRG on 24th June 2019)</i>
Ms Miriam Hughes	<i>(appointed 24th June 2019)</i>
Mr Paul McCann	<i>(non-Director and member of ARC)</i>

One non-Director Paul McCann was appointed to the ARC during August 2018 and was retired from the Group on 24th October 2019. Mr McCann was not a Director. The terms of reference of the ARC allow for persons to be co-opted to the Committee.

The ARC met on nine occasions during 2019 (2018: six).

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

The ARC 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 including updates from the recently appointed Chief Risk and Safety Officer.

In line with the Code of Practice for the Governance of State Bodies, an independent assessment of the ARC was carried out during late 2018 and presented at an ARC meeting in February 2019.

A review of the Terms of Reference of the ARC was carried out during 2019 and revised Terms of Reference were approved by the Bus Éireann Board in February 2020. The Group was also renamed the Audit and Risk Committee from the Audit and Risk Review Group (ARRG) in February 2020.

The ARC, 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 Safety (and Accessibility) Committee

The Bus Éireann Board Safety Committee, which was established at sub Board level in 2004, met on four occasions in 2019 (four in 2018). The Committee was renamed the Safety and Accessibility Committee on the 24th June 2019. This Committee monitors the safety performance of the Company against an annual safety plan and encourages the widest participation in safety awareness and accident prevention in the Company.

It comprised the following Directors during 2019:

Mr Diarmuid Corry	<i>(Chairman)</i>
Mr Thomas O'Connor	
Mr Stephen Hannon	
Ms Miriam Hughes	<i>(appointed 24th June 2019)</i>
Mr Richard Manton	<i>(appointed 24th June 2019)</i>

### Board Strategy Committee

This Committee addresses five specific areas namely enterprise development, technology innovation, marketing and research and policy and planning as well as strategy together with human resources and remuneration issues. The Committee met on five occasions during 2019 (four in 2018). The Board Remuneration Committee was disbanded during 2018 and its work was absorbed into the Board Strategy Committee. On 24th June 2019, the terms of reference of the Remuneration Committee were transferred to the newly formed Culture, People and Customer Committee.

The Strategy Committee comprised the following non-executive Directors during 2019:

Mr Gerard Ryan	<i>(Chairman)</i>
Ms Deirdre Ashe	
Mr Aidan Murphy	
Mr Diarmuid Corry	

## Culture, People and Customer Committee

The Culture, People and Customer Committee was formed on the 24th June 2019. It was established to assess, guide, report on and make recommendations to the Board on the area of Bus Éireann culture, people and customer strategy.

The Committee comprised the following non-executive Directors during 2019:

Ms Deirdre Ashe	<i>(Appointed Chair on 24th June 2019)</i>
Mr Brendan Lenihan	<i>(Appointed on 24th June 2019)</i>
Mr Richard Manton	<i>(Appointed on 24th June 2019)</i>

## 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 and Accessibility Committee.

## Payment Practices

The Company acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Amendment Regulation 2013. The Company payment policy is to comply with the requirements of the regulation.

## Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records in accordance with Sections 281 to 285 of the Companies Act 2014 are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Bus Éireann, Broadstone, Dublin 7.

## 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 2019 are set out below. Except where indicated they served as Directors for the entire year.

Mr Aidan Murphy	<i>(Chairman)</i>
Mr Diarmuid Corry	
Mr Gerard Ryan	
Ms Deirdre Ashe	
Mr Stephen Hannon	
Mr Thomas O' Connor	
Mr Brendan Lenihan	<i>(appointed 5th April 2019)</i>
Mr Miriam Hughes	<i>(appointed 5th April 2019)</i>
Mr Richard Manton	<i>(appointed 5th April 2019)</i>

The Directors and secretaries who served during the year 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.

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

## Code of Practice for the Governance of State Bodies

The Board is fully committed to meeting the requirements of the Code of Practice for the Governance of State Bodies. It is the view of the Board, with the support of the work of the Audit and Risk Committee that in 2019, Bus Éireann had in place adequate controls to manage the risks attached to the strategic objectives of the Company, and that these controls were being implemented. Where deficiencies were identified in relation to the system of internal control, Bus Éireann management was taking the necessary actions to address these deficiencies.

## Directors' Report (continued)

### Statement on System of Internal Control

#### Scope of Responsibility

It is acknowledged by the Bus Éireann Board and the Chairperson, that it is responsible for Bus Éireann's system of internal control. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016). It is also noted by the Board that such a system can provide only reasonable and not absolute assurance against material error.

#### Description of Key Control Procedures

The Bus Éireann Board confirms that an annual review of the Effectiveness of Internal Control Systems took place between November 2019 and February 2020. The Bus Éireann Board approved the annual review of the effectiveness of internal control systems on the 18th November 2020. There have been no weaknesses in internal financial control that have resulted in material losses, contingencies or uncertainties that were required to be disclosed in the 2019 Annual Financial Statements or Auditor's Report.

The key control procedures put in place by the Board to provide effective internal control are as follows:

- The adoption of a clearly defined organisational structure with written authority limits, appropriate segregation of duties and reporting mechanisms to higher levels of Bus Éireann management, the Bus Éireann Board and its Board Committees and to the CIÉ Board and Board Committees.
- A comprehensive budgeting and planning system whereby actual performance is compared to the approved budget at the end of each financial period and any significant trends or variances are investigated in relation to budget accountability. These reports are circulated to each Bus Éireann Board meeting and to the Board committees for review. This is supported by procedures for addressing the financial implications of major business risks.
- Clear guidelines for the approval and control of capital expenditure. These include; the preparation of annual capital budgets, which are approved by the Board in consultation with CIÉ, the Department of Transport, Tourism & Sport and the National Transport Authority (NTA), detailed feasibility studies and appraisals of individually significant capital projects, prior to approval by the appropriate level of authority (including the Department of Transport, Tourism & Sport and the NTA for larger projects) and the preparation of regular progress reports to management. All significant capital

projects require the completion of a formal close-out paper. Capital expenditure projects are overseen by the Capital Steering Group.

- Systematic review of internal controls by CIÉ Group Internal Audit, including the completion of the Directors Compliance Statement audit.
- The implementation of a Risk Management Framework and a Risk Management System (i.e. OpriskControl which is utilised by all companies within the CIÉ Group) which provides an auditable platform for the real time recording and reporting of risks which are evaluated and reviewed on a monthly basis by management. Principal risks together with risk treatment plans are presented to the Board on a quarterly basis after consideration by the ARC.
- Procedures for dealing with procurement compliance in line with EU Procurement Directive current procurement rules and guidelines as set out by the Office of Government Procurement, CIÉ Group Procurement Policy and Procedures and Bus Éireann Procurement Policy and Procedures.
- The completion of the External Financial Audit (Deloitte) which includes a review of Statement on System of Internal Control.
- The introduction in 2019 of a new Compliance and Regulatory Unit and Framework within Bus Éireann to assist first and second line defence in relation to compliance monitoring and quality assurance reviews. A quarterly compliance report is now issued to Board.
- Other independent analysis and review of the systems of internal control, including:
  - Review of Effectiveness of ARC presented to Board in January 2019.
  - External review of Effectiveness of Board undertaken by Governance Ireland, commenced November 2019 and completed January 2020.
  - Code of Practice Compliance Checklist submitted to CIÉ in April 2019.
  - External review of Bus Éireann Compliance Framework undertaken by Grant Thornton (July 2019).
  - Quality Assurance Review of the Financial Reporting Requirements of the Code of Practice 2016 undertaken between December 2019 and February 2020.

Bus Éireann implements a Risk Management Framework and a Risk Management System which provides an auditable platform for the real time recording and reporting of risks which are evaluated and reviewed on a monthly basis by management. Principal risks together with risk treatment plans are presented to the Board on a quarterly basis after consideration by the Audit and Risk Committee.

The Bus Éireann Board, through the ARC reviewed the effectiveness of the systems of internal control relating to Bus Éireann through 2019 by:

- A review and approval of the programme of internal audit for 2019 (prepared following its audit risk assessment process) and consideration of its major findings.
- Ongoing consideration of the major findings of any internal investigations.
- A review of the report of the external auditors, which contains details of any material control issues identified as a result of their audit of the financial statements.
- Ongoing assessment of the regular reports of the Internal Auditor who also reported regularly on the status of issues raised previously from his own reports.
- A review of the Principal Risks identified via the Risk Management Framework and a Risk Management System which provides an auditable platform for the real time recording and reporting of risks which are evaluated and reviewed on a monthly basis by management. Principal risks together with risk treatment plans are presented to the Board on a quarterly basis. The principal risks are reported to; the ARC, the Bus Éireann Board, the CIÉ Board Audit and Risk Committee and the CIÉ Board.
- Ongoing review of the regular compliance monitoring reports that it receives from 2019 onwards.

The Bus Éireann Board confirms that an annual review of the Effectiveness of Internal Control took place between November 2019 and February 2020. The Bus Éireann Board approved the annual review of the effectiveness of internal control systems on the 18th November 2020.

There have been no weaknesses in internal financial control that have resulted in material losses, contingencies or uncertainties that were required to be disclosed in the 2019 Annual Financial Statements or Auditor's Report.

The following areas were analysed for quality assurance in 2019 and early 2020, and rectification plans have been put in place:

- Business and Financial reporting aspects of the Code of Practice 2016: A new approach to compliance with the Code of Practice for business and financial reporting was adopted in February 2020.
- Customer Charter in line with Code of Practice 2016: In line with the Code of Practice 2016, a new Customer Charter is being adopted by Bus Éireann.
- Irish Language obligations in line with Official Languages: The Bus Éireann Irish Language Scheme is being revised for 2020.
- Public Spending Code Obligations: New procedures are being adopted by Bus Éireann for adherence to the revised Public Spending Code from 2020 onwards.
- Protected Disclosures Report: The 2019 report was produced, but not made available on Bus Éireann website prior to 30th June 2019.
- Publication of Annual Report 2018: An English version of the 2018 Annual report was published prior to approval of the Houses of the Oireachtas. This was rectified with the publication of an Irish and English version of report on approval of the Houses.

The Board confirms that Bus Éireann is in compliance with current procurement rules and guidelines as set out by the Office of Government Procurement, and CIÉ Group Procurement Policy and Procedures, save for non-compliant spend of €10.1m in 2019 representing 4% of eligible procurement spend. A Procurement Strategy is now in place which will ensure adequate and appropriately skilled resourcing within the procurement department. A procurement compliance steering group has been established to assist in the implementation of the strategy.

### Procurement

Bus Éireann confirms it has procedures in place to ensure compliance with applicable procurement rules and guidelines. CIÉ Group previously advised the DTTaS that it is applying a threshold of €50,000 for procurement non-compliances due to the volume of purchases within the CIÉ Group and the additional cost of supplying information at the lower limit. Matters arising regarding controls over procurement are highlighted to the Minister within the Comprehensive Annual Report via a Letter to the Chairman of CIÉ. Bus Éireann had non-compliant spend of €7.4m in 2018.

## Directors' Report (continued)

The non-compliant spend for 2019 is €10.1m, representing 4% of eligible procurement spend. The two areas of non-compliant spend were Spare Parts and Bus Hire. There is a Spare Parts non-compliance of €6.1m. A resource from the Engineering Department is now in place to sign off on specifications and is now assisting with the evaluation of these tenders. A resource from both Engineering Department and Procurement Department will work exclusively on spare parts tenders until all 13 tenders are completed. Tender processes have already commenced, which will result in Bus Éireann achieving both value for money and maintaining parts applicable standard. Due to the large volume of tenders involved it is anticipated that all tenders will be completed by Q4 2020, the non-compliance spend in 2020 will be approximately €7m. In 2021, we will have full compliance with spare parts.

The Bus Hire tender process has been completed which will result in the elimination of non-compliance from Q2 2020, the non-compliance spend for these two quarters will be approximately €1.3m.

### Directors' Compliance Statements

For the purposes of section 225 of the Companies Act 2014 (the "Act"), we, the Directors:

1. Acknowledge that we are responsible for securing the Company's compliance with its relevant obligations as defined in section 225 (1) of the Act (the "relevant obligations"); and
2. *Confirm that each of the following has been done*
  - (i) A compliance statement (as defined in section 225 (3) (a) of the Act) setting out the Company's policies (that in our opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations has been drawn-up;
  - (ii) Appropriate arrangements or structures, that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, have been put in place; and
  - (iii) During the financial year to which this report relates, a review of the arrangements or structures referred to in paragraph (ii) above has been conducted.

A detailed quality assurance view was undertaken by both Bus Éireann and other CIÉ Group companies to comply in full with the requirements of the Companies Act 2014 in relation to Directors' Compliance Statements. This review was commissioned by the CIÉ Group for all CIÉ Group operating companies and carried out by CIÉ Group Internal Audit Department. A comprehensive report was issued to and reviewed in detail by the Bus Éireann ARC. The report confirmed that Bus Éireann was in full compliance with the requirements relating to Directors' Compliance Statements for 2019.

### 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 also relates 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 Irish economy is experiencing a negative economic impact arising from COVID19. This has resulted in reduced revenue in both Commercial and PSO businesses. The Directors gave detailed consideration to the nature of the issues facing the Company when considering whether it remained appropriate to adopt the going concern basis in preparing the financial statements for 2019. The going concern basis assumes that the Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. The principal issues facing Bus Éireann can be summarised as follows:

## Commercial Services

Expressway services have continued during the pandemic with some schedule changes as agreed with the NTA. As these services were and continue to be run at a financial loss due to COVID19 travel restrictions, Bus Éireann has relied on liquidity support from its parent until June 2020 when it was successful in obtaining Temporary Support under the Commercial Bus Operators Direct Award from the NTA. This contract across almost all routes, excluding Route X1 and X51 which continued to rely instead on support from CIÉ, is due to expire in January 2021. All other commercial services have been discontinued. A path to viability has been approved at Bus Éireann Board dated 28th September 2020 which involves the withdrawal from four routes in early 2021. The commercial business will trade at a financial loss in 2021, the CBO DAC will expire at the end of January 2021 and liquidity requirements as a result of expected results for the remainder of 2021 will be funded by CIÉ. Expressway is expected to return to profitability in 2022.

## Schools Transport

Schools Transport was suspended in the initial phase of the COVID19 restrictions with payments made to contractors as agreed with the Department of Education and Skills during that period. Bus Éireann is now providing schools transport at full-service level and is in the process of procuring additional contractor support to enable all activity to be delivered in line with the public health guidelines of 50% capacity across all post-primary and special educational need transport with additional funding already approved by the Department of Education and Skills, which has been received in writing.

## PSO Services

Bus Éireann has continued to operate PSO services in line with the Direct Award Contract during 2020. The shortfall in revenue in 2020 and 2021 has been quantified and downside scenarios have been considered. Bus Éireann was operating under a net cost PSO contract in 2020 under which the Company retained fare box revenue and PSO funding was provided to meet the cost of essential but uneconomic services. The NTA and the Department of Transport indicated early in 2020 that additional funding would be made available in order to ensure the full continuation of these vital public services. In 2021 the Company will operate under a gross cost PSO Contract and the responsibility for revenue will lie with the NTA.

- Under a net cost contract the Company retains the fare box revenue and is compensated by the NTA for the difference between the contract revenue and contract expenditure
- Under a gross cost contract the revenue responsibility lies with the NTA and the Company is paid for the cost of operating PSO services, calculated in accordance with the contract provisions

The Directors considered a range of scenarios in order to understand the quantum of funding likely to be required for 2020 and 2021. Following detailed engagement with management and all key stakeholders, and a rigorous review of all publicly available information, the Directors are satisfied that it remains the intention of the NTA that the Company will be funded in line with the PSO Contract.

In addition the NTA has agreed that additional services will be provided under the new Government Stimulus Plan and Bus Éireann is actively engaged with the NTA at present in agreeing funding for these services.

Consideration of the assumption that appropriate levels of PSO funding could be provided was an essential element in the Directors' assessment of the financial position of the Company. The Directors are satisfied that:

- it remains the intention of the NTA to fund Bus Éireann to allow the Company to continue to operate PSO Services in line with the Contract, in 2021
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required for 2020 and 2021
- the Exchequer budget included adequate provision for the continuation of PSO Services in 2021
- the NTA will receive sufficient funding from the Exchequer in order to fund the PSO Contract

The Company has now received almost the full quantum of funding required for 2020. The Directors would like to acknowledge the additional funding support received from the NTA, the Department of Education and Skills and the Exchequer during 2020 which has enabled the continued operation of essential public transport services.

## Directors' Report (continued)

CIÉ Group operates a pooled treasury system and Bus Éireann relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of CIÉ Group for Bus Éireann is evidenced in the Letter of Support from CIÉ to Bus Éireann dated 18th November 2020.

Further details are set out in Note 2 to the financial statements.

### Bus Éireann Recapitalisation

A key part of Bus Éireann's strategy is to return the balance sheet to solvency during 2021. The estimated quantum required is €32m and this is planned to be completed before June 2021.

### Post balance sheet events

We have considered the impact of the ongoing COVID19 pandemic on the financial results of the Company and on the Company's ability to continue as a going concern. We are satisfied that the COVID19 pandemic is not a post-balance sheet event which requires adjustment to the financial statements. Further details on our assessment of the COVID19 pandemic on the Company's ability to continue as a going concern are set out on page 73. Management's assessment of post-balance sheet events is set out in Note 26 to the financial statements. There have been no other significant post balance sheet events which require adjustment to the financial statements.

### Auditors

Since the financial year end, in line with public procurement requirements, a formal external audit tender process was undertaken by CIÉ, following which the Boards (CIÉ and Bus Éireann) selected Mazars as the external auditor for the Group including Bus Éireann, subject to the approval of the Minister for Transport. A resolution to formally approve the appointment of Mazars, subject to the approval of the Minister for Transport, as external auditors will be put to shareholders at the AGM. Deloitte Ireland LLP, Chartered Accountants, intend to resign as external auditors with effect from the AGM date and have confirmed, in accordance with Section 400 of the Companies Act 2014, that there are no circumstances in connection with their resignation which should be brought to the attention of the members or creditors of the Company.

On behalf of the Board



**Aidan Murphy**  
Chairman

18 November 2020



**Brendan Lenihan**  
Director

# Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies for the Company Financial Statements 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 the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record 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, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for securing the Company's compliance with the Code of Practice for the Governance of State Bodies (2016).

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

# Independent Auditor's Report

To the members of Bus Éireann

## Report on the Audit of the Financial Statements

### Opinion on the Financial Statements of Bus Éireann (the 'Company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 27, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Directors

As explained more fully in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on other legal and regulatory requirements

#### *Opinion on other matters prescribed by the Companies Act 2014*

Based solely on the work undertaken in the course of the audit, we report that:

- 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.

## *Independent Auditors' Report (continued)*

- In our opinion the information given in the Directors' report is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors' Report does not reflect the companies compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

### **Ciarán O'Brien**

#### **For and on behalf of Deloitte Ireland LLP**

Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace,  
Dublin 2

18 November 2020

# Profit and Loss Account

Financial Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Revenue</b>			
Operating turnover		<b>366,475</b>	337,582
Receipts from public service obligation contract		<b>57,974</b>	52,825
<b>Total revenue</b>	3	<b>424,449</b>	390,407
<b>Costs</b>			
Payroll and related costs	4(a)	<b>(142,867)</b>	(129,353)
Materials and services	6(a)	<b>(272,821)</b>	(251,306)
<b>Total operating costs</b>		<b>(415,688)</b>	(380,659)
<b>EBITDA before exceptional costs and revenues</b>			
		<b>8,761</b>	9,748
Exceptional costs and revenues (net)	6(b)	<b>36</b>	(7,932)
Depreciation and amortisation (net)	6(c)	<b>(6,120)</b>	(7,932)
Profit on disposal of tangible fixed assets		<b>139</b>	50
<b>Profit/(deficit) before interest and tax</b>		<b>2,816</b>	(6,066)
Interest payable and similar charges	7	<b>(272)</b>	(316)
<b>Profit/(deficit) for the year before tax</b>		<b>2,544</b>	(6,382)
Tax on deficit for the year	8	<b>(250)</b>	-
<b>Profit/deficit after tax for the year</b>		<b>2,294</b>	(6,382)

Highlights

Chairman's Statement

Review

Financial Statements

# Statement of Comprehensive Income

Financial Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Profit/deficit after tax for the year		2,294	(6,382)
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>2,294</b>	<b>(6,382)</b>

# Balance Sheet

31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Fixed assets</b>			
Intangible fixed assets	9	446	871
Tangible fixed assets	10	98,414	108,513
		<b>98,860</b>	109,384
<b>Current assets</b>			
Stocks	11	3,956	3,857
Debtors	12	113,283	95,513
Cash at bank and in hand		1,416	1,456
		<b>118,655</b>	100,826
<b>Creditors</b> (amounts falling due within one year)	13	<b>(81,111)</b>	(72,626)
		<b>37,544</b>	28,200
<b>Net current assets/(liabilities)</b>			
		<b>136,404</b>	137,584
<b>Total assets less current liabilities</b>		<b>136,404</b>	137,584
Provisions for liabilities	14	(58,822)	(58,262)
Deferred income	15	(61,563)	(65,597)
		<b>(120,385)</b>	(123,859)
<b>Net Assets/(liabilities)</b>			
		<b>16,019</b>	13,725
<b>Capital and reserves</b>			
Called up share capital	16	66,212	66,212
Profit and loss account –opening balance		(52,487)	(46,105)
Profit/deficit for the year		2,294	(6,382)
<b>Total equity</b>		<b>16,019</b>	13,725

On behalf of the Board



**Aidan Murphy**  
Chairman

18 November 2020



**Brendan Lenihan**  
Director

Highlights

Chairman's Statement

Review

Financial Statements

# Statement of Changes in Equity

Financial Year Ended 31 December 2019

	Notes	Called up share capital €'000	Profit and loss account €'000	Total €'000
<b>Balance at 1 January 2018</b>		29,204	(46,105)	(16,901)
Increase in called up share capital	16	37,008	-	37,008
Other comprehensive income for the year		-	(6,382)	(6,382)
Total comprehensive income for the year		37,008	(6,382)	30,626
<b>Balance at 31 December 2018</b>		<b>66,212</b>	<b>(52,487)</b>	<b>13,725</b>
<b>Balance at 1 January 2019</b>		<b>66,212</b>	<b>(52,487)</b>	<b>13,725</b>
Other comprehensive income for the year		-	2,294	2,294
Total comprehensive income for the year		-	2,294	2,294
<b>Balance at 31 December 2019</b>		<b>66,212</b>	<b>(50,193)</b>	<b>16,019</b>

# Statement of Cash Flows

Financial Year Ended 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Cash from operations</b>			
<b>Net cash generated from operating activities</b>	17	<b>15,762</b>	3,478
<b>Cash flows from investing activities</b>			
Additions to intangible fixed assets	9	(26)	(143)
Additions to tangible fixed assets		(1,135)	(26,241)
Sale proceeds on disposal of tangible fixed assets		139	50
Capital grants received		1,579	22,230
Increase in called up share capital		-	37,008
(Increase) in balance with parent company		(16,086)	(35,552)
Interest paid and charged by parent company	7	(272)	(316)
<b>Net cash used in investing activities</b>		<b>(15,801)</b>	(2,964)
<b>Cash flow from financing activities</b>			
<b>Net cash used in financing activities</b>		-	-
<b>Net increase/(decrease) in and cash equivalents</b>		<b>(40)</b>	514
Cash and cash equivalents at start of year		1,456	942
<b>Cash and cash equivalents at end of year</b>		<b>1,416</b>	1,456

Highlights

Chairman's Statement

Review

Financial Statements

# Notes to the Financial Statements

Financial Year Ended 31 December 2019

## 1. Significant Accounting Policies

### Statement of Compliance

The financial statements of the Company have been prepared on a going concern basis in accordance with Financial Reporting Standard 102, “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” and the Companies Act 2014.

### Activities and Ownership

CIÉ, of which Bus Éireann is a subsidiary, is Ireland’s national statutory authority providing land 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 Company registration number is 119570 and is registered in Dublin with registered offices at Broadstone, Dublin 7.

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

### 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.

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. EBITDA is Company earnings before adjustment for interest and taxation charged, depreciation of fixed assets and amortisation of capital grants received.

#### *(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 estimating 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.

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.

#### *(b) Going concern*

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis. Further information is set out in note 2.

**(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.

**(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.

*(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 6 of the financial statements.

## Notes to the Financial Statements (continued)

### (g) Interest receivable/interest payable

Interest income or expenses is recognised using the effective interest method.

### (h) Exceptional costs and revenues

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.

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.

### (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.

Such assets begin to be depreciated once they first enter service within the fleet. Following a detailed review during 2019, it was deemed not necessary to apply an impairment to the value of fleet during 2019.

*Plant and machinery*

Plant and machinery are depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives. Following a detailed review, it was deemed not necessary to apply an impairment to the value of plant and machinery during 2019.

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 recognized 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 all of the risk and rewards incidental to ownership to the lessee. 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.

## Notes to the Financial Statements (continued)

### (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 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 a loss recorded 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.

## Notes to the Financial Statements (continued)

### (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 premium 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 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 19.

### (u) Equity

Ordinary called up share capital and revenue reserves are classified as equity and set out in note 16 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 adjustment 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 and 10.

*(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 14 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 19 to the financial statements sets on in more detail matters related to pensions costs and the pension schemes.

*(iv) Road passenger vehicles received under the bus leasing agreement with the NTA*

Additions to road passenger vehicles received under the bus leasing agreement with the National Transport Authority (NTA) are recognised in line with Significant Accounting Policy (l) above. Similarly, a corresponding grant for capital expenditure is recognised in line with Significant Accounting Policy (e) above.

The Company has applied judgement to the recognition of an asset and corresponding grant in incidences where the NTA provides bus assets to the Company under a lease agreement.

In substance there have been no significant changes to the rights and obligations of the Company and NTA, as prescribed in the Direct Award Contract. The Company is getting the right to use the asset for what would appear to be the major part of the buses economic life for an annual rental charge that does not reflect the value of the asset under lease.

Furthermore, substantially all the risks and rewards of ownership transfer to the Company on receipt of the bus.

## 2. Going Concern

### Bus Éireann – Financial Position

The 2019 Bus Éireann financial statements have been prepared on a going concern basis. This assumes that the Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements.

The Directors have given very careful consideration to the going concern basis of preparation at this time and are satisfied that it is appropriate for the 2019 financial statements to be prepared on this basis.

The key factors considered in arriving at this determination include:

## Notes to the Financial Statements (continued)

### Company financial position as at 31.12.19

At 31 December 2019 the Company had net assets of €16.0 million (2018: €13.7 million) and net current assets of €37.5 million (2018: €28.2 million).

Net current assets include non-cash liabilities of €24.8 million (2018: €24.8 million) relating to deferred revenue and deferred income in respect of capital grants and revenue, capital grants do not involve a cash commitment and are utilised in line with the depreciation of the asset. Therefore, excluding these non-cash items the Company has net current assets of €62.3 million (2018: €53 million).

### COVID19

The Irish economy is experiencing a negative economic impact arising from COVID19. The primary impact on Bus Éireann relates to a significant reduction in passenger journeys. A detailed assessment of the effects of COVID19 on each element of the business has been completed:

- The Company is now projected to incur a loss on its Commercial business in 2020 and 2021 but a new Expressway viability plan has been approved by the Board.
- A significant reduction in PSO revenue has increased the level of NTA funding and wider Exchequer funding required for 2020 and 2021.
- Schools activity continues to be fully funded from the Department of Education and Skills.

### Bus Éireann PSO Direct Award Contracts

During 2019 the National Transport Authority (NTA) awarded a five year direct award contract to Bus Éireann. The Company is operating under a net cost contract in 2020 and a gross cost contract from 1 January 2021. Under the gross cost contract revenue responsibility transfers to the NTA.

### 2020

Bus Éireann has continued to operate PSO services in line with the Direct Award Contract during 2020. Based on an assumption that there would be ongoing restrictions during 2020 the Company provided an assessment of the negative financial impact arising from a shortfall in revenue at an early stage in the year. A number of downside scenarios have been quantified and considered. Bus Éireann was operating under a net cost PSO contract in 2020 under which the Company retained fare box revenue and PSO funding was provided to meet the cost of essential but uneconomic services. The NTA and the Department of Transport indicated early in 2020 that additional funding would be made available in order to ensure the continuation of these vital public services. The Company has now received almost the full quantum of funding required for 2020. The Directors would like to acknowledge the additional exchequer funding support received from the NTA, the Department of Education and Skills and the Exchequer during 2020 which has enabled the continued operation of essential public transport services.

### 2021

In 2021 the Company will operate under a gross cost PSO contract and responsibility for revenue will lie with the NTA. The NTA has confirmed its intention to continue to provide PSO funding in line with the PSO Contract in 2021. The Directors considered a range of scenarios in order to understand the quantum of funding likely to be required for 2021.

Consideration of the assumption that appropriate levels of PSO funding could be provided in 2021 was an essential element in the Directors' assessment of the financial position of the Company. The Directors are satisfied that:

- it remains the intention of the NTA to fund Bus Éireann to operate PSO Services in line with the Direct Award Contract;
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required be provided;
- the Exchequer Budget included adequate provision to fund the Bus Éireann PSO Contract;
- The NTA will receive sufficient funding from the Exchequer in order to fund the Bus Éireann PSO Contract.

In addition the NTA has agreed that additional services will be provided under the new Government Stimulus plan and Bus Éireann is actively engaged with the NTA at present in agreeing funding for these services.

The Directors considered all relevant information in forming a view as to the reasonableness of their conclusions in relation to the provision of such funding and detailed documentation was provided to the Directors to assist them in their deliberations. This included consideration of management engagement with key stakeholders, detailed modelling and scenario planning, Exchequer Budget 2021, as well as all relevant publicly available information.

### **Schools Transport**

Schools Transport was suspended in the initial phase of the COVID19 restrictions with payments made to contractors as agreed with the Department of Education and Skills during that period. Bus Éireann is now providing schools transport at full-service level and is in the process of procuring additional contractor support to enable all activity to be delivered in line with public health guidelines of 50% capacity to maintain social distancing across all post-primary and special educational needs transport with additional funding already approved by the Department of Education and Skills.

### **Commercial Services**

Expressway services have continued during the pandemic with some schedule changes as agreed with the NTA. As these services were and continue to be run at a financial loss due to COVID19 travel restrictions, Bus Éireann has relied on liquidity support from its parent until June 2020 when it was successful in obtaining Temporary Support under the Commercial Bus Operators Direct Award ("CBO DAC") from the NTA. This contract across almost all routes, excluding Route X1 and X51 which continued to rely instead on support from CIÉ, is due to expire in January 2021. All other commercial services have been discontinued. A path to viability has been approved at Bus Éireann Board dated 28th September 2020 which involves the withdrawal from four routes in early 2021. The commercial business will trade at a financial loss in 2021, the CBO DAC will expire at the end of January 2021 and liquidity requirements as a result of expected results for the remainder of 2021 will be funded by CIÉ. Expressway is expected to return to profitability in 2022.

### **On-going Management Actions**

Bus Éireann management are continuing to take a number of actions, including:

- engagement with the NTA on appropriate funding in support of the continued operation of the PSO Direct Award Contract
- engagement with the Department of Education and Skills for schools
- close monitoring of all issues impacting on Commercial Services
- close monitoring by management of the daily, weekly and monthly cash position across the Company
- continued implementation and rigorous monitoring of cost saving initiatives
- detailed assessments of all capital expenditure proposals and their impact on liquidity.
- continuous review of risks and opportunities affecting the Company's operations

### **Bus Éireann Recapitalisation**

A key part of Bus Éireann strategy is to return the balance sheet to solvency during 2021. The estimated quantum required is €32m and this is planned to be done before June 2021.

## *Notes to the Financial Statements (continued)*

### **CIÉ Group**

The Group operates a pooled treasury system and Bus Éireann relies of the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of CIÉ Group for Bus Éireann is evidenced in the Letter of Support from CIÉ to Bus Éireann dated 18th November 2020. The letter states, "It remains CIÉ policy that the Company is at all times in a position to meet its liabilities. CIÉ shall continue to exercise its shareholder rights and statutory obligations with a view to ensuring that the Company manages its operations, in accordance with its approved business plans, and in a manner which will enable it to meet all its obligations in a timely manner. CIÉ will provide the financial support necessary to permit the Company to continue operating and liquidating its liabilities in the normal course of business for at least a period of 12 months after the date of the signing of the financial statements".

### **Consolidated CIÉ Group Budget**

The CIÉ Board approved a consolidated group budget for 2021 on 4th November 2020. Although passenger volumes are forecast to remain well below 2019 levels in 2020 and in 2021, based on the continued operation of the direct award contracts on the agreed basis, the consolidated Group budget for 2021 shows that the Group has sufficient resources to absorb the losses which are forecast to occur in the period of at least 12 months from the date of approval of these financial statements.

### **Conclusion**

The Directors of Bus Éireann, having regard to the factors outlined above, have a reasonable expectation that 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.

### 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 15(b). The Company is a transport service provider and provides services throughout Ireland and is regulated by the National Transport Authority (NTA).

#### 4. (a) Payroll and Related Costs

	2019 €'000	2018 €'000
Staff costs:		
Wages and salaries	120,896	108,834
Social insurance costs	11,763	10,800
Other retirement benefit costs	10,208	9,580
	<b>142,867</b>	129,214
Engineering work for group companies recharged	(63)	(72)
<b>Net staff costs (excluding Directors remuneration)</b>	<b>142,804</b>	129,142
<b>Directors' remuneration:</b>		
- For services as Directors	63	64
- For executive services	-	25
- Termination payments for executive services	-	121
	<b>63</b>	210
Contributions paid to defined benefit scheme	-	1
Total Directors' remuneration and emoluments	<b>63</b>	211
<b>Payroll and related costs</b>	<b>142,867</b>	129,353

No costs were incurred in respect of loss of office for any Directors during 2019 or 2018 or after the balance sheet date.

Salary amounts includes incentive amounts of €638,000 (2018: €247,000) for safe driving awards made in respect of 2019 and provisions made for 2019 performance related pay for executive grades, contingent on achievement of future profitability levels in the Company.

## Notes to the Financial Statements (continued)

## 4. (b) Code of Practice for the Governance of State Bodies – Payroll Disclosures

## Employee Benefits

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Basic	<b>86,761</b>	81,690
OT	<b>7,732</b>	6,678
Allowances	<b>25,765</b>	20,219
Incentive amounts	<b>638</b>	247
	<b>120,896</b>	108,834
<b>Aggregate employee benefits</b>		
Short-term benefits	<b>120,896</b>	108,834
Termination benefits	-	1,458
Retirement benefits	<b>10,208</b>	9,580
ER PRSI	<b>11,763</b>	10,800
<b>Subtotal</b>	<b>142,867</b>	130,672
<b>Less</b>		
Exceptional termination payments	-	1,458
Engineering work for other group companies	<b>63</b>	72
<b>Subtotal</b>	<b>63</b>	1,530
<b>Add</b>		
Directors Remuneration	<b>63</b>	212
<b>Total</b>	<b>142,867</b>	129,354

#### 4. (b) Code of Practice for the Governance of State Bodies – Payroll Disclosures (continued)

Exceptional operating costs related to severance payments are set out in note 6(b).

##### Employee Short-term Benefits

From	To	2019 Staff Numbers	2018 Staff Numbers
€0	€25,000	717	1,004
€25,000	€50,000	1,615	1,503
€50,000	€75,000	614	451
€75,000	€100,000	44	35
€100,000	€125,000	7	8
€125,000	€150,000	6	6
€150,000	+	5	2
<b>Total Staff</b>		<b>3,008</b>	3,009

The above figures represent the numbers of employees on payroll during the year and which includes all joiners and leavers to payroll.

The average number of employees during the year was:

	2019 Number	2018 Number
Full-time	2,392	2,211
Part-time school bus drivers	335	351
<b>Total</b>	<b>2,727</b>	2,562

*Notes to the Financial Statements (continued)***4. (c) Payroll and related costs: additional disclosure requirements under the Department of Public Expenditure and Reform Circular Reference 13/2014**

Number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards.

<b>From</b>	<b>To</b>	<b>2019 Staff</b>	<b>2018 Staff</b>
€60,000	€70,000	<b>157</b>	62
€70,000	€80,000	<b>25</b>	23
€80,000	€90,000	<b>22</b>	13
€90,000	€100,000	<b>13</b>	7
€100,000	€110,000	<b>2</b>	4
€110,000	€120,000	<b>5</b>	4
€120,000	€130,000	<b>1</b>	2
€130,000	€140,000	<b>3</b>	3
€140,000	€150,000	<b>2</b>	1
€150,000	+	<b>6</b>	2

**4. (d) CEO Remuneration**

Wages and salaries costs include the following remuneration payable to the CEO Mr Stephen Kent for executive services.

	<b>2019 €'000</b>	<b>2018 €'000</b>
<b>Combined amounts</b>		
Basic salaries	<b>210</b>	221
Basic salaries arrears	<b>14</b>	44
Taxable allowances and benefits in kind	<b>3</b>	5
Social insurance costs	<b>26</b>	29
Post-retirement benefit costs	<b>32</b>	56
Post-retirement benefit arrears	-	33
Termination payment	-	-
	<b>285</b>	388

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

#### 4. (e) Key Management Compensation

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

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Salaries and short term benefits	<b>1,234</b>	1,110
Salaries and short term benefits arrears	-	44
Post-retirement benefit costs	<b>162</b>	185
Post-retirement benefit costs arrears	-	33
Social insurance costs	<b>98</b>	93
Termination payments	-	-
<b>Total</b>	<b>1,494</b>	1,465

Salary includes incentive amounts of €51,250 (2018: €NIL) which is a provision made for 2019 performance related pay for key management personnel, contingent on achievement of future profitability levels in the Company.

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 during 2019.

The Directors of the Company were paid Directors' fees for services as Directors during 2019 as follows:

Mr Aidan Murphy	€21,600
Ms Deirdre Ashe	€12,600
Mr Richard Manton	€9,312
Mr Brendan Lenihan	€9,312
Mr Gerard Ryan	€12,600
Mr Diarmuid Corry	€12,600
Ms Miriam Hughes	€9,312

Mr Tom O'Connor and Mr Stephen Hannon did not receive any Directors' fees for services as Directors from the Company.

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

*Notes to the Financial Statements (continued)***5. Code of Practice for the Governance of State Bodies – Disclosures for Overheads**

	<b>2019</b> <b>€'000</b>	<b>2018</b> <b>€'000</b>
<b>Legal costs and settlements</b>		
General legal fees	<b>381</b>	213
Settlements & related legal costs	<b>6,830</b>	4,327
	<b>7,211</b>	4,540
<b>Travel and subs</b>		
<i>Domestic:</i>		
Board	-	-
Employees	<b>81</b>	62
<i>Foreign:</i>		
Board	-	-
Employees	<b>18</b>	17
	<b>99</b>	79
<b>Hospitality</b>		
Staff	<b>39</b>	39
Other	-	-
	<b>39</b>	39

## 6. Expenses by Nature

### (a) Materials and service costs

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Fuels and lubricants	<b>31,126</b>	29,785
Contractors	<b>179,037</b>	165,155
Road tax and licences	<b>637</b>	532
Operating lease rentals (note 6(d))	<b>1,704</b>	1,703
Rates	<b>666</b>	675
Third-party and employers liability claims (note 14)	<b>9,358</b>	5,600
Increase in inventory obsolescence provision	<b>238</b>	69
Foreign exchange losses (net)	<b>25</b>	4
Other materials and services	<b>50,030</b>	47,783
	<b>272,821</b>	251,306

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

### (b) Exceptional operating costs and revenues

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Severance paid and provided for (note 14)	-	1,458
Operations restructuring paid and provided for (note 14)	<b>(36)</b>	(202)
Additional subvention	-	-
School reserve repaid to Department of Education & Skills	-	6,676
Professional & other services	-	-
	<b>(36)</b>	7,932

*Notes to the Financial Statements (continued)***6. Expenses by Nature (continued)****(c) Depreciation, impairment and amortisation of tangible and intangible fixed assets**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Impairment of tangible fixed assets (note 10)	-	226
Depreciation of tangible fixed assets (note 10)	<b>20,479</b>	22,662
Amortisation of intangible fixed assets (note 9)	<b>451</b>	1,381
Amortisation of capital grants (note 15(a))	<b>(14,810)</b>	(16,337)
	<b>6,120</b>	7,932

**(d) Operating leases include**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Bus leasing	<b>1,104</b>	1,104
Other operating leases	<b>600</b>	598
	<b>1,704</b>	1,702

Bus leasing costs represents the annual cost of an operating lease of 20 vehicles which commenced in 2016.

**7. Net Interest Expense**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Interest payable and similar charges to parent company	<b>(272)</b>	(316)

## 8. Taxation

### (a) Tax expense included in profit or loss

	2019 €'000	2018 €'000
<b>Current tax:</b>		
Irish corporation tax on profit for the financial year	250	-
Adjustments in respect of prior financial years	-	-
Current tax expense for the financial year	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Deferred tax expense for the financial year	-	-
<b>Tax on profit on ordinary activities</b>	<b>250</b>	<b>-</b>

### (b) 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 2019 of 12.5% (2018: 12.5%) to the deficit for the year. The differences are explained below:

	2019 €'000	2018 €'000
Profit/(deficit) on ordinary activities before tax	2,544	(6,382)
Profit/(deficit) multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	318	(798)
Effects of:		
- Depreciation for the year in excess of capital allowances	1,705	2,121
- Income not subject to tax	(1,851)	(8,646)
- Expenses not deductible for tax purposes	184	242
- Unrelieved tax losses carried forward not recognised	(227)	6,928
- Income charged to tax at higher rate	129	153
- Other movements	(8)	-
<b>Current tax charge for the year</b>	<b>250</b>	<b>-</b>

*Notes to the Financial Statements (continued)***9. Intangible Fixed Assets**

	<b>Software €'000</b>	<b>Total €'000</b>
<b>Cost</b>		
At 1 January 2019	7,875	7,875
Additions	26	26
Disposals	–	–
<b>At 31 December 2019</b>	<b>7,901</b>	<b>7,901</b>
<b>Amortisation</b>		
At 1 January 2019	7,004	7,004
Charge for the year	451	451
Disposals	–	–
<b>At 31 December 2019</b>	<b>7,455</b>	<b>7,455</b>
<b>Net book amounts</b>		
<b>At 31 December 2019</b>	<b>446</b>	<b>446</b>
At 31 December 2018	871	871

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

Software – 3 to 5 years straight line

## 10. Tangible Fixed Assets

	Road Passenger Vehicles €'000	Plant and Machinery €'000	Total €'000
<b>Cost</b>			
At 1 January 2019	346,911	30,620	377,531
Additions	14,611	1,135	15,746
Disposals	(20,594)	-	(20,594)
<b>At 31 December 2019</b>	<b>340,928</b>	<b>31,755</b>	<b>372,683</b>
<b>Depreciation</b>			
At 1 January 2019	244,713	24,305	269,018
Charge for the year	18,945	1,534	20,479
Disposals	(15,228)	-	(15,228)
<b>At 31 December 2019</b>	<b>248,430</b>	<b>25,839</b>	<b>274,269</b>
<b>Net book amounts</b>			
<b>At 31 December 2019</b>	<b>92,498</b>	<b>5,916</b>	<b>98,414</b>
At 31 December 2018	102,198	6,315	108,513

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

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

- (ii) Road passenger vehicles at a cost of €92.4m (2018: €126.4m) were fully depreciated but still in use at the balance sheet date.
- (iii) Tangible fixed assets at 31 December 2019 are at €NIL (2018: €1.0m) in respect of tangible fixed assets not yet in service at that date.
- (iv) The Company does not own the property or land and buildings 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 €0.003m in 2019 (2018: €NIL) were disposed in compliance with CIÉ Group policies and procedures for disposals of assets during the year.

## Notes to the Financial Statements (continued)

### 10. Tangible Fixed Assets (continued)

(vi) Road passenger vehicles above include the recognition of 2019 49 (2018: 42) buses received under a bus leasing agreement with the National Transport Authority (NTA). The buses recognised in 2019 came into service in 2019. The buses received are restricted for use in specified public transport services only.

Prior to 2018 the Company received grant funding from the NTA to facilitate a planned approach to fleet replacement. The Company purchased vehicles directly from the supplier following a competitive tendering process. The vehicles were recognised as additions to the tangible fixed assets and the associated grants from the NTA recognised as deferred income. The cost of the vehicles is depreciated over its useful life and the corresponding grant amortised over the same period.

In 2018, a new arrangement came into effect where the NTA now purchases buses directly with the contract for purchase being between the NTA and the supplier. A formal leasing agreement between the Company and the NTA facilitates the leasing of these buses from the NTA to the Company for the provision of PSO services in connection with the Direct Award Contract.

The leasing agreement offers the Company the right to use the new buses, which are fit to meet the operational requirements of the Company, at a rental amount of €1 per vehicle per rental period.

It is management's assessment that substantially all the risks and rewards of ownership of the buses transfer to the Company on receipt of the buses from the NTA.

Management reviewed the rights and obligations of both the Company and the NTA under this funding arrangement in comparison to the rights and obligations of both parties under the previous funding arrangement and concluded that, in respect of the 2019 transaction, although the leasing agreement modifies the Direct Award Contract there is no significant change in the substance of the arrangement between the Company and the NTA.

Management concluded that for the financial statements to present a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the Company for 2019 it is appropriate to recognise the new buses acquired under the lease agreement as tangible fixed assets and an associated grant in deferred income. The cost of these vehicles will depreciate over the useful life of the asset and the corresponding grant amortised over the same period.

Management will review and consider the accounting treatment periodically for any contractual changes or a change in circumstance.

### 11. Stocks

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Maintenance materials and spare parts	<b>2,901</b>	2,833
Fuels, lubricants and sundry stocks	<b>1,055</b>	1,024
	<b>3,956</b>	3,857
Stock consumed during the year:		
Stock of materials and fuel consumed net of fuel rebate	<b>41,418</b>	37,880

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

## 12. Debtors

	2019 €'000	2018 €'000
Trade debtors	2,485	1,711
Amounts due from Department of Education and Skills	8,680	8,411
Amounts owed by parent company to Bus Éireann	101,034	84,948
Other debtors	1,084	443
	<b>113,283</b>	95,513

All assets fall due within one year.

Amounts owed by the parent company are unsecured, interest free and repayable on demand.

Trade debtors are stated net of a provision for doubtful debts of €75,898 (2018: €75,898).

Amounts due from the Department of Education and Skills represent monies due in respect of the operation of the School Bus Transport Scheme.

## 13. Creditors

	2019 €'000	2018 €'000
<b>Amounts falling due within one year</b>		
Trade creditors	19,858	18,152
Income tax deducted under PAYE and USC	1,870	2,563
Social insurance	1,536	1,702
Value added tax and other taxes	(20)	115
Other creditors	1,132	1,260
Accruals	31,986	24,756
Deferred revenue	10,697	10,078
Deferred income (note 15 (a))	14,052	14,000
	<b>81,111</b>	72,626
Creditors for taxation and social insurance included above	<b>3,386</b>	4,380

Trade and other creditors are payable at various date 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.

Deferred revenue relates to revenue from Tax saver tickets and for the provision of school bus services.

*Notes to the Financial Statements (continued)***14. Provisions for Liabilities**

	<b>Opera- tional €'000</b>	<b>Environ- mental €'000</b>	<b>Legal and other €'000</b>	<b>Restruc- turing €'000</b>	<b>Third party and employer liability claims €'000</b>	<b>Total €'000</b>
<b>2019</b>						
Opening Balance	5,993	400	767	1,654	49,448	<b>58,262</b>
Charge to profit and loss account (net)	434	–	193	–	9,358	<b>9,985</b>
Used during year	(1,544)	(293)	(45)	(713)	(6,830)	<b>(9,425)</b>
<b>Closing Balance</b>	<b>4,883</b>	<b>107</b>	<b>915</b>	<b>941</b>	<b>51,976</b>	<b>58,822</b>

**Operational provisions**

The operational provision consists of provisions related to the operation of bus services and pay related provisions. Included in operational provision is an amount €2.3m in respect of post-retirement benefit costs.

**Environmental provision**

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

**Legal and 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.

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.

CIÉ as a self-regulated body operates a self-insurance model whereby the operating companies bear the financial risk associated with the cost of claims, subject to certain "one-off" incidents and annual caps in the case of third-party claims. 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.

## 14. Provisions For Liabilities *(continued)*

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 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.

## Notes to the Financial Statements (continued)

### 15. Deferred Income

This account comprises 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

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Balance at 1 January	<b>79,597</b>	73,704
Received & receivable	<b>16,190</b>	22,230
Amortisation charge net of related impairment (note 6(c))	<b>(14,810)</b>	(16,337)
Disposals	<b>(5,362)</b>	–
<b>Balance at 31 December</b>	<b>75,615</b>	79,597
Made up as follows:		
Included in current liabilities (note 13)	<b>14,052</b>	14,000
Included in non-current liabilities	<b>61,563</b>	65,597
	<b>75,615</b>	79,597

Disclosure to accord with Department of Finance Circular number 13/2014

#### (b) Capital grants

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Capital grants were used to fund the following additions:		
Computer, Hardware Software & other	<b>651</b>	2,301
Buses	<b>15,539</b>	19,929
Property	–	249
<b>Sub total</b>	<b>16,190</b>	22,479
Less: Transferable to CIÉ (Property)	–	(249)
<b>Total</b>	<b>16,190</b>	22,230

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 2017 and the sponsoring government department is the Department of Transport Tourism and Sport. Grants are restricted to Public Service Obligation (PSO) activities.

## 16. Share Capital and Reserves

	2019 €'000	2018 €'000
<b>Authorised</b>		
<b>Opening balance</b>		
61,146,471 Ordinary shares of €1.27 each	77,640	40,632
<b>Increase in Authorised Share Capital</b>		
Ordinary share Increase €1.27 each	-	37,008
<b>Closing balance</b>		
61,146,471 Ordinary shares of €1.27 each	77,640	77,640
<b>Allotted, called up and fully paid presented as equity</b>		
<b>Opening balance</b>		
52,133,858 Ordinary shares of €1.27 each	66,212	29,204
<b>Increase in Called up and fully paid Share Capital</b>		
29,133,858,000 Ordinary shares of €1.27 each	-	37,008
<b>Closing balance</b>		
52,133,858 Ordinary shares of €1.27 each	66,212	66,212

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

	2019 €'000	2018 €'000
Revenue Reserves (accumulated losses)	(50,193)	(52,487)

*Notes to the Financial Statements (continued)***17. Note to the Statement of Cash Flows**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Profit/(deficit) for the financial year	<b>2,294</b>	(6,382)
Net interest payable	<b>272</b>	316
Profit/(deficit) before interest	<b>2,566</b>	(6,066)
(Profit)/loss on disposal of tangible fixed assets	<b>(139)</b>	(50)
Depreciation, impairment, amortisation of tangible/intangible fixed assets	<b>20,930</b>	24,269
Capital grants amortised	<b>(14,810)</b>	(16,337)
Increase in inventory	<b>(99)</b>	(470)
(Increase)/decrease in debtors	<b>(1,684)</b>	1,115
Increase in creditors	<b>9,141</b>	7,943
Decrease in provisions for liabilities	<b>(143)</b>	(6,926)
<b>Cash flow from operating activities</b>	<b>15,762</b>	3,478

**18. Operating Lease Obligations**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Commitments under non-cancellable operating leases payable as follows:		
Within one year	<b>1,773</b>	1,668
Between one and five years	<b>3,317</b>	4,429
	<b>5,090</b>	6,097

Included above within one year and between one and five years for 2019 is an operating lease entered into during the year for buses with lease obligations of €1.1 million for 2019. The term of this lease is five years and ends during 2020.

## 19. 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 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.

The net liabilities of the CIÉ Group include liabilities in respect of defined benefit pension obligations of €799 million (2018: €547 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 2019 which are publicly available from CIÉ, Heuston Station, Dublin 8.

The Company's pension cost for the year under the defined benefit schemes was €12.4 million (2018: €9.6 million) and these costs are included in note 4(a). The Company cost comprises of contribution payable for the year.

During 2019, a pension provision of €2.3m has been charged to the PL in respect of an obligation for employee benefit arising from past service. Obligation represents an "other long term benefit" as defined in FRS102.28.29.

## 20. Capital Commitments and Other Commitments

	2019 €'000	2018 €'000
Contracted for	4,476	1,158
<b>Total</b>	<b>4,476</b>	<b>1,158</b>
Capital commitments for which funding by way of grants is committed	754	575

Land and buildings are held in the books of CIÉ Holding Company. Commitments in respect of land and buildings occupied by Bus Éireann but stated in CIÉ Holding Company books are €1.4m for 2019 (2018: €0.07m) and are not included above in Bus Éireann Capital Commitments.

## 21. Guarantees and Contingent Liabilities

At 31 December 2019 the CIÉ Group had drawn down €24 million under the term loan facilities. 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 in December 2019 and certain contingent liabilities arise under these agreements. The Directors believe that the risk of the National Transport Authority exercising its rights under the related agreements is remote.

## Notes to the Financial Statements (continued)

### 22. Net Deficit by Activity

	Public Services			Public Services Total €'000	Total €'000
	Commercial and school transport €'000	Stage carriage €'000	City €'000		
<b>2019</b>					
Revenue	269,474	54,695	42,306	97,001	
Costs (net)	(267,863)	(102,891)	(51,438)	(154,328)	(422,191)
Surplus/(deficit) before Subvention	1,611	(48,196)	(9,131)	(57,327)	(55,717)
Subvention	–	–	–	57,974	57,974
Surplus after Subvention	1,611	(48,196)	(9,131)	647	2,257
Exceptional operating costs	–	–	–	–	36
<b>Surplus for the year</b>					<b>2,294</b>
<b>2018</b>					
Surplus for the year	1,032			518	1,550
Exceptional costs					(7,932)
<b>Deficit after exceptional costs</b>					<b>(6,382)</b>

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 which are regional and trunk routes and City Services in regional cities 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 2019 amounted to €57.3m, before exceptional items, while the compensation received amounted to €58.0m.

### 23. 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.

## 24. Public Service Obligation Contract

The PSO payable to the Company through the holding Company, Córas Iompair Éireann, amounted to €58.0m for the year ended 31 December 2019 (2018: €52.8m).

## 25. 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.

## 26. Post Balance Sheet Events

Since 31 December 2019, the COVID19 Pandemic has resulted in significant restrictions on the provision of public transport services and travel both domestically and internationally. This has had a direct impact on the operations of the Company and the wider CIÉ Group. Measures taken by the Irish Government to contain the spread of the virus, including restricting capacity on public transport, restricting the use of public transport for essential journeys at certain periods, the introduction of travel bans as well as local and national lockdowns. All services operated in line with the Irish Government guidelines on social distancing and reduced capacity since the outbreak commenced. These measures have resulted in significantly reduced passenger journeys and revenue on public transport services within areas controlled by Bus Éireann.

As a result of the COVID19 outbreak, and the measures taken to contain the spread of the virus, the Company experienced a 90% reduction in road passenger journeys during certain periods of the year. Overall road passenger journeys for 2020 are expected to reduce by over 50% compared to 2019.

The Company has determined that these events are non-adjusting post balance sheet events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID19 pandemic, as well as the effectiveness of the Irish Government's response, remains unclear at this time. The Company has advanced scenario planning in place. It is not possible to predict the duration and severity of these events, as well as their precise impact on the financial position and results of the Company for future periods.

During 2020 the continued delivery of an effective network of PSO services remained an essential part of Government plans. The NTA provided additional PSO funding to Bus Éireann to compensate the Company for COVID19 related revenue decline on PSO services. This funding is being made available under the provisions of the 2019 Direct Award Contract. Schools activity continues to be fully funded from the Department of Education and Skills.

Management will continue to actively monitor and assess the impact of the COVID19 pandemic on the Company.

## 27. Approval of Financial Statements

The Directors approved the financial statements on 18 November 2020.



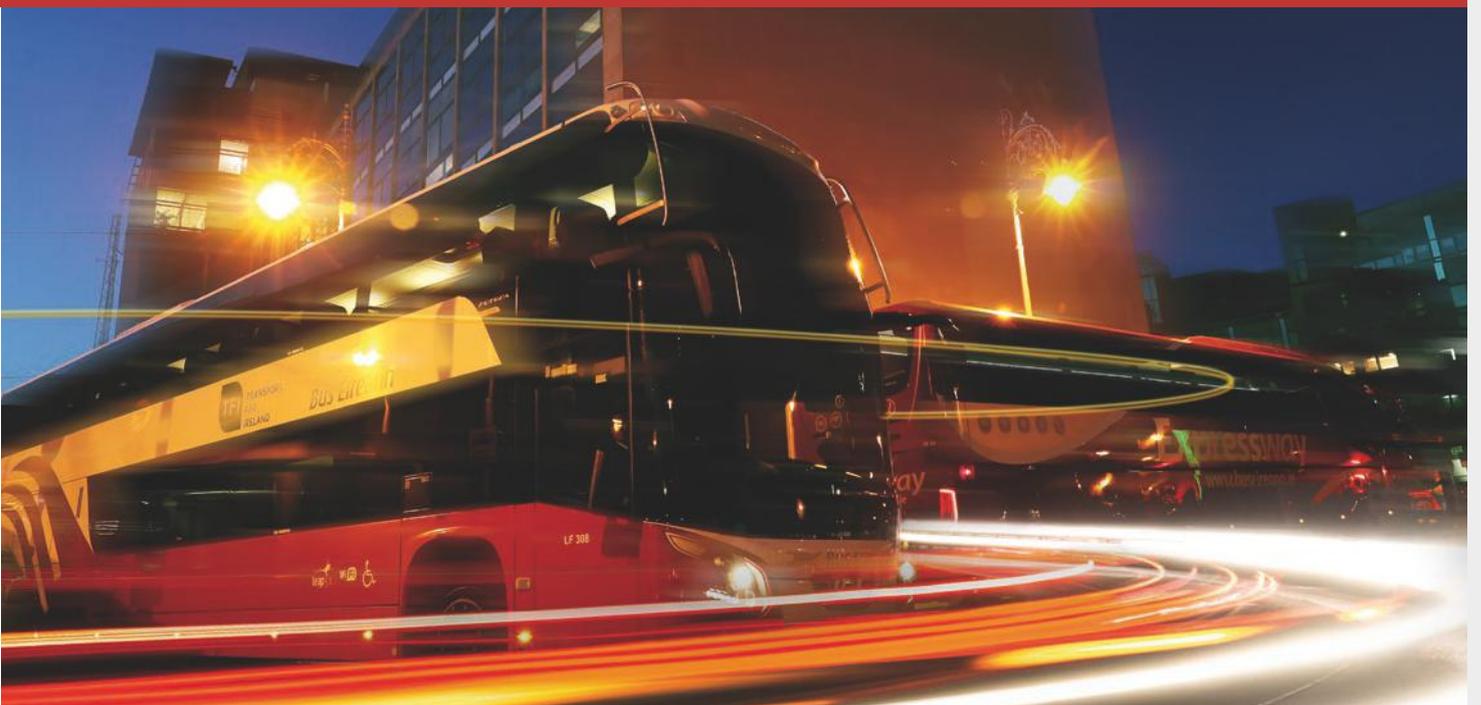
Highlights

Chairman's Statement

Review

**Financial Statements**







Contact Info  
Broadstone, Dublin 7  
[www.buseireann.ie](http://www.buseireann.ie)