

2004

ANNUAL REPORT AND FINANCIAL STATEMENTS 2004

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Bus Átha Cliath would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2000 - 2006 as well as co-funding by the European Union.

**Main Cover Photo:** Harristown Bus Depot, Fingal, Co. Dublin

**Photographer:** Mark McCall **Design:** First Impression

# Operations Review Summary

The central thread running through the company plan has been the continuing commitment to offer our customers a reliable, easy to use, attentive service built upon pillars of public service responsibility.

## Financial Results

- With an emphasis on the strict control of operating costs and an ever improving service to the customer, Bus Átha Cliath generated €178 million revenue and returned an operating surplus of €2 million
- Prepaid ticket sales exceed €45 million for year
- Over 1,500 companies with 40,000 employees avail of Tax-Saver benefit-in-kind scheme

## Capital Investments

- €42 million invested in a new purpose built garage
- 36 old buses were replaced with low floor accessible double deck buses during the year
- New on-bus ticketing system

## Congestion Costs

- The annual cost of congestion for Bus Átha Cliath is running at €49 million even with the company using its expertise to develop solutions to counteract this issue

## Accessibility

- Over 45% of the Bus Átha Cliath fleet is low floor fully accessible buses
- Over 34% of all routes are designated fully accessible routes

## New customer focused service innovations

- 1.25 million users availed of texting timetable service BUSTXT
- Expansion of ticket agency network to 350 outlets across Dublin
- Development and expansion of routes to meet growth areas such as Pelletstown and the linking of Luas lines
- Passenger numbers exceed 149 million for the year

## Corporate Social Responsibility and Sponsorship

- 140 charities received €230,000 from the Community Support Programme
- Received first ever O<sub>2</sub> Ability Award for Leadership
- Included in Irish Independent Top 50 Companies to Work For in 2004

# Directors and Other Information

## Directors at 23rd March, 2005

<b>Chairman</b>	Dr. J.J. Lynch
<b>Managing Director</b>	Dr. A.R. Westwell (UK)
<b>Directors</b>	Mr. G. Charles, Mr. T. Coffey, Mr. D. Egan, Ms. A.M. Mannix, Mr. B. McCamley, Mr. A. O'Byrne, Mr. P. Webster
<b>Secretary</b>	Mr. P. O'Neill
<b>Registered Office</b>	59 Upper O'Connell Street, Dublin 1
<b>Telephone</b>	+353 1 872 0000
<b>Facsimile</b>	+353 1 873 1195
<b>Website</b>	<a href="http://www.dublinbus.ie">www.dublinbus.ie</a>
<b>Registered Number</b>	119569
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants and Registered Auditors George's Quay, Dublin 2

# Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2004.

## Principal Activities and Financial Review

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

Bus Átha Cliath recorded a trading surplus of over €2 million in 2004. Revenue for the company, which is regulated by the Department of Transport, amounted to €178 million in 2004, a growth of 3% over 2003. During a challenging year this growth was achieved through the provision of good customer service and continuing development of both the fleet and the network. Passenger numbers were flat for the year and, with carryings of 149 million in 2004, BÁC remains the backbone of public transport in the capital. A fares increase of 3% was granted in January 2004.

## Capital Investment

Bus Átha Cliath continues to invest in improving the fleet and passenger services. During 2004 capital investment included:

- 36 new low floor double deck buses
- The opening of the new Harristown garage at a total cost of €42 million

## Employee Participation

All employees have completed the awareness programme on equality, ethnicity and accessibility. Over 60% of all drivers are accredited with the Institute of Advanced Motoring certification. The programme of managerial development continued with a number of managers completing MBA studies and several more undertaking a variety of courses.

## Equality and Diversity

The Equality and Diversity Programme continues to promote best practice and includes an Action Plan for 2003 - 2006.

The plan covers actions to be taken in a range of areas including recruitment and selection, work life balance, cultural diversity, disability and training.

Bus Átha Cliath has a policy in place on "Dignity and Respect" at work, stating the company's commitment to providing a supportive workplace free from all forms of bullying, harassment and sexual harassment. This has been distributed to staff and is reflected in training programmes.

Bus Átha Cliath continues to be recognised as a model of good practice in its policy and positive action on inter-culturalism and anti-racism. We continue to promote inclusiveness and equality in the workplace and in service provision.

We were winners in the category of leadership in the O<sub>2</sub> Ability Awards, emphasizing our position as a role model and leader in our commitment to providing services to people with disabilities.

## Wellington Quay Accident

On Saturday, 21st February, 2004 a tragic accident occurred on Wellington Quay, which resulted in five fatalities and 14 injuries. The company would like to express its sincere sympathies to the families of the bereaved and to those injured and affected by this tragedy.

## Results and Reserves

The financial statements for the year ended 31st December, 2004 are set out in detail on pages 10 to 23. The results for 2004 show a surplus of €2,039,000 (2003 - €7,394,000).

## Report of the Directors

### Health and Safety

The company is committed to complying with the Safety, Health and Welfare at Work Act, 1989 and all other national and EU regulations. The Safety Statement adopted by the company in February 1991 is kept under review and updated on an ongoing basis. Safety councils set up in previous years continue to involve employees in all aspects of safety and risk management.

### Books of Account

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

### Code of Practice for the Governance of State Bodies

Details of the policies and procedures implemented by the company following publication of the Code of Practice for the Governance of State Bodies are provided in the Córas Iompair Éireann Group accounts.

### Directors

The directors of the company are appointed by the chairman of Córas Iompair Éireann with the consent of the Minister for Transport. The names of persons who were directors during the year ended 31st December, 2004 are as set out below. Except where indicated, they served as directors for the entire year:

Dr. J.J. Lynch	Chairman
Dr. A. R. Westwell (UK)	Managing Director (Re-appointed 9th February, 2004 retired as director 30th June, 2004)
Mr. G. Charles	
Mr. T. Coffey	(Re-appointed 29th April, 2004)
Mr. D. Egan	(Re-appointed 9th February, 2004 re-appointed 9th February, 2005)
Ms. A.M. Mannix	(Re-appointed 29th April, 2004)
Mr. B. McCamley	
Mr. A. O'Byrne	(Re-appointed 1st June, 2004)
Mr. P. Webster	(Re-appointed 1st June, 2004)

None of the directors or the secretary held any interest in any shares or debentures of the company, its holding company or its fellow subsidiaries at any time during the year.

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

### Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

**Dr. J.J. Lynch**, Chairman

**Arnold O'Byrne**, Director

23rd March, 2005

## Statement of Directors' Responsibilities

Irish company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the requirements of the Irish Companies Acts, 1963 to 2003. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Report of the Auditors

## Independent auditors' report to the members of Bus Átha Cliath - Dublin Bus

We have audited the financial statements on pages 10 to 23.

### Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and Accounting Standards generally accepted in Ireland are set out on page 7, in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2003. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

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

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

### Basis of Audit Opinion

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

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

## Report of the Auditors

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December, 2004 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003.

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

In our opinion, the information given in the directors' report on pages 5 and 6 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 13, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31st December, 2004, a financial situation which, under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

**PricewaterhouseCoopers,**

Chartered Accountants and Registered Auditors,  
Dublin.

23rd March, 2005

- (a) The maintenance and integrity of the Córas Iompair Éireann website is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*
- (b) Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

# Principal Accounting Policies

The significant accounting policies and estimation techniques adopted by the company are as follows:

## (A) Basis of accounting

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2003. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

## (B) Tangible assets and depreciation

Tangible assets are stated at historical cost less accumulated depreciation based on that historical cost.

The bases of calculation of depreciation are as follows:

### (i) Road passenger vehicles

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

### (ii) Plant and machinery

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

## (C) Leased assets

### (i) Finance leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital cost of such assets is included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital element of the outstanding lease obligations is included in creditors. Finance charges are charged to the profit and loss account over the primary period of the lease.

### (ii) Operating leases

Rental payments under operating leases are charged to the profit and loss account as they accrue.

## (D) Stocks

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value. Stocks which are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks which may become obsolete in the future.

## Principal Accounting Policies

### (E) Grants

#### (i) European Union and Exchequer grants

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

#### (ii) State grants

State grants received during the year in respect of public service obligations are dealt with in the profit and loss account.

### (F) Foreign Currency

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

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

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

### (G) Pensions

The expected cost of providing pensions to employees is charged to the profit and loss account as incurred over the period of employment of pensionable employees.

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

## Profit and Loss Account

Year ended 31st December	Notes	2004 €000	2003 €000
<b>Revenue</b>		<b>177,553</b>	172,937
<b>Costs</b>			
Payroll and related costs	2	(159,059)	(147,430)
Materials and services	3	(66,130)	(59,664)
Depreciation	4	(14,755)	(14,151)
<b>Total operating costs</b>		<b>(239,944)</b>	(221,245)
<b>Deficit before gain on disposal of tangible assets, interest and State grant</b>		<b>(62,391)</b>	(48,308)
Gain on disposal of tangible assets		1,191	355
<b>Deficit before interest and State grant</b>		<b>(61,200)</b>	(47,953)
Interest receivable	5	1,429	1,480
<b>Deficit for the year before State grant</b>		<b>(59,771)</b>	(46,473)
State grant	6	61,810	53,867
<b>Surplus for the year after State grant</b>		<b>2,039</b>	7,394
Accumulated deficit at beginning of the year		(14,402)	(21,796)
<b>Accumulated deficit at end of the year</b>		<b>(12,363)</b>	(14,402)

All figures relate to the continuing activities of the company.

There were no recognised gains or losses other than those included in the profit and loss account.

On behalf of the board

**Dr. J.J. Lynch**, Chairman

**Arnold O'Byrne**, Director

# Balance Sheet

As at 31st December	Notes	2004 €000	2003 €000
<b>Fixed assets</b>			
Tangible assets	7	119,601	132,755
<b>Current assets</b>			
Stocks	8	2,592	2,375
Debtors	9	79,886	65,771
Cash at bank and in hand		-	3,352
		82,478	71,498
<b>Creditors</b> (amounts falling due within one year)	10	(39,990)	(40,133)
<b>Net current assets</b>		42,488	31,365
<b>Total assets less current liabilities</b>		162,089	164,120
<b>Provision for liabilities and charges</b>	12	(76,992)	(71,173)
<b>Deferred income</b>	13	(44,687)	(54,576)
		40,410	38,371
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Called up share capital	14	31,743	31,743
Asset replacement reserve		21,030	21,030
Profit and loss account		(12,363)	(14,402)
<b>Shareholders' funds</b>	15	40,410	38,371

On behalf of the board

Dr. J.J. Lynch, Chairman

Arnold O'Byrne, Director

# Cash Flow Statement

Year ended 31st December	Notes	2004 €000	2003 €000
<b>Net cash inflow from operating activities</b>	16 (A)	<b>19,068</b>	23,791
Returns on investments and servicing of finance	16 (B)	1,429	1,480
Capital expenditure	16 (B)	(13,984)	(27,144)
Net cash inflow from sales of tangible fixed assets	16 (B)	1,590	399
Capital grants received	16 (B)	753	5,700
<b>Cash inflow before use of liquid resources and financing</b>		<b>8,856</b>	4,226
Net management of liquid resources		(11,954)	(1,089)
Financing	16 (B)	(598)	(1,158)
<b>(Decrease)/increase in cash in the year</b>		<b>(3,696)</b>	1,979
<p>Liquid resources comprise amounts owed by the holding company, which represents cash generated not immediately required for operations, which is made available to the holding company, repayable on demand.</p>			
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash in the year	16 (C)	(3,696)	1,979
Net cash inflow from holding company balance and lease financing	16 (C)	12,552	2,247
<b>Movement in net funds in the year</b>		<b>8,856</b>	4,226
Net funds at 1st January	16 (C)	64,863	60,637
<b>Net funds at 31st December</b>	16 (C)	<b>73,719</b>	64,863

# Notes to the Financial Statements

## 1 NET SURPLUS BY ACTIVITY

	Social Activities		Commercial Activities	
	2004 €000	2003 €000	2004 €000	2003 €000
Revenue	165,313	162,405	12,240	10,532
Costs	(228,469)	(212,049)	(8,855)	(7,361)
Operating (deficit)/surplus	(63,156)	(49,644)	3,385	3,171
State grant	61,810	53,867	-	-
Net (deficit)/surplus	(1,346)	4,223	3,385	3,171

## 2 PAYROLL AND RELATED COSTS

### Staff costs

Wages and salaries	140,332	130,151
Social welfare costs	12,701	11,911
Other pension costs	6,216	5,230
Own work capitalised	(429)	(221)
<b>Total staff costs</b>	<b>158,820</b>	<b>147,071</b>

### Directors' remuneration

#### Emoluments

- for services as directors	40	21
- for other services	199	338

### Total directors' remuneration and emoluments

	239	359
<b>Total payroll and related costs</b>	<b>159,059</b>	<b>147,430</b>

### Staff Numbers

	2004	2003
The average number of employees during the year was:	3,408	3,367

## 3 MATERIALS AND SERVICES

Fuel and lubricants	10,723	9,137
Materials	16,077	14,918
Road tax and licences	505	489
Rent and rates	486	463
Auditors' remuneration	40	38
Operating lease rentals	361	399
Third party and employer's liability claims	15,586	13,599
Other services	24,636	21,093
Revenue grants (note 13)	(2,284)	(472)
	<b>66,130</b>	<b>59,664</b>

## Notes to the Financial Statements

	2004	2003	
	€000	€000	
<b>4 DEPRECIATION</b>			
Depreciation ( <i>note 7</i> )	26,739	26,011	
Amortisation of EU/Exchequer capital grants	(11,984)	(11,860)	
	<u>14,755</u>	<u>14,151</u>	
<b>5 INTEREST (RECEIVABLE)/PAYABLE</b>			
On balances with holding company	(1,439)	(1,521)	
On finance leases	11	62	
Other interest receipts	(1)	(21)	
	<u>(1,429)</u>	<u>(1,480)</u>	
<b>6 STATE GRANT</b>			
The State grant payable to Bus Átha Cliath - Dublin Bus through its holding company, Córas Iompair Éireann, in respect of public service obligations amounted to €61,810,000 for the year ended 31st December, 2004 (2003 - €53,867,000).			
<b>7 TANGIBLE FIXED ASSETS</b>			
	<b>Road Passenger Vehicles</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>
	€000	€000	€000
<b>Cost</b>			
At 1st January, 2004	251,857	26,523	278,380
Additions	10,432	3,552	13,984
Disposals	(14,266)	(11)	(14,277)
<b>At 31st December, 2004</b>	<u>248,023</u>	<u>30,064</u>	<u>278,087</u>
<b>Depreciation</b>			
At 1st January, 2004	130,770	14,855	145,625
Charge for the year	24,717	2,022	26,739
Disposals	(13,867)	(11)	(13,878)
<b>At 31st December, 2004</b>	<u>141,620</u>	<u>16,866</u>	<u>158,486</u>
<b>Net book amounts</b>			
<b>At 31st December, 2004</b>	<u>106,403</u>	<u>13,198</u>	<u>119,601</u>
At 31st December, 2003	121,087	11,668	132,755

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

	<b>Lives (Years)</b>
Road passenger vehicles	8 - 10
Plant and machinery	1 - 10

## Notes to the Financial Statements

### 7 TANGIBLE FIXED ASSETS (continued)

(b) Road passenger vehicles at a cost of €13,068,000 (2003 - €20,093,000) were fully depreciated but still in use at the balance sheet date.

(c) Included in additions above are €16,000 (2003 - €13,000) in respect of road passenger vehicles, being assets in the course of construction and assets not yet in service.

	2004	2003
	€000	€000
8 STOCKS		
Maintenance materials and spare parts	1,645	1,465
Fuel, lubricants and other sundry stocks	947	910
	<u>2,592</u>	<u>2,375</u>

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

### 9 DEBTORS

Trade debtors	4,663	3,081
Amounts owed by holding company	74,063	62,109
EU/Exchequer grants receivable	-	4
Other debtors and accrued income	1,160	577
	<u>79,886</u>	<u>65,771</u>

### 10 CREDITORS (amounts falling due within one year)

Overdraft	344	-
Trade creditors	4,780	2,915
Finance lease obligations (note 11)	-	598
Income tax deducted under PAYE	2,702	1,666
Pay related social insurance	3,437	2,752
Value added tax and other taxes	(102)	106
Other creditors	2,184	2,533
Deferred revenue	2,652	2,590
Accruals	3,224	5,607
Voluntary severance	98	353
Third party and employer's liability claims (note 12)	10,000	9,000
Deferred income (note 13)	10,671	12,013
	<u>39,990</u>	<u>40,133</u>
Creditors for taxation and social welfare included above	6,037	4,524

## Notes to the Financial Statements

	2004	2003
	€000	€000
11 LEASE OBLIGATIONS		
<b>(A) Finance Leases</b>		
Net obligations under finance leases fall due as follows:		
Within one year ( <i>note 10</i> )	-	598
Between one and five years	-	-
After five years	-	-
	-	598
<b>(B) Operating Leases</b>		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	115	94
Between one and five years	139	168
	254	262
12 PROVISION FOR LIABILITIES AND CHARGES		
<b>Third party and employer's liability claims</b>		
Balance at 1st January, 2004	80,173	75,000
Utilised during the year	(8,253)	(7,853)
Transfer from profit and loss account	15,072	13,026
<b>Balance carried forward at 31 December, 2004</b>	<b>86,992</b>	<b>80,173</b>
<b>Apportioned:</b>		
Current liability ( <i>note 10</i> )	10,000	9,000
Amounts falling due after more than one year	76,992	71,173
	86,992	80,173

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

### (A) External Insurance Cover

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

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

## Notes to the Financial Statements

### 12 PROVISION FOR LIABILITIES AND CHARGES (continued)

#### (A) External Insurance Cover (continued)

- (ii) third party liability for the Group in excess of €150,000 on any one occurrence or series of occurrences arising out of Other Risks events, except;
  - (a) at Ossory Road, Dublin, in the case of flood damage, where the excess is a non-ranking €1,000,000; and
  - (b) any other flood damage where the excess is €250,000;
- (iii) road transport liabilities in excess of a self insured retention of €15,000,000 in aggregate in the twelve month period, April 2004 to March 2005; subject to an overall Group self insured retention of €27,000,000;
- (iv) Group combined liability insurance overall indemnity is €200,000,000 for the twelve month period, April 2004 to March 2005, for rail and road transport third party and other risks liabilities;
- (v) fire and special perils, including storm damage, to the Group's property in excess of €1,000,000 and an indemnity of €200,000,000 on any one loss or series of losses; and
- (vi) terrorism indemnity cover for the Group is €200,000,000 with an excess of €150,000 in respect of property damage, increased to €500,000 in respect of rail and road rolling stock, for each and every loss.

#### (B) Third Party and Employer Liability Claims Provisions and Related Recoveries

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

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

## Notes to the Financial Statements

### 12 PROVISION FOR LIABILITIES AND CHARGES (continued)

#### (B) Third Party and Employer Liability Claims Provisions and Related Recoveries (continued)

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

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

Provisions for claims are calculated gross of any reinsurance recoveries where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to notification from the company's brokers of any re-insurers in run off.

<b>2004</b>	2003
<b>€000</b>	€000

### 13 DEFERRED INCOME

This account represents EU/Exchequer grants which are accounted for in accordance with accounting policy E.

#### European Union/Exchequer grants

Balance at 1st January 2004	66,589	72,868
Received and receivable	3,037	6,172
Transfer to profit and loss account		
Amortisation of capital grants	(11,984)	(11,979)
Revenue grant (note 3)	(2,284)	(472)
<b>Balance carried forward at 31 December, 2004</b>	<b>55,358</b>	<b>66,589</b>
<b>Apportioned:</b>		
Current liability (note 10)	10,671	12,013
Amounts falling due after more than one year	44,687	54,576
	<b>55,358</b>	<b>66,589</b>

## Notes to the Financial Statements

	2004	2003
	€000	€000
14	SHARE CAPITAL	
	<b>Authorised:</b>	
	Ordinary shares of €1.27 each	38,092
	<b>Allotted, called up and fully paid:</b>	38,092
	Ordinary shares of €1.27 each	31,743
15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	
	Surplus for the year after State grant	2,039
	Opening equity shareholders' funds	38,371
	<b>Closing equity shareholders' funds</b>	<b>40,410</b>
16	CASH FLOW STATEMENT	
	<b>(A) Reconciliation of operating deficit to operating cash flows</b>	
	Operating deficit before State grant	(61,200)
	State grant ( <i>note 6</i> )	(47,953)
		61,810
		53,867
		610
		5,914
	Depreciation	26,739
	Amortisation of capital grants	25,967
		(11,984)
		(11,979)
	Gain on disposal of tangible assets	(1,191)
	(Increase)/decrease in stocks	(355)
		(217)
		21
	Increase in debtors	(2,161)
		(60)
	Increase in creditors and provisions	7,272
		4,283
	<b>Net cash inflow from operating activities</b>	<b>19,068</b>
		23,791
	<b>(B) Analysis of cash flows for headings netted in the cash flow statement</b>	
	<b>Servicing of finance</b>	
	Interest received	1,439
	Interest element of finance lease rentals	1,521
	Other interest receipts	(11)
		(62)
		1
		21
	<b>Net cash inflow from servicing of finance</b>	<b>1,429</b>
		1,480
	<b>Capital expenditure</b>	
	Purchase of tangible fixed assets	(13,984)
		(27,144)
	Net cash inflow from sales of tangible assets	1,590
	EU/Exchequer capital grants	399
		753
		5,700
	<b>Net cash outflow from capital expenditure</b>	<b>(11,641)</b>
		(21,045)
	<b>Financing</b>	
	Debt due within one year:	
	Capital element of finance lease rentals	(598)
		(1,158)
	<b>Net cash outflow from financing</b>	<b>(598)</b>
		(1,158)

## Notes to the Financial Statements

### 16 CASH FLOW STATEMENT (continued)

	At 1st Jan. 2004 €000	Cash Flow €000	At 31st Dec. 2004 €000
<b>(C) Analysis of net funds</b>			
Cash at bank and in hand	3,352	(3,352)	-
Overdraft	-	(344)	(344)
		(3,696)	
Finance leases	(598)	598	-
Holding company balance	62,109	11,954	74,063
		12,552	
<b>Total</b>	<b>64,863</b>	<b>8,856</b>	<b>73,719</b>

### 17 PENSIONS

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

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

Whilst the schemes are defined benefit schemes, the company is unable to identify its share of the underlying assets and liabilities of the schemes. The actuarial position of the schemes at 31st December, 2004, using the bases required by Financial Reporting Statement (FRS) No. 17 (Retirement Benefits), showed a deficit of €287 million. Details in relation to the schemes, required by FRS 17, are contained in the accounts of Córas Iompair Éireann.

	2004 €000	2003 €000
18 CAPITAL COMMITMENTS		
Contracted for	32,896	42,605
Authorised by the directors but not contracted for	-	366
	<b>32,896</b>	<b>42,971</b>

## Notes to the Financial Statements

### 19 CONTINGENT LIABILITIES

#### **Pending Litigation**

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

### 20 RELATED PARTY TRANSACTIONS

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

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

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

### 21 MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

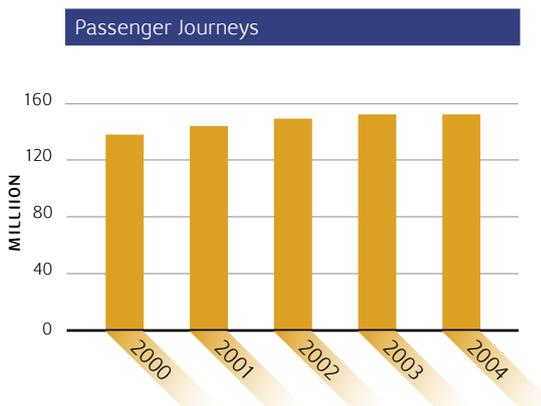
Bus Átha Cliath - Dublin Bus is a wholly owned subsidiary of Córas Iompair Éireann (the Group) and the financial statements reflect the effects of Group membership.

### 22 APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 23rd March, 2005.

# Operations Review

Bus Átha Cliath continued to build and improve on the strong performances in recent years. A surplus of over €2 million was recorded, built on strong financial controls along with a growth in revenue of 3% to €178 million. Passenger journeys have risen from 134 million in 2000, to almost 150 million in 2004, helped by the progressive development of the network and improving customer service. Bus Átha Cliath is by far the biggest public transport provider in Ireland when compared with other providers such as the Luas forecasting 20 million and 15.9 million passing through Dublin Airport.



The company has used its expertise in finding solutions to the growing problem of traffic congestion in the city. BDO Simpson Xavier Consulting estimates that this is costing the company €49 million per annum. The numbers using Quality Bus Corridors (QBCs) continue to grow and we are working closely with the Quality Bus Network team on expanding and improving this vital infrastructural investment.

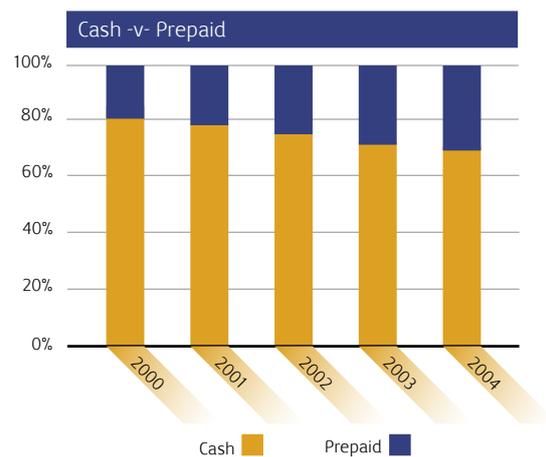
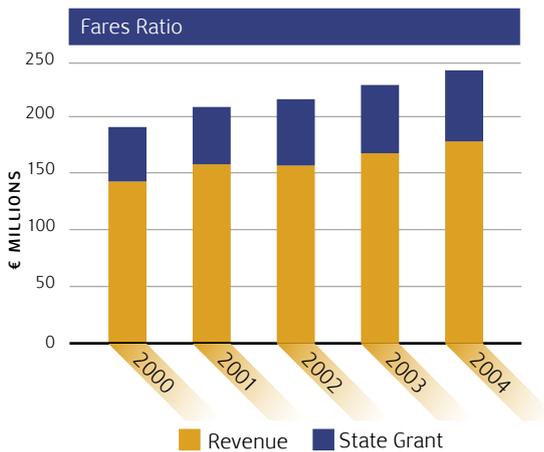
Bus Átha Cliath operates a fleet of 1,067 buses over 170 routes travelling nearly 60 million kilometres per annum. The company has sought to ensure that the network is geared towards the changing demands of the city, and during the year a number of new services and innovations have been introduced.

These have included:

- Redesigned and improved bus networks in some areas of the city e.g. Clondalkin, Bray, Blanchardstown and Ballymun.
- Expanded routes to meet growing population trends in areas such as Pelletstown, Ongar and Cherrywood.
- Network improvements to improve integration e.g. the introduction of route 92 linking Heuston, City Centre, Luas and St. Stephen's Green.
- Bus Átha Cliath advertised a new 'Centrelink' concept to promote the usage of our services through the city centre. A special shoppers fare of 50 cent now applies all week on these routes.
- Bus Átha Cliath augmented services substantially in the DART catchment to carry customers discommoded by the reconstruction works on the DART. We also supplied replacement services to cover for Luas breakdowns.
- BUSTXT, introduced at the end of 2003, had over 1.25 million requests for timetable information during 2004.
- The purchase of 36 new low floor accessible double deck buses.
- Significant progress on the development of a new on-bus ticketing system, which uses the latest technology and will provide a platform to support the introduction of card ticketing. This will also assist in our work with the Rail Procurement Agency (RPA) on introducing an integrated ticket based on contactless smart cards in the future.

As with all public transport companies in Europe, Bus Átha Cliath received a public service obligation payment, commonly known as subvention, from the Government. In 2004 we received just under €62 million and this equates to 26% of the operating costs, one of the lowest percentages given to a public transport bus company.

## Operations Review



A Memorandum of Understanding on Service Levels and Targets for the year was agreed between the company and the Department of Transport. Our level of State grant is dependent on meeting certain performance targets and during the year we met all these and, in many cases, surpassed those set out in the agreement.

In order to deal with future demand for additional bus facilities, approval was given to acquire a 4.4 hectare greenfield site located at Harristown adjacent to Dublin Airport and close to the M50. Construction began in August 2003 with a projected 59 week construction programme and was handed over to Bus Átha Cliath at the end of September 2004, on time and within budget. The new garage currently serves 200 buses (with capacity for a further 40 buses) and operates on a 24 hour, 7-day per week basis. The facility is used for parking, maintaining and servicing of double deck, single deck and articulated buses. The garage has been operational since 31st October, 2004 and currently has over 450 staff.

Prepaid Tickets sales continued to develop in 2004 with revenue now passing €45 million for the first time. The Rambler range of products are growing in popularity with the most popular being the 5-Day Rambler Handy Pack which is now contributing over 22% of all Prepaid Commuter Ticket revenue.

There was a further expansion of the Ticket Agency network through which we sell to our customers. In 2004 the number of Ticket Agency outlets grew from 280 to 350. Bus Átha Cliath now sells over 250,000 commuter tickets every week through this excellent network of ticket agents. The Tax Saver benefit-in-kind incentive, which allows both employers and employees to avail of significant tax savings on monthly and annual commuter tickets, achieved a growth in sales from €13 million in 2003 to €15 million in 2004. Over 40,000 regular commuters at 1,500 companies in and around Dublin now enjoy substantial tax savings on their travel costs as a result of their involvement in this scheme.

Following on from our integrated transport planning and service operation for major events in 2003, such as the Special Olympics, Bus Átha Cliath continued during 2004 to be the customers' primary choice of transport provider to large concerts in and around Dublin. Working closely with event organisers and various interested parties, such as An Garda Síochána and Local Authorities, we organised and provided efficient bus transportation to various concerts and sports events.

## Operations Review

Collisions and customer accidents have reduced by 12% during the year and are now lower than they have been for over 10 years, despite a larger fleet and increased road activity. This has been achieved through the successful implementation of a variety of training and monitoring programmes, coupled with continuing positive staff participation and co-operation.

The company sees service to the community as a core value and the success of our business is inextricably linked to the well-being of the communities we serve. As part of this commitment the company introduced in 2004 the inaugural Dublin Bus Community Support Programme Awards. We were honoured to have President Mary McAleese present the awards to 140 non-profit groups ranging from charities and schools to sports clubs and community groups. The company donated €230,000 to help groups whose work, for the most part, goes unrecognised outside the circle of people they help.

In recognition of the company's ongoing commitment to corporate social responsibility it received a commendation from the Chambers of Commerce in Ireland for its work in the community. In addition, Bus Átha Cliath was awarded one of the Top 50 Companies 2004 To Work For by Irish Independent Newspapers and Excellence Through People.

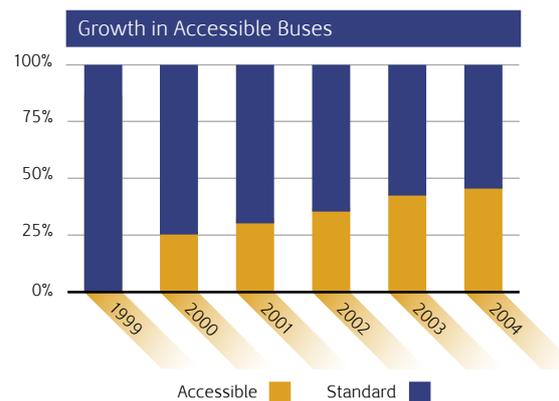
To mark the Irish Government's EU Presidency five double-deck buses were designed and branded in the Presidency colours for the period of the Presidency. These buses were used by government departments on a number of official occasions including the Accession May weekend and during President Bush's visit to Ireland.

Bus Átha Cliath is very proud of its work and commitment to people with disabilities. All buses purchased since 2000 have been of a low floor design and 45% of our fleet are now fully accessible. The company was also honoured to be the first company to receive the O<sub>2</sub> ability award for

“Leadership” based on its commitment to recruiting, accommodating, retaining and valuing our employees and customers with disabilities.

Throughout the year Bus Átha Cliath ran an extensive advertising and information campaign to increase awareness of the accessibility of public transport. This was assisted by funding from the Accessibility element of the National Development Plan (NDP).

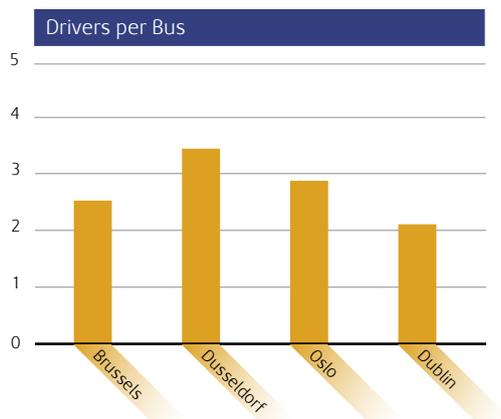
As part of the company's emphasis on training and customer care the Quality Customer Awareness (QCA) training course was undertaken in 2004. This was an attitudinal training course run by consultants Speakers Ireland. Whilst all staff attended the course it was successfully tailored to cater for the differing functions. The mainstay of the course was the importance of both the internal and external customer and our relationship with them. The course proved to be innovative, hands-on and challenging and was widely well received by all staff groupings.



Bus Átha Cliath continues to strive to be more efficient and economical and, as part of this exercise, continues to compare and benchmark itself against other operators in Europe. We have recently joined a European group that seeks to improve communication and comparison between bus transport

## Operations Review

companies and we will hope to benefit from this. One of the key comparisons is under "Drivers per Bus" and, as can be seen below, we compare favourably with other markets.



Source: Dublin Bus Factfinding and Benchmarking Report 2002

The company has been very successful in meeting the challenges that it has already faced and will seek to build on this in the coming years. Bus Átha Cliath will continue to serve the needs of the city and will work closely with the Department of Transport in ensuring that adequate funding is made available to provide an ever-improving bus service. The bus has proved itself over the years to be the backbone of public transport and is currently the most flexible and economical mode in the city.