Annual Report and Financial Statements 2001
Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain 2001

Bus Éireann

CIE Group of Companies

Contents

NDP
NATIONAL DEVELOPMENT PLAN

Bus Éireann would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2000 - 2006

Directors and Other Information

Directors at 29th April, 2002

• Managing Director	Mr. W. Lilley
• Directors	Mrs. T. Honan, Mr. W. Lilley, Mr. P. Cullen, Mr. G. Duggan, Ms. A. M. Mannix, Mr. G. Charles, Mr. R. Langford

Secretary and and Registered Office	Mr. M. Nolan, Broadstone, Dublin 7.
• Telephone	+ 00 353 1 703 3447
• Facsimile	+ 00 353 1 703 3486
• Website	www.buseireann.ie
• Registered Number	119570

Auditors	PricewaterhouseCoopers Chartered Accountants and Registered Auditors Wilton Place, Dublin 2

Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2001

Principal Activities and Business Review

The company's principal activities are the operation of its network of expressway scheduled inter-urban coach services, the operation of commuter, town and city provincial bus services, commuter services in the Greater Dublin Area, local rural bus services throughout the country and nationwide school transport services on behalf of the Department of Education and Science.

A summary of the passenger journeys and vehicle kilometres operated by the company on scheduled services is shown below:

	Year ended 31st December 2001 Thousands	2000 Thousands
Passenger journeys		
Provincial city services	20,051	19,156
Other scheduled services	23,729	21,364
School transport scheme	43,610	43,797
	87,390	84,317
Vehicle kilometres		
Provincial city services	7,593	7,197
Other scheduled services	70,457	66,363
	78,050	73,560

Bus Eireann has substantially improved the range, quality and frequency of services on all its products. In 2001, additional service improvements were made; principally on commuting routes in the Greater Dublin Area and on provincial city services. The Expressway network was further improved with hourly services from Tralee to Waterford and additional services from Sligo to Derry and Ballina to Dublin.

Substantial increases in passenger numbers were recorded in 2001; 4.7% in provincial cities; 14.5% in commuting and 4.1% in Expressway; whilst on the School Transport Scheme a slow decline continued in line with the fall in the school-going population.

The company's profitability has however deteriorated due to:

- additional costs in introducing substantial increases in rural services, provincial city services and peak time commuter services as part of the National Development Plan and in compliance with Government policy to promote a modal shift to public transport.
- Traffic congestion continues to place ever increasing cost on the company and dissipates benefits arising from the substantial investment made in the additional fleet, with some of these additional vehicles being used to maintain existing schedules because of slower journey times rather than improving services.
- The labour intensive company has honoured all national pay agreements to its' workforce even though the company has been unable to achieve comparable price increases.

To supplement the additional revenue from the expanded services and savings from internal efficiencies a system of regular market related fares increases is required. In addition, consideration of Public Service payments has been underway for some time and progress is now required in order to address the financial problems faced by the company if the wider network of uneconomic services is to be maintained.

During 2001 the company purchased 97 new vehicles for its road passenger fleet, building on the record investment of the preceding year.

Results and Reserves

The financial statements for the year ended 31st December, 2001 are set out in detail on pages 9 to 20. The results for the year ended 31st December, 2001 show a deficit of €4,361,000 (2000- surplus of €6,101,000).

The Introduction of the Euro

The company experienced no disruption or malfunction during the year 2001 or into year 2002 from its own computer systems and embedded systems.

The lack of disruption is attributed to an analysis of the risks carried out in prior years and consequential modifications to, or replacement of, hardware and software not held to be euro compliant.

The total cost to the company was €543,700 of which €328,428 has been expensed in 2001.

Report of the Directors

Employee Participation

A joint management/trade union working party under an independent chairman nominated by the Labour Relations Commission agreed a "Scheme for Enterprise Partnership". The scheme provides for the establishment of a steering group, top group and enterprise partnership councils. The steering group held its first meeting in 2001 and it was agreed to set up an implementation group to oversee the introduction of the Enterprise Partnership Council in 2002.

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, 1989.

Equal Opportunities

In 2001 the company and the trade unions established an equality steering group. The purpose of this group is to undertake a comprehensive examination of the policies, procedures, practices and perceptions that exist within Bus Éireann in relation to equality issues.

The group had met on a number of occasions during the year and plans are well advanced for conducting a company wide equality survey.

It is expected that the equality steering group will complete its task by the middle of 2002, following which the report will be issued.

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 Éireann, Broadstone, Dublin 7.

Directors

The directors of the company are appointed by the chairman of Córas Iompair Éireann with the consent of the Minister for Public Enterprise. The directors during the year ended 31st December, 2001 are set out below. Except where indicated they served as directors for the entire year.

Mr. M.P. Mc Donnell	**Chairman** (Retired 13th February, 2001)
Mr. W. Lilley,	**Managing Director** (Reappointed 2nd January 2002)
Mr. P. Cullen,	(Reappointed 1st December, 2001)
Mr. M. Faherty	(Resigned 1st March, 2001)
Mrs. T. Honan	
Mr. G. Duggan	(Reappointed 1st March, 2002)
Ms. A. M. Mannix	(Appointed 1st December, 2001)

On 29th April, 2002 the following were appointed as directors:

Mr G Charles
Mr R Langford

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.

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

W. Lilley Managing Director
T. Honan Director

29th April, 2002

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 for that year.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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 Irish Companies Acts, 1963 to 2001. 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 Éireann - Irish Bus

We have audited the financial statements on pages 9 to 20.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 5 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 Practises Board applicable in Ireland.

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 of the Companies Acts, 1963 to 2001. 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 company balance sheet, are not more than half of 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 Practises Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December, 2001 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

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 report of the directors on pages 3 and 4 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 11, 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, 2001, 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.

29th April, 2002

(a) The maintenance and integrity of the Bus Éireann website is the responsibility of the directors; 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 2001. 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.

The Financial statements are presented in euro. The comparative figures, which were previously presented in Irish Pounds, have been restated at the fixed rate of €1=IR£0.787564.

The prior year comparatives have been revised to conform with the current year presentation.

(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

The historical costs 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 costs of school buses are depreciated in equal annual instalments over their expected useful 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

Operating leases

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

(D) Stocks

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value.

Stocks which are known to be obsolete at the balance sheet date are written off, and provision is made in respect of stocks which may become obsolete in the future.

(E) Grants

(i) State grants

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

(ii) Exchequer grants

Exchequer grants 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.

(F) Foreign currency

Transactions denominated in a 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 currencies 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 independent actuaries, 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 pensions 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	2001 €000	2000 €000
Revenue		**179,364**	159,687
Costs			
Payroll and related costs	1	(90,487)	(74,784)
Materials and services	2	(104,918)	(86,223)
Depreciation and loss on disposal of tangible assets	3	(12,110)	(9,049)
Total operating costs		**(207,515)**	(170,056)
Deficit before interest and State grant		**(28,151)**	(10,369)
Interest (payable)/receivable		(18)	712
Deficit before State grant		**(28,169)**	(9,657)
State grant		23,808	15,758
(Deficit)/surplus for the year after State grant		**(4,361)**	6,101
Accumulated surplus/(deficit) at beginning of the year		1,610	(4,491)
Accumulated (deficit)/surplus at end of the year		**(2,751)**	1,610

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

W. Lilley, Managing Director

T. Honan, Director

Balance Sheet

As at 31st December	Notes	2001 €000	2000 €000
Fixed assets			
Tangible assets	4	85,014	74,205
Current assets			
Stocks	5	3,890	3,522
Debtors	6	14,773	17,464
Cash at bank and in hand		336	60
		18,999	21,046
Creditors (amounts falling due within one year)	7	(21,496)	(26,618)
Net current liabilities		(2,497)	(5,572)
Total Assets less current Liabilities		82,517	68,633
Provision for Liabilities and Charges	8	(28,040)	(25,885)
Deferred Income	9	(21,072)	(4,982)
		33,405	37,766
Financed by:			
Capital and reserves			
Called up share capital	10	29,204	29,204
Asset replacement reserve	11	6,952	6,952
Profit and loss account		(2,751)	1,610
Shareholders' funds	12	33,405	37,766

On behalf of the board

W. Lilley, Managing Director

T. Honan, Director

Cash Flow Statement

Year ended 31st December	Notes	2001 €000	2000 €000
Net cash inflow from operating activities	13(A)	4,270	8,769
Returns on investment and servicing of finance			
Interest (payable)/receivable		(18)	712
		4,252	9,481
Capital expenditure			
Additions to tangible assets	4	(24,147)	(35,359)
Proceeds from disposal of tangible assets		48	38
Capital grants received		17,270	6,478
		(6,829)	(28,843)
Cash outlow before use of liquid resources and financing		(2,577)	(19,362)
Management of liquid resources			
Movement in amounts owed by holding company	13(B)	3,087	22,511
Increase in cash	13(B)	510	3,149

Liquid resources comprise amounts owed by the holding company, which represent cash generated not immediately required for operations, and made available to the holding company, repayable on demand.

Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	510	3,149
Cash from change in liquid resources	(3,087)	(22,511)
Movement in net funds	(2,577)	(19,362)
Net funds at 1st January	4,843	24,205
Net funds at 31st December	2,266	4,843

Notes to the Financial Statements

	2001	2000
	€000	€000
1. PAYROLL AND RELATED COSTS		
Staff Costs		
Wages and salaries	79,963	66,861
Social welfare costs	6,975	5,779
Other pension costs	3,688	2,292
	90,626	74,932
Engineering work for group companies	(323)	(300)
Net staff costs	90,303	74,632
Directors' remuneration		
Emoluments		
- for services as directors	-	-
- for other services	184	152
Total directors' remuneration and emoluments	184	152
Payroll and related costs	90,487	74,784

The average numbers of employees during the year were as follows:

	Staff Numbers	
	2001	2000
Full-time	2,093	1,964
Part-time school bus drivers	548	601
Total	2,641	2,565

	2001	2000
	€000	€000
2. MATERIALS AND SERVICES		
Fuels and lubricants	9,215	6,500
School contractors	41,045	33,610
Road tax and licences	262	277
Operating lease rental of vehicles	4,910	5,503
Third party and employer's liability claims	7,086	6,670
Rates	551	554
Auditors' remuneration	37	37
Other materials and services	41,812	33,072
	104,918	86,223

3. DEPRECIATION AND LOSS ON DISPOSAL OF TANGIBLE FIXED ASSETS

Depreciation of tangible fixed assets *(note 4)*	12,985	9,327
Loss on disposal of tangible fixed assets	305	38
Grant amortisation *(note 9)*	(1,180)	(316)
	12,110	9,049

Notes to the Financial Statements

4. **TANGIBLE FIXED ASSETS**

	Road Passenger Vehicles €000	Plant and Machinery €000	Total €000
Cost			
At 1st January, 2001	150,795	7,531	158,326
Additions	22,590	1,557	24,147
Disposals	(2,669)	-	(2,669)
At 31st December, 2001	170,716	9,088	179,804
Depreciation			
At 1st January, 2001	79,605	4,516	84,121
Charge for the year	12,004	981	12,985
Disposals	(2,316)	-	(2,316)
At 31st December 2001	89,293	5,497	94,790
Net Book Amounts			
At 31st December, 2001	81,423	3,591	85,014
At 31st December, 2000	71,190	3,015	74,205

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

	Lives (Years)
Road passenger vehicles	8 - 14
Plant and machinery	5 - 10

(b) Road passenger vehicles at a cost of €3,066,313 (2000- €5,382,712) were fully depreciated but still in use at the balance sheet date.

(c) Tangible fixed assets at 31st December, 2001 amount to €12,491,825 (2000-Nil) in respect of tangible fixed assets not yet in service.

5. **STOCKS**

	2001 €000	2000 €000
Maintenance materials and spare parts	2,987	2,674
Fuels, lubricants and sundry stocks	903	848
	3,890	3,522

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.

6. **DEBTORS**

Trade debtors	7,920	7,900
Amounts owed by holding company (*note 13(B)*)	2,171	5,258
Other debtors and accrued income	4,682	4,306
	14,773	17,464

Notes to the Financial Statements

	2001	2000
	€000	€000
7. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)		
Bank overdraft	241	475
Trade creditors	7,701	11,289
Income tax deducted under PAYE	762	1,268
Pay-related social insurance	779	720
Value added tax and other taxes	123	(371)
Other creditors	1,748	1,527
Accruals	4,518	4,749
Restructuring provision *(note 8)*	-	1,337
Third party and employer's liability claims *(note 8)*	4,444	4,444
Deferred Income *(note 9)*	1,180	1,180
	21,496	26,618
Creditors for taxation and social welfare included above	1,664	1,617

8. PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring provision €000	Third party & employer's liability claims €000	Total €000
Balance at 1st January	1,337	30,329	31,666
Utilised during the year	(1,337)	(4,931)	(6,268)
Transfer from profit and loss account	-	7,086	7,086
Balance carried forward	-	32,484	32,484
Less amount classified as current liability *(note 7)*	-	(4,444)	(4,444)
Balance at 31st December	-	28,040	28,040

Third party and employer's liability claims

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

(A) **External Insurance Cover**

Coras Iompair Eireann has, on behalf of the company, the following external cover:

(i) Third party liability in excess of €1,269,740 and up to €140,940,930 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$3,000,000;

(ii) Third party liability in excess of €63,490 and up to €139,734,680 on any one occurrence or series of occurrences arising out of all other risks events, except in the case of actions taken for all other risks claims subject to United States jurisdiction where the excess is US$100,000 ;

Notes to the Financial Statements

8. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

(A) External Insurance Cover (continued)

(iii) Road transport third party liabilities in excess of a self-insured retention of €5,599,550 in aggregate in the twelve month period, April 2001 to March 2002; and

(iv) Fire and special perils, including storm damage, to property in excess of €253,950 on any one loss.

(B) Third party and Employer Liability Claims Provision and Related Recoveries

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

In calculating the estimated cost of unpaid claims the company uses a variety of estimation techniques, 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 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 business and the impact of large losses.

In estimating the cost of claims notified but unpaid, the company has regard to the claim circumstance as reported, any information available from legal or other experts and information on the cost of settling claims with similar characteristics in previous periods.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, because of the lack of any information about the claim event. Claim types which have a longer reporting 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 estimation these reserves.

Large or non-recurring claims impacting are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these claims. Provisions for claims are calculated gross of any reinsurance recoveries.

Notes to the Financial Statements

8. **PROVISIONS FOR LIABILITIES AND CHARGES** (continued)

(B) **Third party and Employer Liability Claims Provision and Related Recoveries (continued)**

A separate estimate is made of the amounts that will be recoverable from third-party insurers based upon the gross provisions. 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 market data on the financial strength of each of the reinsurance companies.

	2001	2000
	€000	€000

9. **DEFERRED INCOME**

This account comprises of non-repayable exchequer grants which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated (accounting policy E).

	2001 €000	2000 €000
Capital grants		
Balance at 1st January	**6,162**	-
Received and receivable	**17,270**	6,478
Transfer to profit and loss account	**(1,180)**	(316)
Balance carried forward	**22,252**	6,162
Less Transfer to current Liabilities *(note 7)*	**(1,180)**	(1180)
Balance at 31st December	**21,072**	4,982

10. **SHARE CAPITAL**

	2001 €000	2000 €000
Authorised		
Ordinary shares of €1.27 each	**40,632**	40,632
Allotted, called up and fully paid		
Ordinary shares of €1.27 each	**29,204**	29,204

11. **ASSET REPLACEMENT RESERVE**

	2001 €000	2000 €000
Balance at 31st December	**6,952**	6,952

12. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2001 €000	2000 €000
(Deficit)/surplus for the year	**(4,361)**	6,101
Opening equity shareholders' funds	**37,766**	31,665
Closing equity shareholders' funds	**33,405**	37,766

Notes to the Financial Statements

	2001	2000
	€000	€000
13. CASH FLOW STATEMENT		
(A) Reconciliation of operating deficit to net cash inflow from operating activities		
Operating deficit before State grants	(28,151)	(10,369)
State grant	23,808	15,758
	(4,343)	5,389
Depreciation and profit on disposal of tangible fixed assets	13,290	9,365
Capital grants amortised	(1,180)	(316)
Restructuring payments made	(1,337)	(10,105)
Increase in Stocks	(368)	(362)
Increase in debtors	(396)	(3,569)
(Decrease)/Increase in creditors	(3,551)	6,675
Increase in provisions for liabilities and charges	2,155	1,692
Net cash inflow from operating activities	4,270	8,769

(B) Analysis of change in net funds

	At 1st Jan. 2001 €000	Cash flows €000	At 31st Dec. 2001 €000
Cash at bank and in hand	60	276	336
Bank overdraft	(475)	234	(241)
		510	
Amounts owed by holding company	5,258	(3,087)	2,171
	4,843	(2,577)	2,266

	2001	2000
	€000	€000
14. OPERATING LEASE OBLIGATIONS		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	718	646
Between one and five years	2,697	2,470
	3,415	3,116

Notes to the Financial Statements

15. 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 most recent valuation of the schemes was performed as at 31 December, 2001. The valuation indicated a surplus of €69.2 million in the schemes.

	2001	2000
	€000	€000
16. CAPITAL COMMITMENTS		
Contracted for	**820**	7,610
Authorised by the directors, but not contracted for	**388**	3,428
	1208	11,038

17. CONTINGENT LIABILITIES

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.

Notes to the Financial Statements

18. NET DEFICIT/SURPLUS BY ACTIVITY

The (deficit)/surplus for the year is split between city services and other services as follows:	City services		Other services	
	2001	2000	**2001**	2000
	€000	€000	**€000**	€000
Revenue	**17,258**	15,812	**162,106**	143,875
Expenditure				
Maintenance of buildings	**267**	274	**1,129**	1,159
Maintenance of vehicles and equipment	**4,393**	3,876	**25,094**	22,078
Fuel	**1,360**	780	**7,855**	5,720
Road tax and licences	**13**	14	**249**	263
Operating and other expenses	**21,943**	16,259	**136,161**	110,622
Operating depreciation	**2,566**	2,368	**6,485**	6,643
Total expenditure before interest	**30,542**	23,571	**176,973**	146,485
Operating(deficit)/surplus before interest	**(13,284)**	(7,759)	**(14,867)**	(2,610)
Interest (payable)/receivable	**(2)**	89	**(16)**	623
(Deficit)/surplus before State grants	**(13,286)**	(7,670)	**(14,883)**	(1,987)

19. RELATED PARTIES

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 concerning transactions between that company, its subsidiaries and the Irish Government.

20. MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

Bus Éireann-Irish Bus is a wholly owned subsidiary of Córas Iompair Éireann (the group) and the financial statements reflect the effects of group membership.

21. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 29th April, 2002.

PHOTOGRAPHERS : NEIL WARNER **:** JONATHAN MC DONNELL **DESIGN :** CREATIVE INPUTS

PN No. 11383