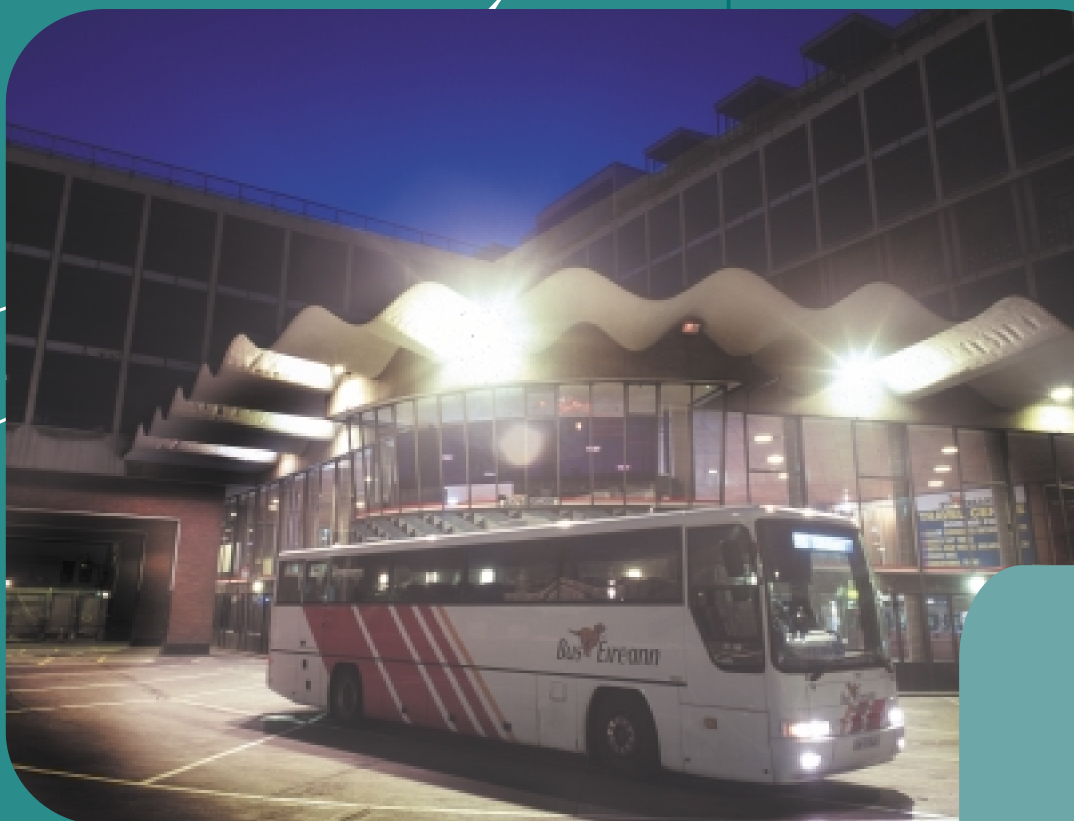
Annual Report and Financial Statements 2000

Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain 2000



Contents

Bus Éireann 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.

Directors

at 1st May, 2001

Managing Director

Mr. W. Lilley

Directors

Mrs. T. Honan
Mr. P. Cullen
Mr. G. Duggan

Secretary and Registered Office

Mr. M. Nolan
Broadstone
Dublin 7

Telephone

+353 1 703 3447

Facsimile

+353 1 703 3486

Website

www.buseireann.ie

Registered number

119570

Auditors

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
Wilton Place
Dublin 2

For the year ended 31st December, 2000

The directors' present their annual report together with the audited financial statements for the year ended 31st December, 2000.

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 city bus services in Cork, Limerick, Galway and Waterford cities, local stage carriage 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	2000 '000	1999 '000
Passenger Journeys		
Provincial city services	**19,156**	18,731
Other scheduled services	**21,364**	19,525
School transport scheme	**43,797**	45,593
	84,317	83,849
Vehicle Kilometres		
Provincial city services	**7,197**	5,927
Other scheduled services	**66,363**	60,605
	73,560	66,532

During 2000 the company purchased 208 new vehicles for its road passenger fleet, the largest investment in its history. In the second half of the year substantial service improvements were introduced particularly on commuting routes in the Greater Dublin Area, and on a substantial number of routes in provincial cities.

Passenger numbers (+2%) on provincial city services increased for the first time in many years though services continue to be affected by the worsening traffic congestion and absence of bus priority measures. Passenger numbers on Expressway and Stage Carriage showed a 10% increase, while the numbers on the School Transport Scheme continue to decline in line with the fall in the school-going population.

Results and reserves

The financial statements for the year ended 31st December, 2000 are set out in detail on pages 8 to 19. The results for the year ended 31st December, 2000 show a surplus of IR£4,805,000 (1999–IR£3,073,000).

Year 2000 and the introduction of the euro

The company experienced no disruption or malfunction since the start of the year 2000 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 year 2000 compliant. The total cost is part of the overall costs of computer upgrading over a number of years to enhance the company systems.

There is a committee in place to assess the implications of the euro in the lead up to the introduction of the new currency in 2002. Plans and resources are in place to achieve such euro compliance.

Employee participation

A joint management/trade union committee under an independent chairman was set up to examine the matter of the sub-board participation under the provisions of the Worker Participation (State Enterprises) Act, 1988. This Committee agreed a "Scheme for Enterprise Partnership" and in the year 2000 ballots by the trade unions were finalised and resulted in acceptance of the new scheme.

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

The company is an equal opportunities employer. All applications for employment and promotion are given full and fair consideration with due regard being given to the aptitude and ability of the individual and the requirements of the position being filled.

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, 2000 are set out below. They served as directors for the entire year.

Mr. M.P. Mc Donnell — Chairman
(Resigned 13th February, 2001)

Mr. W. Lilley, — Managing Director
Mr. P. Cullen
Mr. M. Faherty
(Resigned 1st March, 2001)

Mrs. T. Honan
Mr. G. Duggan

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**

1st May, 2001

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 1999. 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.

To the members of Bus Eireann - Irish Bus

We have audited the financial statements on pages 8 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, for preparing the financial statements in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 1999. 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' remunerations 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.

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, 2000 and of its surplus and cash flow for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1999.

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 2 and 3 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, 2000 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.

1st May, 2001.

(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 1999. 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 prepared under the historical cost convention and are expressed in Irish pounds, denoted by the symbol IR£ (Euro equivalents are disclosed on pages 10 to 12).

(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 Irish pounds 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.

Year ended 31st December	Notes	2000 IR£000	1999 IR£000	2000 €000	1999 €000
Revenue		**125,764**	111,776	***159,687***	*141,926*
Costs					
Payroll and related costs	*1*	**(58,897)**	(51,923)	***(74,784)***	*(65,929)*
Materials and services	*2*	**(67,906)**	(55,656)	***(86,223)***	*(70,669)*
Depreciation and loss on disposal of tangible assets	*3*	**(7,127)**	(6,451)	***(9,049)***	*(8,190)*
Total operating costs		**(133,930)**	(114,030)	***(170,056)***	*(144,788)*
Deficit before interest and State grant		**(8,166)**	(2,254)	***(10,369)***	*(2,862)*
Interest receivable		**561**	359	***712***	*456*
Deficit before State grant		**(7,605)**	(1,895)	***(9,657)***	*(2,406)*
State grant		**12,410**	5,810	***15,758***	*7,377*
Surplus for the year after State grant		**4,805**	3,915	***6,101***	*4,971*
Transfer to reserve	*11*	-	(842)	-	*(1,069)*
Change in the profit and loss account for the year		**4,805**	3,073	***6,101***	*3,902*
Accumulated deficit at beginning of the year		**(3,537)**	(6,610)	***(4,491)***	*(8,393)*
Accumulated surplus/(deficit) at end of the year		**1,268**	(3,537)	***1,610***	*(4,491)*

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

As at 31st December	Notes	2000 IR£000	1999 IR£000	2000 €000	1999 €000
Fixed assets					
Tangible assets	4	**58,441**	37,999	***74,205***	*48,249*
Current assets					
Stocks	5	**2,774**	2,489	***3,522***	*3,160*
Debtors	6	**13,754**	28,672	***17,464***	*36,406*
Cash at bank and in hand		**47**	30	***60***	*38*
		16,575	31,191	***21,046***	*39,604*
Creditors (amounts falling due within one year)	7	**(20,034)**	(22,937)	***(25,438)***	*(29,124)*
Net current (liabilities)/assets		**(3,459)**	8,254	***(4,392)***	*10,480*
Total assets less current liabilities		**54,982**	46,253	***69,813***	*58,729*
Financed by:					
Provisions for liabilities and charges	8	**20,386**	21,315	***25,885***	*27,064*
Deferred Income	9	**4,853**	-	***6,162***	*-*
		25,239	21,315	***32,047***	*27,064*
Capital and reserves					
Called up share capital	10	**23,000**	23,000	***29,204***	*29,204*
Asset replacement reserve	11	**5,475**	5,475	***6,952***	*6,952*
Profit and loss account		**1,268**	(3,537)	***1,610***	*(4,491)*
Shareholders' funds	12	**29,743**	24,938	***37,766***	*31,665*
		54,982	46,253	***69,813***	*58,729*

On behalf of the board

W Lilley, Managing Director

T.Honan, Director

Year ended 31st December	Notes	2000 IR£000	1999 IR£000	2000 €000	1999 €000
Net cash inflow from operating activities	13(A)	**6,906**	9,865	***8,769***	*12,526*
Returns on investment and servicing of finance					
Interest receivable		**561**	187	***712***	*237*
		7,467	10,052	***9,481***	*12,763*
Capital expenditure					
Additions to tangible assets	4	**(27,848)**	(3,642)	***(35,359)***	*(4,624)*
Proceeds from disposal of tangible assets		**30**	89	***38***	*113*
Capital grants received		**5,102**	-	***6,478***	-
		(22,716)	(3,553)	***(28,843)***	*(4,511)*
Acquisition					
Slattery Travel–deferred purchase payments		-	(65)	-	*(82)*
Cash (outflow)/inflow before use of liquid resources and financing		**(15,249)**	6,434	***(19,362)***	*8,170*
Management of liquid resources					
Movement in amounts owed by holding company	13 (B)	**17,729**	(8,945)	***22,511***	*(11,358)*
Increase/(Decrease) in cash	13(B)	**2,480**	(2,511)	***3,149***	*(3,188)*

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/(decrease) in cash in the year	**2,480**	(2,511)	**3,149**	(3,188)
Cash from change in liquid resources	**(17,729)**	8,945	**(22,511)**	11,358
Movement in net funds in the year	**(15,249)**	6,434	**(19,362)**	8,170
Net funds at 1st January	**19,063**	12,629	**24,205**	16,035
Net funds at 31st December	**3,814**	19,063	**4,843**	24,205

		2000 IR£000	1999 IR£000
1	**PAYROLL AND RELATED COSTS**		
	Staff costs		
	Wages and salaries	52,657	45,907
	Social welfare costs	4,551	3,886
	Other pension costs	1,805	2,348
		59,013	52,141
	Engineering work for group companies	(236)	(338)
	Net staff costs	58,777	51,803
	Directors' remuneration		
	Emoluments		
	- for services as directors	-	-
	- for other services	120	120
	Total directors' remuneration and emoluments	120	120
	Total payroll and related costs	58,897	51,923

	Staff Numbers 2000	1999
The average numbers of employees during the year were as follows:		
Full-time	1,964	1,861
Part-time school bus drivers	601	601
Total	2,565	2,462

		2000 IR£000	1999 IR£000
2	**MATERIALS AND SERVICES**		
	Fuels and lubricants	5,119	3,955
	School contractors	26,470	22,612
	Road tax and licences	218	257
	Operating lease rental of vehicles	4,334	3,283
	Third party and employer's liability claims	5,253	4,181
	Rates	436	386
	Auditors' remuneration	29	29
	Other materials and services	26,047	20,953
		67,906	55,656

3 **DEPRECIATION AND LOSS/(PROFIT) ON DISPOSAL OF TANGIBLE FIXED ASSETS**

	2000	1999
Depreciation of tangible fixed assets *(note 4)*	7,346	6,483
Loss/(profit) on disposal of tangible fixed assets	30	(32)
Grant amortisation *(note 9)*	(249)	-
	7,127	6,451

	Road Passenger Vehicles IR£000	Plant and Machinery IR£000	Total IR£000
4 TANGIBLE FIXED ASSETS			
Cost			
At 1st January, 2000	**93,819**	**5,133**	**98,952**
Additions	**27,050**	**798**	**27,848**
Disposals	**(2,108)**	-	**(2,108)**
At 31st December, 2000	**118,761**	**5,931**	**124,692**
Depreciation			
At 1st January, 2000	**58,385**	**2,568**	**60,953**
Charge for the year	**6,357**	**989**	**7,346**
Disposals	**(2,048)**	-	**(2,048)**
At 31st December 2000	**62,694**	**3,557**	**66,251**
Net book amounts			
At 31st December 2000	**56,067**	**2,374**	**58,441**
At 31st December 1999	35,434	2,565	37,999

(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 IR£4,239,230 (1999: IR£3,229,094) were fully depreciated but still in use at the balance sheet date.

(c) Tangible fixed assets at 31st December, 2000 amount to IR£Nil (1999: IR£3,572,156) in respect of tangible fixed assets not yet in service.

	2000 IR£000	1999 IR£000
5. STOCKS		
Maintenance materials and spare parts	**2,106**	1,934
Fuels, lubricants and sundry stocks	**668**	555
	2,774	2,489

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	**6,222**	5,107
Amounts owed by holding company *(note 13(B))*	**4,141**	21,870
Other debtors and accrued income	**3,391**	1,695
	13,754	28,672

		2000 IR£000	1999 IR£000
7	**CREDITORS** (amounts falling due within one year)		
	Bank overdraft	**374**	2,837
	Trade creditors	**8,890**	2,560
	Income tax deducted under PAYE	**999**	880
	Pay-related social insurance	**567**	482
	Value added tax and other taxes	**(292)**	472
	Other creditors	**1,203**	1,118
	Accruals	**3,740**	4,338
	Restructuring provision *(note 8)*	**1,053**	6,750
	Third party and employer's liability claims *(note 8)*	**3,500**	3,500
		20,034	22,937
	Creditors for taxation and social welfare included above	**1,274**	1,834

		Restructuring Provision IR£000	Third Party & Employer's Liability Claims IR£000	Total IR£000
8	**PROVISIONS FOR LIABILITIES AND CHARGES**			
	Balance at 1st January	9,012	22,553	31,565
	Utilised during the year	(7,959)	(3,920)	(11,879)
	Transfer from profit and loss account	-	5,253	5,253
	Balance carried forward	1,053	23,886	24,939
	Less amount classified as current liability *(note 7)*	(1,053)	(3,500)	(4,553)
	Balance at 31st December	-	20,386	20,386

(A) **Restructuring provision**
The directors consider that Bus Éireann has a constructive obligation in respect of the costs of staff restructuring. The restructuring costs derive from the company's business plan, which is in the course of implementation in respect of some categories of staff and is at an advanced stage of negotiation with staff representatives for other categories. The directors expect that the current programme will be completed in the year 2001. The amount of the provision is based on agreements reached and on discussions to date with staff and their representative unions.

8 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

(B) **Third party and employer's liability claims**
Provision is made for the estimated ultimate cost of all third party and employer's liability claims which are not covered by external insurance policies. In arriving at the amount of the total provision required for third party liability claims, the company has had regard to the results of an independent actuarial review.

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

(i) third party liability in excess of IR£1,000,000 and up to IR£111,000,000 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 $3,000,000;

(ii) third party liability in excess of IR£50,000 and up to IR£110,050,000 on any one occurrence or series of occurrences arising out of all other risks events, except in the case of actions for all other risks claims subject to United States jurisdiction where the excess is US $100,000;

(iii) road transport third party liabilities in excess of a self-insured retention of IR£4,410,000 in aggregate in the twelve month period, April 2000 to March 2001;

(iv) fire and special perils, including storm damage, to property in excess of IR£200,000 on any one loss.

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.

	2000	1999
	IR£000	IR£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).

	2000	1999
Capital grants		
Balance at 1st January	-	-
Received and receivable	**5,102**	-
Transfer to profit and loss account	**(249)**	-
Balance as 31st December	**4,853**	-

10 SHARE CAPITAL

	2000	1999
Authorised:		
Ordinary shares of IR£1 each	**32,000**	32,000
Allotted, called up and fully paid:		
Ordinary shares of IR £1 each	**23,000**	23,000

	2000 IR£000	1999 IR£000
11 ASSET REPLACEMENT RESERVE		
Balance at 1st January	**5,475**	4,633
Transfer from profit and loss account	-	842
Balance at 31st December	**5,475**	5,475
12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Surplus for the year	**4,805**	3,915
Opening equity shareholders' funds	**24,938**	21,023
Closing equity shareholders' funds	**29,743**	24,938

13 CASH FLOW STATEMENT

(A) **Reconciliation of operating deficit to net cash inflow from operating activities**

	2000 IR£000	1999 IR£000
Operating deficit before State grants	**(8,166)**	(2,254)
Public service obligation receipts	**12,410**	5,810
	4,244	3,556
Depreciation and profit on disposal of tangible fixed assets	**7,376**	6,451
Capital grants amortised	**(249)**	-
Restructuring payments made	**(7,959)**	(1,562)
(Increase)/decrease in stocks	**(285)**	232
(Increase)/decrease in debtors	**(2,811)**	116
(Increase)/decrease in creditors	**5,257**	(234)
Increase in provisions for liabilities and charges	**1,333**	1,306
Net cash inflow from operating activities	**6,906**	9,865

(B) **Analysis of change in net funds**

	At 1st Jan 2000 IR£000	Cash Flows IR£000	At 31st Dec 2000 IR£000
Cash at bank and in hand	**30**	**17**	**47**
Bank overdraft	**(2,837)**	**2,463**	**(374)**
		2,480	
Debt due within one year			
Amounts owed by holding company	**21,870**	**(17,729)**	**4,141**
	19,063	**(15,249)**	**3,814**

	2000 IR£000	1999 IR£000
14 OPERATING LEASE OBLIGATIONS		
Commitments under non-cancellable operating leases payable in the coming year expire as follows:		
Within one year	**509**	478
Between one and five years	**1,945**	2,371
	2,454	2,849

15 PENSIONS

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

Amalgamation of the CIÉ group's six pension schemes into two schemes has been completed. Statutory Instrument No. 115 of 1996 confirmed the CIÉ Pension Scheme for Regular Wages Staff (Amendment) Scheme, 1996 and Statutory Instrument no: 323 of 2000 confirmed The CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000.

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

The market value of the group pension schemes' assets at 31st December, 2000 was IR£1,063,368,000.

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1999. The market value of the assets of the group schemes at that date was IR£1,067,371,000 and this exceeded 100% of the benefits which had accrued to members based on service to and pensionable pay at the review date. After allowing for future pay and pension increases the level of funding was 94%. The principal assumption in this review was that investment returns would exceed the rate of increase in pensionable remuneration and of pensions in payment by 2.5% per annum. Actuarial reports are available to scheme members but are not available for public inspection.

The pensions cost for the year was IR£1,805,000 (1999–IR£2,348,000).

16 CAPITAL COMMITMENTS

	2000 IR£000	1999 IR£000
Contracted for	**5,993**	7,076
Authorised by the directors, but not contracted for	**2,700**	1,180
	8,693	8,256

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.

18 NET (DEFICIT)/SURPLUS BY ACTIVITY

The (deficit)/surplus for the year after the transfer to asset replacement reserve is split between city services and other services as follows:

	City services		Other services	
	2000	1999	**2000**	1999
	IR£000	IR£000	**IR£000**	IR£000
Revenue	**12,453**	11,675	**113,311**	100,101
Expenditure				
Maintenance of buildings	**216**	128	**913**	533
Maintenance of vehicles and equipment	**3,053**	2,886	**17,388**	17,683
Fuel	**614**	478	**4,505**	3,478
Road tax and licences	**11**	9	**207**	248
Operating and other expenses	**12,804**	10,505	**87,122**	71,599
Operating depreciation	**1,865**	1,725	**5,232**	5,600
Total expenditure before interest	**18,563**	15,731	**115,367**	99,141
Operating/(deficit) /surplus before interest	**(6,110)**	(4,056)	**(2,056)**	960
Interest receivable	**70**	45	**491**	314
(Deficit)/surplus before State grants	**(6,040)**	(4,011)	**(1,565)**	1,274

No taxation charge arises on the results for the year because certain revenues of the company are not brought into account for taxation purposes.

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 1st May, 2001.