

1987

CÓRAS IOMPAIR ÉIREANN
TUARASCÁIL BHLIANTÚIL AN GHRÚPA
AGUS RÁITIS AIRGEADAIS

GROUP ANNUAL REPORT
AND FINANCIAL STATEMENTS



GROUP REPORT

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CÓRAS IOMPAIR ÉIREANN

BOARD MEMBERS AS AT 31st DECEMBER 1987

G.T. PAUL CONLON, CHAIRMAN
AIDAN G. BARRY · BERNARD BYRNE* · C.J. (NEIL) COLLINS
MICHAEL FAHERTY* · STEWART HARRINGTON · JOHN F. MEAGHER
TONY MEALY · JOSEPH McCULLOUGH · JOHN McLOUGHLIN*
STEPHEN O'CONNOR · TONY TOBIN*

*WORKER DIRECTOR

GROUP MANAGEMENT

G.T. PAUL CONLON, CHAIRMAN AND CHIEF EXECUTIVE
JOSEPH J. DALY, DIRECTOR GROUP BUSINESS DEVELOPMENT
BRIAN P. DOWLING, GROUP SECRETARY
CARTAN FINEGAN, DIRECTOR ANCILLARY BUSINESSES
MICHAEL GRACE, DIRECTOR GROUP FINANCE
JOHN HYNES, MANAGING DIRECTOR, BUS ÁTHA CLIATH – DUBLIN BUS
NOEL KENNEDY, MANAGING DIRECTOR, BUS ÉIREANN – IRISH BUS
COLM McGIOLLA RÍ, DIRECTOR GROUP HUMAN RESOURCES
EDWARD J. O'CONNOR, MANAGING DIRECTOR, IARNRÓD ÉIREANN – IRISH RAIL

SECRETARY AND HEAD OFFICE

BRIAN P. DOWLING
Heuston Station, Dublin 8. Tel: (01) 771871 Telex: 31600 Fax: 771350

AUDITORS

Craig Gardner & Co., Chartered Accountants, Gardner House, Wilton Place, Dublin 2.





CHAIRMAN'S STATEMENT

1987 was a year of transition. The three operating subsidiaries—*Iarnród Éireann-Irish Rail; Bus Éireann-Irish Bus and Bus Átha Cliath-Dublin Bus*, set up following the enactment of the Transport (Re-organisation of Córas Iompair Éireann) Act 1986, commenced trading on the 2nd February, 1987 and their results are incorporated in the Group Accounts for the year ended 31st December, 1987.

The Group profit for the year of IR£16,434,000 before Interest and Exceptional Items is disappointing and reverses the upward trend of recent years despite the fact that the operational economies envisaged under the restructuring were achieved. This reversal in our fortunes was due to a substantial reduction in Exchequer support, lack of growth in revenues, particularly in the Road Passenger companies and the adverse effect of two major industrial disputes, both associated with the introduction of one-person operated buses.

A SUMMARY OF THE RESULTS IS AS FOLLOWS:-

The disappointing results mask a number of important achievements during the year. There was a smooth transfer of responsibilities and authorities to the new companies. The re-allocation and vesting of staff to the various companies was trouble free. The management structures for the operating subsidiaries were put in place. The companies have established their own separate identities and are more customer oriented and aggressive in the market place.

Mainline passenger carryings increased by 8.0% and suburban rail passengers by 17.6% over 1986.

Road Freight profitability improved by IR£186,000 to IR£510,000. A new express document delivery service was introduced in October, 1987.

The deficit in CIE Tours International was reduced by IR£540,000 to IR£387,000 following a re-organisation and a re-orientation of operations towards the European market.

The development and re-organisation of Rosslare Harbour is reflected in a 37.6% increase in profitability to IR£1,640,000.

The ongoing improvement in our Catering Services was maintained and generated profits of IR£105,000 compared to IR£47,000 in 1986.

The deficit on the Galway/Aran Ferry Service, before State subvention, was reduced by IR£147,000 to IR£412,000.



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	YEAR-ENDED 31ST DECEMBER	
	1987	1986
	IR£000	IR£000
CUSTOMER RECEIPTS	239,822	239,954
STATE GRANTS	85,236	92,188
	325,058	332,142
OPERATING COSTS (NET)	308,624	304,775
PROFIT BEFORE INTEREST AND EXCEPTIONAL ITEMS	16,434	27,367
INTEREST	12,395	13,239
EXCEPTIONAL ITEMS	5,434	1,394
TRANSFER TO ASSET REPLACEMENT RESERVE	8,455	8,370
(DEFICIT) PROFIT	(9,850)	4,364



GROUP MANAGEMENT TEAM

The Railways

Iarnród Éireann has responsibility for the national and suburban rail networks, road freight operations, catering services, the management of Rosslare Harbour and the Galway/Aran Ferry Service.

Considerable effort was expended in promoting the rail services, in particular the passenger rail system, with attractive and innovative travel offers. The upgrading of the services continued with the introduction of a further 18 Mark III mainline coaches and associated equipment. A luxury executive rail coach service was launched in May, 1987 and has been well received by our Corporate Customers. The Company is now positioned to supply a quality rail service to customer requirements which is safe, reliable, efficient and cost effective.

Rail freight carryings in 1987 reflected the continued recession in the national economy. Bulk traffic tonnages were down 6.8% to 1,780,000 tonnes, partly offset by a 1.2% increase in unit loads and a 10.6% increase in Transtrack carryings.

The programme for track up-grading and renewal was maintained and the signalling area controlled by the Central Traffic Control in Dublin was extended to Limerick and Charleville.

Road Passenger Services

1. BUS ÉIREANN

Bus Éireann is responsible for the national network of bus services outside the Greater Dublin Area and, in addition, manages the School Transport Scheme on behalf of the Department of Education. The Company operates and maintains a fleet of luxury touring coaches in conjunction with CIE Tours International.

Bus Éireann is aggressively competing for business in a highly competitive but unruly market place, with customer service and satisfaction a top priority. The implementation of one-person operated buses in provincial cities commenced in September, 1987 after a prolonged industrial stoppage which had damaging effects on the Company's revenues. Implementation is now, however, proceeding in accordance with Budget and this augurs well for the cost effectiveness of future provincial city operations.

Overall trading conditions were difficult, including reduced national economic activity, substantial fare reductions on cross-channel air routes which adversely affected our Supabus Services, and increased competition from licensed and unlicensed bus operators. The Company is positioning itself to compete in a more liberalised market, which will follow the Governmental review of the Road Transport Act 1932.

The School Transport Scheme was provided to the Department of Education at the same level of costs as in 1986, reflecting an efficient system of administration and control of expenditure. Some 60% of the services are contracted out to private operators. The Minister for Education has requested a cut of IR£1.5m in our 1988 administration service charge to be accomplished without any reduction in the levels or quality of services. Obviously this is not possible and negotiations are ongoing.

2. BUS ÁTHA CLIATH

The year opened well but by mid-year there were ominous signs of a decline in revenues which continued unabated for the remainder of the year and into 1988. The position was compounded by the lack of progress in the implementation of one-person operated buses and, with unacceptable high levels of absenteeism, the Company failed to deliver many of its scheduled services. Chronic traffic conditions and road works of various description aggravated an already difficult operating environment. The resultant deficit of IR£19,269,000, before State grants, was IR£4,551,000, or 31%, worse than in 1986. Corrective action has been taken and an action plan, after arduous and protracted negotiations with the Trade Unions, has now been agreed which should bring the deficit within the guidelines as laid down by Government.

Absenteeism has now been reduced to acceptable levels. It is recognised that the company will not retain its existing position or its customers if it cannot guarantee reliable bus services and this must be a priority for management, staff and unions.



Other Activities

CIE CONSULT

In April, 1987 CIE established a consultancy business as a separate profit centre to market nationally and internationally its expertise in transportation management and engineering. Nine major projects were undertaken in 1987, including technical assistance and training assignments in Botswana, Mozambique, Ethiopia, Sudan, Saudi Arabia, Vietnam and Liberia. After providing for start-up costs, CIE CONSULT incurred a small loss in 1987 but it is on target to achieve profitability.

OUTDOOR ADVERTISING

This profit centre had another good year and although business was slightly reduced, profits increased by 3.8% to IR£949,950 and this sum was re-distributed to the operating companies.

CIE TOURS INTERNATIONAL

Tourism in Europe in 1987 recovered significantly from the effects in 1986 of international terrorism and the Chernobyl incident. CIE Tours International rationalised its marketing structures and, with a new emphasis on European markets, re-allocated its promotional expenditures. Losses were significantly reduced by IR£540,000 to IR£387,000.

PROPERTY

The dual mandate of accelerating property rental opportunities and the disposal of surplus properties was advanced during the year under review. Rentals increased to IR£706,000 compared with IR£642,000 in 1986. Property disposals totalled IR£409,000. The restructuring and rationalisation of the Group operations resulted in a number of properties becoming surplus to requirements and significant disposals of properties have taken place in 1988. The programme of establishing shop units along the DART line was maintained with new units being opened at Sutton, Blackrock and Sydney Parade.

PERSONNEL

The improvement in the industrial relations scene, which I referred to last year, was regrettably interrupted during 1987 by damaging strikes in both Bus Éireann and Bus Átha Cliath. I would repeat that disputes are best resolved in a climate of trust and understanding when both management and workforce recognise the reality of the market place and resolve to agree an action which has the objective of maintaining a viable business and the giving of customer service and satisfaction. In general, apart from the two strikes, there was considerable commitment and dedication from the majority of CIE employees and Trade Unions and this was evident in the planning and implementation of the re-organisation of CIE and in the resolution of the 26th round pay negotiations which took cognisance of the



acute financial situation of the Group. The Board wishes to acknowledge these contributions and to say a sincere thank you to all concerned.

Mr. Jack Higgins, General Manager, retired in December, 1987 after 32 years service with CIE. For the last 13 years he was General Manager and was responsible for many innovative and technically advanced developments, including successfully initiating, planning and implementing the DART programme. The Board wishes to express its grateful appreciation to him for his valued and dedicated service and wish him well in his retirement.

Mr. Puddy Murphy, Assistant General Manager (Personnel) also retired in December after 47 years service. For over 20 years he was responsible for the Group personnel and industrial relations functions. The Board would also like to thank him for his loyal service and extend their best wishes to him in retirement.

The number of full-time staff employed in the Group at the 31st December, 1987 was 12,851 compared to 13,667 at the end of 1986.



THE BOARD

Mr. Stewart Harrington joined the Board in January, 1987. His business experience and acumen have been an added asset. To him and to my other Board colleagues, I wish to acknowledge their valued support, and thank them for their commitment and good counsel in dealing with the affairs of the Company.

THE FUTURE

The Company recently submitted to the Minister for Tourism and Transport transport investment plans for the Greater Dublin Area involving only bus-based options or diesel services on existing rail lines. The Board's recommendations include-

- 1. The opening of four new stations on the Maynooth/Connolly line.*
- 2. The introduction of commuter services between Clondalkin and Pearse Station involving the opening of eight stations.*
- 3. An expansion of the Localink bus network which was introduced in the Tallaght Area in December, 1987.*
- 4. An expansion of bus feeder services to complement the rail extensions.*
- 5. The development of a busway along the old Harcourt Street line.*

The Company is also reviewing its long standing proposals to develop a Transportation Centre(s) for Dublin City.

The dual role of operating both commercial and socially necessary services presents its own dilemma. Our commercial services are being operated in an increasingly competitive environment which gives rise to severe price competition and reduces our ability to cross-subsidise uneconomic but socially desirable services. We have developed business plans to assist us to operate more efficiently with the aim of achieving our stated objectives, vis.,

- (i) To maintain a competitive position in the transport market, taking into account changes in the regulatory environment.*
- (ii) To limit the dependence on financial support, both revenue and capital, required from the State.*
- (iii) To optimise the use of available capacity and to ensure the efficient utilisation of resources.*
- (iv) To operate a comprehensive network of services and to develop the infrastructure necessary for quality performance.*
- (v) To maintain reasonable conditions of employment for staff and to obtain productivity levels commensurate with a viable public transport undertaking.*

CIE is still faced with a difficult operating environment. There is a lack of buoyancy in customer revenues and Exchequer support for our operations has been further reduced. The Company has not been immune from the cutbacks in Public Expenditure and a number of investment proposals which have Board support have been deferred because of current Government financial constraints. Because of Exchequer difficulties, monies due to the Company were offset against the Board's liability to repay Capital Advances made by the Minister for Finance under Section 4(1) of the Act of 1964. Corresponding amounts have to be borrowed from market sources. The net effect of these transactions is to add some IR£2.9m to our financial charges for 1988 and subsequent years.

These are formidable challenges which we face but, with the new corporate structures, CIE has the management capability to successfully meet and overcome them.



G.T. Paul Conlon,
Chairman.

10th August, 1988.



FINANCIAL AND OPERATIONS REVIEW

In accordance with Section 34 of the Transport Act 1950, the Board of Córas Iompair Éireann presents its Annual Report and Accounts for the year ended 31st December 1987.

The C.I.E. Accounts for 1987 appear in a new and more informative format, reflecting the Companies' changed organisational structure.

The consolidated results, including eleven months of trading of the three newly formed subsidiary Companies, show an overall deficit of IR£1.4m. compared to a profit of IR£12.7m. in 1986.

Total Revenues, including State grants, amounted to IR£325.0m. compared with IR£332.1m. in the previous year, a decrease of IR£7.1m. or 2.1%.

Customer Receipts remained at the same level as last year, just short of IR£240m. Annual passenger carryings again increased and were in excess of 254 million. Average passenger journey receipts were less than in 1986, there being no fares increases during 1987.

The C.I.E. Group, however, suffered a reduction of IR£6.7m. in State grants.

The management of Operating Expenditure through the ongoing rationalisation programme produced significant savings, but staff costs increased by IR£5.5m. or 2.8% to IR£199.9m. so that overall Operating Expenditure at IR£322.5m., was IR£4.0m. up on 1986.

Interest payable decreased by IR£0.8m. after taking account of IR£16.8m. funded by State Grants in respect of charges arising out of loans on the Bray/Howth Suburban (DART) Railway Services.

Exceptional items increased by IR£4.0m. and contain provisions which are thought necessary in respect of non-recurring items.

It should be noted that the accounting policy for depreciation was changed in 1987 in the light of requirements of SSAP 12 "Accounting for Depreciation" and the Companies Amendments Act 1986. The effect on the 1987 results is that an amount of IR£8.5m. is treated as a transfer to Reserves to provide for the replacement cost of Assets. 1986 results have been restated to reflect the same treatment.



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FINANCIAL OUTTURN	1987	1986	VARIANCE	
	IR£m.	IR£m.	IR£m.	%
CUSTOMER RECEIPTS (A)	239.8	239.9	-0.1	—
STATE GRANTS/ADVANCES WRITTEN OFF	85.2	92.2	-7.0	-7.6
TOTAL RECEIPTS	325.0	332.1	-7.1	-2.1
OPERATING EXPENDITURE (B)	322.5	318.5	+4.0	+1.3
LESS: STATE GRANTS	(13.9)	(13.7)	+0.2	+0.2
NET OPERATING EXPENDITURE	308.6	304.8	+3.8	+1.2
OPERATING PROFIT	16.4	27.3	-10.9	-40.0
INTEREST (NET)	12.4	13.2	-0.8	-6.0
PROFIT	4.0	14.1	-10.1	-71.6
EXCEPTIONAL ITEMS	5.4	1.4	+4.0	—
(DEFICIT)/PROFIT FOR THE YEAR	(1.4)	12.7	-14.1	—
OPERATING EXPENDITURE/ CUSTOMER RECEIPTS.				
RATIO - B : A	1.34 : 1	1.33 : 1	—	+0.8



EDWARD J. O'CONNOR, MANAGING DIRECTOR, IARNRÓD ÉIREANN-IRISH RAIL



The consolidated outcome in 1987 of the activities now devolved to Iarnród Éireann shows a profit of IR£4.14m before taking into account Exceptional Items of IR£0.90m. The

by 7.2% reflecting increased shorter journey travel (DART) and overall lower average rail fares.

Net rail operating expenditures at IR£130.21m., increased by 1% or IR£1.35m. on 1986 levels. Staff costs increased on foot of Labour Court recommendation but savings in fuel costs and through rationalisation and efficiency programmes largely offset these increases.

ROAD FREIGHT continues to contribute an increasing level of profit. Activities during 1987 showed a profit of IR£510,000 (2.8% of Turnover) compared with IR£324,000 (1.8% of Turnover) in 1986. Turnover increased by 3.2% to IR£18.24m. and volumes carried, including Contractors' services, were 2.6% up on 1986 at 1.20m. tonnes carried.

ROSSLARE HARBOUR continues to be profitable. Turnover increased by IR£0.22m. (up 6.6%) to IR£3.82m., and overall profit increased by IR£0.45m. to IR£1.64m.

CATERING SERVICES, including Restaurant-na-Mara, showed a positive return of IR£0.11m., 2.7% of Turnover and is now beginning to show the profit expectations assumed following a period of considerable rationalisation.

THE GALWAY/ARAN FERRY subvented by State Grants of IR£0.42m. showed a small surplus of IR£4,000. Customer receipts decreased again, down 11.4% and are now 65% below 1981 levels.

It was necessary to incur or provide for on an exceptional basis IR£0.9m. by way of Voluntary Severance liabilities for the combined Railway Company activities.

PROFIT BEFORE EXCEPTIONAL ITEMS	1987	1986
	IR£m.	IR£m.
RAILWAYS-OTHER	1.88	7.21
- DART	—	—
ROAD FREIGHT	0.51	0.32
ROSSLARE HARBOUR	1.64	1.19
CATERING SERVICES	0.11	0.05
GALWAY/ARAN FERRY	—	—
TOTAL PROFIT	4.14	8.77

single most significant cause of the reduction in profit from IR£8.77m in 1986 to IR£4.14m in 1987 is the reduction in State Grants of IR£6.06m.

On the RAILWAYS overall passenger services showed considerable growth in passenger carryings, up 14.5% to an impressive 24.9m. passengers. This level is now nearing a doubling of the 12.8m. carried in 1982 and includes an increase of 17.6% over 1986 levels in the passengers carried on DART. Rail Freight carryings at 3.0m tonnes decreased by 3.6% over 1986 levels in line with the general decrease in business activity during 1987.

Customer receipts increased by IR£2.17m., up 3.4% on 1986 levels, to IR£66.56m., but, significantly, average passenger journey receipts decreased





NOEL KENNEDY, MANAGING DIRECTOR, BUS ÉIREANN-IRISH BUS

BUS ÉIREANN

Provincial bus services achieved lower passenger carryings during 1987 due to the effects of the one-person-operated (O.P.O.) buses dispute and declining usage of Supabus. Cross-Channel traffic was affected by reduced air and sea fares on competitive modes of travel. Overall Consolidated Revenue from activities now devolved to Bus Éireann decreased by IR£4.23m. to IR£74.25m. and the result before Exceptional Items shows a deficit of



IR£0.49m. compared with a profit of IR£2.75m. in 1986.

Overall Customer Receipts decreased by IR£2.60m. in 1987. Provincial Cities' Services serving Cork, Waterford, Limerick and Galway Cities, recorded a decrease in Customer Receipts of IR£0.75m. which, in the main was due to the effects of the O.P.O. dispute. Other services, covering Expressway (including Supabus), Stage Carriage and School Bus services recorded a reduction of IR£1.85m. This

FINANCIAL OUTTURN	1987	1986	VARIANCE
	IR£m.	IR£m.	IR£m.
CUSTOMER RECEIPTS	71.35	73.95	-2.60
STATE GRANTS	2.90	4.53	-1.63
TOTAL REVENUE	74.25	78.48	-4.23
OPERATING EXPENDITURE	74.74	75.73	-0.99
(DEFICIT) PROFIT BEFORE EXCEPTIONAL ITEMS	(0.49)	2.75	-3.24
- PROVINCIAL CITIES	0.09	0.72	-0.63
- OTHER SERVICES	(0.58)	2.03	-2.61

was caused by the effect of competition on cross-channel routes and competition from private bus operators. School Services revenue remained constant and represents approximately 45% of Total Revenue overall. State Grants were



reduced to IR£2.9m. from IR£4.53m. in 1986 and now represent less than 4% of total Revenue Receivable.

Operating expenditure was massively pruned throughout the year and a significant saving of IR£0.99m. was achieved despite increases in staff costs. The overall result, although not acceptable on an asset return basis, clearly demonstrates value for money, considering the complex organisational and geographic nature of the public service provided. It was necessary however, to incur or provide on an exceptional basis IR£3.7m. to cover Voluntary Severance liabilities and potential Insurance Claim liabilities.



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C.I.E. Tours International

Following the traumatic 1986 tourist season, passenger bookings increased by approximately 5% in 1987, with overall Revenues maintained at IR£11.2m. Expenditure rationalisation yielded savings of IR£0.47m. to give an overall deficit of IR£0.39m. compared to the substantial loss sustained in 1986 of IR£0.93m.



Exceptional Items

In addition to the provisions made for Voluntary Severance – IR£3.65m. and potential insurance claim liabilities – IR£2.0m. it was decided that the investment of IR£2.2m. in the Bus Building Facility at Shannon, which is now closed, should be written down to nil. Despite repeated efforts, no serious commercial proposition was put forward which would enable the plant to be re-opened. Also included under this heading is the Special State Grant of IR£3.0m. receivable in respect of the repayment of principle on a 10 year loan of IR£30m. arranged for the purpose of repaying temporary borrowings incurred to fund State Grant shortfalls in previous years.

Assets Transfer to Subsidiaries

On 20.1.1987 C.I.E. incorporated three new wholly owned subsidiaries and transferred assets to these subsidiaries on 2.2.1987, the date on which the subsidiaries commenced trading. The cost of C.I.E.'s investment in these subsidiaries is equal to the carrying value of the net assets transferred at 2.2.1987.

Funding & Bank Borrowings

The Government, under Section 2 of the Transport Act 1987, discharged C.I.E.'s liability to repay State Advances totalling IR£44.46m. The Minister's letter of 13.10.1987 advised that this write-off was to be regarded as a set off against the non-payment of subvention arrears, including DART interest. Total bank borrowings at 31.12.87 amounted to IR£220.41m. compared with IR£216.95m. at 31.12.1986 with 73% of current borrowings being in Irish pounds.

Capital Expenditure

The Board's commitment to providing a modern transport service on a national scale is demonstrated by the level of the capital expenditure programme for 1987. The projects included:

	IR£m.	IR£m.
RAIL:		
NEW MAINLINE CARRIAGES	8.6	
MAINLINE SIGNALLING & COMMUNICATIONS	2.3	
OTHER	1.0	11.9
ROAD:		
MINIBUS PURCHASES	0.2	
O.P.O. CONVERSION EQUIPMENT	0.3	
BUS GARAGE UPGRADING	0.3	0.8
OTHER		1.0
		13.7
LOAN REPAYMENTS		8.6
Total		22.3m.

All of the projects were funded from internally generated funds. The projected Capital Expenditure programme for 1988 amounts to IR£25.2m. including Capital Loan repayments of IR£9.9m.



Personnel

The C.I.E. Group employed 12,851 full-time staff at the end of 1987 compared with 13,667 at the end of 1986, a reduction of 816. These were employed throughout the Group as follows:

	1987	1986
C.I.E.	298	13,667
IARNRÓD ÉIREANN-IRISH RAIL	6,723	
BUS ÉIREANN-IRISH BUS	2,052	
BUS ÁTHA CLIATH- DUBLIN BUS	3,778	
	<u>12,851</u>	



The Board had 202 Apprentices in training during the year.

Total Salaries, Wages and other labour costs paid and provided for the year, including Voluntary Severance, costs in Capital work and Pensions, amounted to IR£203.6m. compared to IR£198.2m. in 1986, of which IR£62.2m. (30.6%) compared to IR£61.2m. (30.9%) in 1986 was remitted to the State in respect of P.A.Y.E. and Social Insurance payments.

The Board's contributions to Superannuation Schemes and Pensions during 1987 amounted to IR£15.0m. compared with IR£14.0m. in 1986. Most pension commitments are funded through the Board's Superannuation Schemes which had a total valuation at 31st December 1987 of IR£208.9m. compared to IR£180.9m. in 1986, an overall increase of 15.5%



AUDITORS' REPORT

To: The Minister for Tourism and Transport.

As Auditors appointed by Córas Iompair Éireann (The Board) under Section 34(2) of the Transport Act, 1950 with your consent, we have audited the financial statements on Pages 16 to 36 in accordance with approved auditing standards and have obtained all the information and explanations we considered necessary.

In our opinion, proper books of account have been kept by the Board and its Subsidiaries and these financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Board and its Subsidiaries at 31st December, 1987 and of the consolidated net deficit and source and application of funds for the year ended on that date.



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CRAIG GARDNER & CO.,
Chartered Accountants.

Gardner House,
Wilton Place, Dublin 2.
1st July 1988.

ACCOUNTING POLICIES

- a: Basis of Consolidation:** On 20th January, 1987 C.I.E. incorporated three wholly owned subsidiaries in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act 1986. The companies commenced trading on the 2nd February, 1987. These companies are:

Iarnród Éireann – Irish Rail
Bus Éireann – Irish Bus
Bus Átha Cliath – Dublin Bus

The group financial statements comprise a consolidation of the financial statements of Córas Iompair Éireann and of the above subsidiaries from 2nd February, 1987. Other subsidiaries of C.I.E. are:

Aerlod Teoranta, which did not trade in 1987.

C.I.E. Tours International Incorporated, which is treated as a branch of Córas Iompair Éireann for accounting purposes.

- b: Basis of Accounting:** The financial statements are prepared under the historical cost convention. The financial statements are expressed in Irish Pounds, denoted by the symbol IR£.
- c: Turnover:** Turnover comprises the gross value of services provided, except in the case of Tours and Private Hire where the net value is included, and State Grants receivable in accordance with E.C. Regulations, together with State Advances written off in lieu of State Grants not paid. The State Grant received in respect of the operation of the Galway/Aran Ferry Service is also included with Turnover.
- d: Tangible Assets, Depreciation and Provision for Renewals:** Tangible Assets are stated at net book amount which represents the historical cost of these assets less accumulated depreciation based on that historical cost.

The bases of calculation of depreciation and provision for renewals are set out below.

Railway, Lines and Works: Railway, Lines and Works are not depreciated but their renewal is provided for by an annual provision which is based on the estimated average annual cost of carrying out the programme of renewals necessary to maintain the running lines at the required standard over the period of five years ending 31st December, 1988. Each year this estimate is revised on the basis of actual expenditure to date, plus estimated expenditure for the balance of the period.

Railway Rolling Stock: Locomotives and Railcars (other than those fully depreciated or acquired at no cost) are depreciated on the basis of the historic cost of the vehicles in the fleet spread over expected useful life. Coaching stock and wagons are depreciated on the basis of historic cost spread over expected useful life. In addition, the excess of depreciation based on replacement cost (at the beginning of the year) of rolling stock required to replace the existing fleet, over the historical cost depreciation, is shown as a transfer to reserves from the consolidated profit and loss account.



Road Passenger Vehicles: Road Passenger Vehicles, with the exception of school buses, are depreciated on the basis of historic cost of under-age vehicles (at the beginning of the year) in the fleet spread over expected useful life. In addition, the excess of depreciation based on replacement cost (at the beginning of the year) over the historical cost depreciation is shown as a transfer to reserves from the consolidated profit and loss account.

School buses in the fleet at 1st April, 1974, are depreciated on the basis of their written down value at that date spread over the remainder of their expected life. New school buses which came into service after 1st April, 1974 are depreciated on the basis of original cost spread over expected useful life.

Road Freight Vehicles: Vessel: Docks, Harbours and Wharves: Plant and Machinery: Catering Service Equipment: The above classes of assets are depreciated on the basis of historic cost spread over expected useful life.

Change In Accounting Policy: There has been a change in the accounting policy for depreciation on Railway Rolling Stock and Road Passenger Vehicles. Previously depreciation was charged to the profit and loss account based on replacement cost whereas depreciation is now charged based on historical cost. The effect of the change in the accounting policy is set out in Note 24.

- e: Stocks of Stores:** Stocks of Stores are valued at average cost less provision for all defective and obsolete stocks.

Provision is made for the write-off of all stocks which have not moved for over four years, with the exception of stocks associated with recently acquired assets.

- f: Department of Education – Funding of School Buses:** The acquisition of school buses is funded by the Department of Education. The buses remain in the tangible assets of Bus Éireann and are depreciated as described in (d) with a corresponding amortisation of the moneys received from the Department of Education.

- g: Foreign Currency:** Transactions denominated in foreign currency are translated into Irish pounds at the rate ruling at date of 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 Profit or Deficit for the year from ordinary activities.

Long-Term foreign currency borrowings, including that portion payable within 1 year of balance sheet date, are translated at rates of exchange ruling at balance sheet date (closing rates) with the resulting gains or losses treated as an Exceptional Item in the Profit and Loss Account.

- h: Leased Assets:** Leased Assets and the obligation to pay future rentals are not capitalised in the Balance Sheet. Rentals payable on all leases are charged to Profit and Loss account as they accrue.

- i: Non-Repayable State Grants:**

- (i) Non-Repayable State Grants dealt with in the consolidated profit and loss account represent amounts actually received during the year under Votes of Dail Éireann plus State Advances written off in lieu of State Grants not paid.
- (ii) Non-Repayable State Grants under EC Regulation Number 1191/69 are included in Turnover or as an offset to the Financial Charges on the Bray/Howth Suburban Railway Services.
- (iii) Non-Repayable State Grants under EC Regulation Number 1107/70 (Articles 3.2 and 4) are included in Turnover.
- (iv) Non-Repayable State Grants under EC Regulation Numbers 1192/69 and 1107/70 (Article 3.1 (b)) are treated as an offset to expenditure.
- (v) The Non-Repayable State Grant in respect of the Galway/Aran Ferry Services is included in Turnover.



CONSOLIDATED PROFIT & LOSS ACCOUNT

	NOTES	YEAR ENDED 31st DECEMBER	
		1987	1986
		IR£000	IR£000 (AS RESTATED)
Turnover			
CUSTOMER RECEIPTS	1	237,228	235,745
MISCELLANEOUS	1	2,594	4,209
STATE GRANTS AND ADVANCES WRITTEN OFF	2	<u>85,236</u>	<u>92,188</u>
Total Turnover		325,058	332,142
OPERATING COSTS (NET)	3	<u>(308,624)</u>	<u>(304,775)</u>
Profit before Interest and Exceptional Items		16,434	27,367
INTEREST RECEIVABLE	4	52	34
INTEREST PAYABLE	5	<u>(12,447)</u>	<u>(13,273)</u>
Profit before Exceptional Items		4,039	14,128
Exceptional Items	6	<u>(5,434)</u>	<u>(1,394)</u>
(Deficit)/Profit for the Year	7	(1,395)	12,734
Transfers to Reserves	16	<u>(8,455)</u>	<u>(8,370)</u>
(Increase)/Decrease in Balance during Year		(9,850)	4,364
Accumulated Deficit at Beginning of Year		<u>(47,589)</u>	<u>(51,953)</u>
Accumulated Deficit at End of Year		<u><u>(57,439)</u></u>	<u><u>(47,589)</u></u>

MICHAEL GRACE, DIRECTOR GROUP FINANCE



CONSOLIDATED BALANCE SHEET

		AS AT 31st DECEMBER	
		1987	1986
Fixed Assets	NOTES	IR£000	IR£000
TANGIBLE ASSETS	8	298,321	300,275
FINANCIAL ASSETS	9	38	38
		298,359	300,313
Current Assets			
STOCKS OF STORES	10	30,755	32,319
DEBTORS	11	23,020	58,439
BANK DEPOSITS		179	536
CASH AT BANK AND IN HAND		2,129	984
		56,083	92,278
Creditors			
(AMOUNTS FALLING DUE WITHIN 1 YEAR)	12	115,247	98,681
Net Current Liabilities		(59,164)	(6,403)
Total Assets Less Current Liabilities		239,195	293,910
Financed by:			
Creditors			
(AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR)	13	156,894	169,188
Provisions for Liabilities and Charges	15	14,730	11,997
		171,624	181,185
Reserves			
ASSET REPLACEMENT RESERVE	16	92,757	83,921
CAPITAL RESERVE	17	21,980	21,498
PROFIT AND LOSS ACCOUNT		(57,439)	(47,589)
NON-REPAYABLE STATE ADVANCES		9,853	9,853
		67,151	67,683
Department of Education			
FUNDING OF SCHOOL BUSES	18	420	583
Repayable State Advances			
REPAYABLE STATE ADVANCES FOR CAPITAL EXPENDITURE UNDER SECTION 4, TRANSPORT ACT 1964, AS AMENDED BY SECTION 3, TRANSPORT ACT 1974	2	—	44,459
		239,195	293,910



GROUP REPORT

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MICHAEL GRACE, DIRECTOR GROUP FINANCE

COMPANY BALANCE SHEET

AS AT 31st DECEMBER

	NOTES	1987 IR£000
Fixed Assets		
TANGIBLE ASSETS	8	38,446
FINANCIAL ASSETS	9	250,174
		288,620
 Current Assets		
STOCKS OF STORES	10	34
DEBTORS	11	15,018
BANK DEPOSITS		179
CASH AT BANK AND IN HAND		755
		15,986
 Creditors		
(AMOUNTS FALLING DUE WITHIN 1 YEAR)	12	78,113
Net Current Liabilities		(62,127)
Total Assets Less Current Liabilities		226,493
 Financed by:		
Creditors		
(AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR)	13	156,894
Provisions for Liabilities and Charges	15	868
		157,762
 Reserves		
ASSET REPLACEMENT RESERVE	16	85,046
CAPITAL RESERVE	17	21,980
PROFIT AND LOSS ACCOUNT		(48,148)
NON-REPAYABLE STATE ADVANCES		9,853
		68,731
		226,493

No comparative figures are shown for 1986 as these are included in the consolidated balance sheet on page 19.

MICHAEL GRACE, DIRECTOR GROUP FINANCE



CONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF FUNDS

	YEAR ENDED 31st DECEMBER	
	1987	1986
	IR£000	IR£000
(Application)/Source		
NET (DEFICIT)/PROFIT (AFTER STATE GRANTS OF IR£87,221,000 AND STATE ADVANCE WRITTEN OFF OF IR£11,907,000)	(1,395)	4,237
ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS		
UNREALISED CURRENCY TRANSLATION LOSS	590	755
DEPRECIATION AND DISPOSAL OF FIXED ASSETS	16,325	23,960
REPAYABLE STATE ADVANCES	(44,459)	—
DEFERRED INTEREST COSTS	15,782	(8,292)
NET FUNDS (ABSORBED)/GENERATED BY OPERATIONS	(13,157)	20,660
BANK LOANS	—	10,004
PROCEEDS FROM SALE OF INVESTMENTS	—	4
REDEMPTION FUNDS SHORTFALL	200	275
BANK LOANS BECOMING CURRENTLY PAYABLE	(12,907)	(11,790)
CAPITAL EXPENDITURE	(12,980)	(21,564)
Net (Decrease) in Working Capital	<u>(38,844)</u>	<u>(2,411)</u>
BEING:		
(DECREASE) IN STOCKS OF STORES	(1,564)	(5,690)
(DECREASE)/INCREASE IN DEBTORS	(18,746)	20,226
(INCREASE)/DECREASE IN CREDITORS AND PROVISIONS	(3,545)	2,965
	(23,855)	17,501
(INCREASE) IN NET SHORT-TERM BORROWINGS	(14,989)	(19,912)
	<u>(38,844)</u>	<u>(2,411)</u>



GROUP REPORT

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MICHAEL GRACE, DIRECTOR GROUP FINANCE

NOTES

TO THE FINANCIAL STATEMENTS

1. GROUP TURNOVER: Customer and Miscellaneous Receipts – Analysis by Activity.

	1987			1986		
	CUSTOMER RECEIPTS	MISC.	TOTAL	CUSTOMER RECEIPTS	MISC.	TOTAL
	IR£000	IR£000	IR£000	IR£000	IR£000	IR£000
C.I.E. (SEE BELOW)	21,707	242	21,949	235,745	4,209	239,954
Iarnród Éireann – Irish Rail	83,465	1,796	85,261	—	—	—
Bus Éireann – Irish Bus	65,412	145	65,557	—	—	—
Bus Átha Cliath – Dublin Bus	66,644	411	67,055	—	—	—
Total	237,228	2,594	239,822	235,745	4,209	239,954

Railway, Road Passenger and Road Freight activities were transferred to the three Subsidiary Companies on 2nd February, 1987 and accordingly the receipts by activity in 1987 are not comparable with the figures shown for 1986.

2. STATE GRANTS: Analysis by Activity

The Grants payable to Córas Iompair Éireann are in accordance with the relevant EC Regulations governing State aid to transport undertakings; these regulations are as follows:-

- (a) EC Regulation No. 1191/69: enables payment of compensation by the State to transport undertakings in respect of losses incurred on services operated under public service obligations which are deemed essential to ensure the provision of adequate transport services. Payment is made under this Regulation in respect of losses remaining on rail passenger services after fares increases and any possible economies in operation.
- (b) EC Regulation No. 1192/69: provides for compensation by the State in respect of specified financial burdens borne by railway undertakings. Payments are made under this Regulation to cover the following costs in respect of rail passenger and freight operations:
 - Superannuation and pension costs less savings from exemption from payment of certain social welfare insurance contributions in respect of clerical and supervisory staff.
 - 50% of the cost of maintenance and control of level crossings.
- (c) EC Regulation No. 1107/70: specifies certain additional circumstances in which State aid may be paid to transport undertakings. Under this Regulation payments may be made in respect of:
 - 50% of infrastructure costs in respect of rail freight (Article 3.1 (b)).
 - Losses on road passenger services which cannot be recouped by fares increases, or eliminated by economies in operation (Article 3.2).
 - Residual deficits on rail operation (Article 4).

The Grant payable under EC Regulation No. 1191/69 and 1192/69 is allocated to the Railway activity. The Grant payable under EC Regulation No. 1107/70 is allocated initially to the Rail Freight activity (50% of infrastructure costs) and to Road Passenger activities (Bus Átha Cliath activities – 82% of deficit, after transfer to reserves, for twelve months ended 31st December, 1987; other bus activities – 33% of deficit, after transfer to reserves, for twelve months ended 31st December, 1987). In previous years the Grant allocated to Road Passenger activities was equivalent to 100% of their deficits. The residue under Regulation No. 1107/70 is allocated to the Railway activity.

A Grant is also paid by the State in respect of losses incurred on the Galway/Aran Ferry Services.

Particulars of the Exchequer Grants of IR£87,221,000 received in 1987 under Sub-Head C1 of Vote 40 and Sub-Head D1 of Vote 41 of Dail Éireann of 1987 are given in the following table, showing the relevant provisions of EC Regulations.



State Grants relating to 1987 activities

	EC Regulation Number					IR£000
	1191/69	1192/69	1107/70 ART. 3.1(b)	1107/70 ART. 3.2	1107/70 ART. 4	
	IR£000	IR£000	IR£000	IR£000	IR£000	IR£000
Railways						
Other than Bray/Howth						
Suburban Services						
OPERATION OF PASSENGER SERVICES	38,759					
NORMALISATION OF ACCOUNTS (PASSENGER AND FREIGHT)						
– CLASS III (PENSIONS)		6,736				
– CLASS IV (LEVEL CROSSINGS)		1,386				
INFRASTRUCTURE GRANT (FREIGHT)			5,281			
RESIDUAL DEFICIT GRANT					9,071	
Total	<u>38,759</u>	<u>8,122</u>	<u>5,281</u>		<u>9,071</u>	
Bray/Howth Services						
OPERATING PASSENGER SERVICES	5,783					
NORMALISATION OF ACCOUNTS						
– CLASS III (PENSIONS)		473				
– CLASS IV (LEVEL CROSSINGS)		16				
Total Railways	<u>44,542</u>	<u>8,611</u>	<u>5,281</u>		<u>9,071</u>	
Road Passenger				19,300		
Galway/Aran Services						416
	<u>44,542</u>	<u>8,611</u>	<u>5,281</u>	<u>19,300</u>	<u>9,071</u>	<u>416</u>



- (i) Of the total Grant of IR£87,221,000, IR£73,329,000 is included with Turnover and IR£13,892,000 is included as an offset to Operating Costs in the Consolidated Profit and Loss Account.
- (ii) The allocation of State Grants as between C.I.E. and its Subsidiaries is shown in Note 23.
- (iii) The total Grants voted by Dail Éireann in 1987 were:

	IR£000
Vote 40, Sub-Head C1 –	63,290
Vote 41, Sub-Head D1 –	44,131
	<u>107,421</u>

These include:

State Grants shown in above Table in respect of 1987 activities.	87,221
State Grants in respect of 1986 activities, which were deferred and included in Debtors in that year.	17,200
Special Grant to repay principal on a 10-year loan of IR£30,000,000 arranged under Section 2(3) of the Transport Act, 1985 for the purpose of repaying temporary borrowings incurred to fund grant shortfalls in previous years (See Note 6).	3,000
	<u>107,421</u>

- (iv) State Advances Written-Off

In addition, Section 2 of the Transport Act, 1987 discharged Córás Iompair Éireann's liability to repay State Advances totalling IR£44,458,691 made under Section 4(1) of the Transport Act, 1964 and interest thereon.

The Minister's letter of 13th October, 1987 advised that this write-off was a set-off against the non-payment of subvention arrears, including DART interest.

The write-off of the State Advances is accordingly being treated as follows:

IR£	
15,781,748	is considered to be in lieu of State Grant payable under E.C. Regulation No. 1191/69, and accordingly has been set off against Interest Costs Deferred at 31st December, 1986.
16,769,957	is considered to be in lieu of State Grant payable under E.C. Regulation No. 1191/69 in respect of the Financial Charges on the Bray/Howth Suburban Railway Services for 1987.
11,906,986	is considered to be in lieu of State Grant payable under E.C. Regulation No. 1107/70 (Art. 4) in respect of Railway (other than Bray/Howth Suburban) Services in 1987.
<u>44,458,691</u>	

The amount of IR£16,769,957 is included as an offset to Interest Payable (see Note 5), and the amount of IR£11,906,986 is included with Turnover in the Consolidated Profit and Loss Account.

- (v) Summary of State Grants and Advances written off and included in the Consolidated Profit and Loss Account.

Turnover	IR£000
STATE GRANT (SEE (i) ABOVE)	73,329
STATE ADVANCES WRITTEN OFF (SEE (iv) ABOVE)	<u>11,907</u>
	<u>85,236</u>
Expenditure	
STATE GRANTS (SEE (i) ABOVE)	13,892
STATE ADVANCES WRITTEN OFF - DART INTEREST	<u>16,770</u>
	<u>30,662</u>
Grand Total	<u><u>115,898</u></u>



3. OPERATING COSTS	1987	1986
	IR£000	IR£000
Staff Costs		
WAGES AND SALARIES	170,089	164,907
SOCIAL WELFARE COSTS	14,780	15,449
OTHER PENSION COSTS	<u>15,041</u>	<u>14,063</u>
	199,910	194,419
OWN WORK CAPITALISED	<u>(10,457)</u>	<u>(11,588)</u>
Net Staff Costs	<u>189,453</u>	<u>182,831</u>
Materials and Services		
FUEL AND ELECTRIC TRACTION	16,172	20,132
ROAD TAX AND LICENCES	577	598
RATES	1,270	1,200
AUDITORS REMUNERATION	126	105
OPERATING LEASE RENTALS	1,582	1,359
SCHOOL CONTRACTORS	15,151	14,922
MATERIALS AND OTHER SERVICES	<u>73,184</u>	<u>71,581</u>
	<u>108,062</u>	<u>109,897</u>
Board Members' Remuneration		
Emoluments		
- FOR SERVICES AS BOARD MEMBERS	11	10
- FOR OTHER SERVICES	<u>116</u>	<u>104</u>
	127	114
Depreciation	<u>14,491</u>	<u>15,044</u>
Provision for Renewal of Lines and Works	<u>10,383</u>	<u>10,550</u>
Total Operating Costs	<u>322,516</u>	<u>318,436</u>
LESS: STATE GRANTS (SEE NOTE 2)	<u>13,892</u>	<u>13,661</u>
Net Operating Costs	<u><u>308,624</u></u>	<u><u>304,775</u></u>

The average number of persons employed during the year by activity was as follows:-

	STAFF NUMBERS	
	1987	1986
C.I.E.	347	15,000
Iarnród Éireann – Irish Rail	6,969	—
Bus Éireann – Irish Bus	2,900	—
Bus Átha Cliath – Dublin Bus	3,800	—
	<u>14,016</u>	<u>15,000</u>
4. INTEREST RECEIVABLE	1987	1986
	IR£000	IR£000
SHORT-TERM DEPOSITS	<u>52</u>	<u>34</u>
5. INTEREST PAYABLE	1987	1986
	IR£000	IR£000
ON LOANS AND OVERDRAFTS REPAYABLE WITHIN FIVE YEARS	13,376	5,859
ON OTHER LOANS	<u>15,841</u>	<u>23,706</u>
	29,217	29,565
LESS: STATE ADVANCES WRITTEN OFF (SEE NOTE 2)	16,770	—
STATE GRANT	—	8,000
INTEREST COSTS DEFERRED	—	8,292
	<u>16,770</u>	<u>16,292</u>
	<u>12,447</u>	<u>13,273</u>
6. EXCEPTIONAL ITEMS	1987	1986
	IR£000	IR£000
FOREIGN CURRENCY TRANSLATION – UNREALISED LOSS	(590)	(755)
WRITE OFF OF INVESTMENT IN BUS BUILDING FACILITY AT SHANNON	(2,195)	—
GRANT UNDER TRANSPORT ACT, 1985 (SEE NOTE 2(iii))	3,000	3,000
STAFF COMPENSATION – VOLUNTARY SEVERANCE PAID AND PROVIDED INCLUDING ONE PERSON BUS OPERATION	(3,649)	(3,639)
PROVISION FOR EXCEPTIONAL INSURANCE CLAIM	(2,000)	—
	<u>(5,434)</u>	<u>(1,394)</u>

7. NET (DEFICIT)/PROFIT FOR YEAR

A summary of the financial results of the Holding Company and its subsidiaries is shown in Note 23.

The profit for the year, after exceptional items, of the Holding Company amounted to IR£185,000.

C.I.E. has not presented its own profit and loss account as permitted by the Companies (Amendment) Act, 1986.



8. TANGIBLE ASSETS:

GROUP	1ST JAN 1987 IR£000	ADDITIONS IR£000	SCRAPPINGS & DISPOSALS IR£000	31ST DEC 1987 IR£000
Original Cost				
RAILWAY LINES & WORKS	8,838	6	—	8,844
RAIL ROLLING STOCK	126,829	9,653	(358)	136,124
ROAD PASSENGER VEHICLES	104,946	(787)	(1,368)	102,791
ROAD FREIGHT VEHICLES	6,367	(5)	(586)	5,776
VESSEL	163	—	—	163
LAND AND BUILDINGS	37,723	320	42	38,085
PLANT AND MACHINERY	81,503	3,443	(2,645)	82,301
CATERING EQUIPMENT	160	60	(42)	178
DOCKS, HARBOURS & WHARVES	5,923	1,181	—	7,104
Total 1987	372,452	13,871	(4,957)	381,366
Total 1986	356,984	22,668	(7,200)	372,452

	1ST JAN 1987 IR£000	CHARGE FOR YEAR IR£000	SCRAPPINGS & DISPOSALS IR£000	31ST DEC 1987 IR£000
Depreciation				
RAIL ROLLING STOCK	17,014	3,297	(358)	19,953
ROAD PASSENGER VEHICLES	30,471	5,814	(368)	35,917
ROAD FREIGHT VEHICLES	5,905	191	(586)	5,510
VESSEL	117	4	—	121
PLANT AND MACHINERY	18,020	4,829	(2,092)	20,757
CATERING EQUIPMENT	63	19	—	82
DOCKS, HARBOURS & WHARVES	587	118	—	705
Total 1987	72,177	14,272	(3,404)	83,045
Total 1986	64,333	15,044	(7,200)	72,177

	31ST DEC 1987 IR£000	31ST DEC 1986 IR£000
Net Book Amounts		
RAILWAY LINES AND WORKS	8,844	8,838
RAIL ROLLING STOCK	116,171	109,815
ROAD PASSENGER VEHICLES	66,874	74,475
ROAD FREIGHT VEHICLES	266	462
VESSEL	42	46
LAND AND BUILDINGS	38,085	37,723
PLANT AND MACHINERY	61,544	63,483
CATERING EQUIPMENT	96	97
DOCKS, HARBOURS & WHARVES	6,399	5,336
Total	298,321	300,275

COMPANY	1ST JAN 1987 IR£000	ADDITIONS IR£000	TRANSFERS & DISPOSALS IR£000	31ST DEC 1987 IR£000
Original Cost				
RAILWAY LINES & WORKS	8,838	—	(8,838)	—
RAIL ROLLING STOCK	126,829	—	(126,829)	—
ROAD PASSENGER VEHICLES	104,946	—	(104,946)	—
ROAD FREIGHT VEHICLES	6,367	—	(6,367)	—
VESSEL	163	—	—	163
LAND AND BUILDINGS	37,723	320	42	38,085
PLANT AND MACHINERY	81,503	50	(81,189)	364
CATERING EQUIPMENT	160	—	(160)	—
DOCKS, HARBOURS & WHARVES	5,923	—	(5,923)	—
Total 1987	372,452	370	(334,210)	38,612

	1ST JAN 1987 IR£000	CHARGE FOR YEAR IR£000	TRANSFERS & DISPOSALS IR£000	31ST DEC 1987 IR£000
Depreciation				
RAIL ROLLING STOCK	17,014	306	(17,320)	—
ROAD PASSENGER VEHICLES	30,471	537	(31,008)	—
ROAD FREIGHT VEHICLES	5,905	17	(5,922)	—
VESSEL	117	4	—	121
PLANT AND MACHINERY	18,020	442	(18,417)	45
CATERING EQUIPMENT	63	—	(63)	—
DOCKS, HARBOURS & WHARVES	587	10	(597)	—
Total 1987	72,177	1,316	(73,327)	166

	31ST DEC 1987 IR£000	31ST DEC 1986 IR£000
Net Book Amounts		
RAILWAY LINES AND WORKS	—	8,838
RAIL ROLLING STOCK	—	109,815
ROAD PASSENGER VEHICLES	—	74,475
ROAD FREIGHT VEHICLES	—	462
VESSEL	42	46
LAND AND BUILDINGS	38,085	37,723
PLANT AND MACHINERY	319	63,483
CATERING EQUIPMENT	—	97
DOCKS, HARBOURS & WHARVES	—	5,336
Total	38,446	300,275

Note: Transfers and Disposals for Group and Company include investment in Bus Building Facility at Shannon now written off as an Exceptional Item (See Note 6):

	IR£000
ORIGINAL INVESTMENT INCLUDED ABOVE	2,200
DEPRECIATED TO 31ST DECEMBER, 1986	647
NOW WRITTEN OFF	1,553

In addition an amount of IR£642,000 in respect of unamortised design costs, which was held in Debtors, has also been written off.

- In the case of certain Railway Rolling Stock and Road Passenger Vehicles, the excess of depreciation based on replacement cost over historical cost depreciation is shown separately as transfer to Reserves (See Note 16).
- The 1987 depreciation charge shown for Road Passenger Vehicles included IR£163,000 (1986 – IR£232,000) depreciation on School Buses. The amount is wholly offset by the amortisation of moneys received from the Department of Education (See Note 18).
- The expected useful lives for the various types of assets for depreciation purposes are as follows:-

	LIVES YEARS
RAILWAY LINES AND WORKS	—
RAILWAY ROLLING STOCK	20 to 50
ROAD PASSENGER VEHICLES	16
ROAD FREIGHT VEHICLES	6 to 10
VESSEL	40
LAND AND BUILDINGS	—
PLANT AND MACHINERY	3 to 25
DOCKS, HARBOURS & WHARVES	50
CATERING EQUIPMENT	4

- Railway Lines and Works are not depreciated.
- No depreciation has been charged on buildings. The amount involved is not material.
- The amounts included in the original cost of the various tangible assets include IR£27,142,000 in capitalised interest charges relating to the Bray/Howth Suburban Railway Electrification Scheme which was completed in 1984.
- On 2nd February, 1987 all tangible assets, other than land and buildings, which related to its activity were vested in the relevant Subsidiary Company.



9. FINANCIAL ASSETS:

Group	TRADE INVESTMENTS		TOTAL IR£000
	LISTED SHARES IR£000	UNLISTED SHARES IR£000	
COST OR VALUATION			
AT 31ST DECEMBER, 1987 AND 1986	77	17	94
PROVISION FOR PERMANENT DIMINUTION IN VALUE			
AT 31ST DECEMBER, 1987 AND 1986	46	10	56
NET BOOK AMOUNTS			
AT 31ST DECEMBER, 1987 AND 1986	31	7	38
MARKET VALUE			
AT 31ST DECEMBER, 1987	35		
AT 31ST DECEMBER, 1986	32		

Company	SUBSIDIARY COMPANIES		TRADE INVESTMENTS		TOTAL IR£000
	UNLISTED SHARES IR£000	LOANS IR£000	LISTED SHARES IR£000	UNLISTED SHARES IR£000	
COST OR VALUATION					
AT 31ST DECEMBER, 1986	—	—	77	17	94
ADDITIONS	71,000	179,152	—	—	250,152
DISPOSALS	—	—	(50)	—	(50)
AT 31ST DECEMBER, 1987	71,000	179,152	27	17	250,196
PROVISION FOR PERMANENT DIMINUTION IN VALUE					
AT 31ST DECEMBER, 1986	—	—	46	10	56
DISPOSALS	—	—	(34)	—	(34)
AT 31ST DECEMBER, 1987	—	—	12	10	22
NET BOOK AMOUNTS					
AT 31ST DECEMBER, 1987	71,000	179,152	15	7	250,174
MARKET VALUE					
AT 31ST DECEMBER, 1987			19		
AT 31ST DECEMBER, 1986			32		

On 20th January, 1987 C.I.E. incorporated three new wholly owned subsidiaries transferring assets to these subsidiaries on 2nd February, 1987, the date on which the subsidiaries commenced trading.

The cost of C.I.E.'s investment in these subsidiaries is equal to the carrying value of the net assets transferred at 2nd February, 1987.

10. STOCKS OF STORES

Group	1987 IR£000	1986 IR£000
MAINTENANCE MATERIALS AND SPARE PARTS	25,060	24,488
FUEL, LUBRICANTS AND OTHER SUNDRY STOCKS	5,695	7,831
	30,755	32,319

These amounts include parts and components necessarily held to meet long-term operational requirements.

Company	IR£000
MATERIALS AND SUNDRY STOCKS	34

The replacement cost of stocks is not materially different from the book values shown above.



11. DEBTORS	1987	1986
	IR£000	IR£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Group		
TRADE DEBTORS	17,400	34,112
OTHER DEBTORS AND ACCRUED INCOME	4,800	23,304
	<u>22,200</u>	<u>57,416</u>
DUE AFTER MORE THAN 1 YEAR	820	1,023
	<u>23,020</u>	<u>58,439</u>

The debtors above include subvention arrears and deferred interest costs of NIL (1986 – IR£32,982,000)

Company	
TRADE DEBTORS	783
AMOUNTS OWED BY SUBSIDIARY COMPANIES	12,609
OTHER DEBTORS AND ACCRUED INCOME	806
	<u>14,198</u>
DUE AFTER MORE THAN 1 YEAR	820
	<u>15,018</u>

12. CREDITORS	IR£000	IR£000
AMOUNTS FALLING DUE WITHIN 1 YEAR		
Group		
BANK OVERDRAFT	4,683	5,771
BANK LOANS (SEE NOTE 14)	58,863	41,991
TRADE CREDITORS	11,126	11,751
INCOME TAX DEDUCTED UNDER P.A.Y.E.	5,175	5,457
PAY RELATED SOCIAL INSURANCE	3,313	3,959
VALUE ADDED TAX	538	1,241
OTHER CREDITORS	5,175	3,532
EQUALISATION ACCOUNT FOR RENEWAL OF LINES AND WORKS	109	116
ACCRUALS AND DEFERRED INCOME	26,265	24,863
	<u>115,247</u>	<u>98,681</u>
CREDITORS FOR TAXATION AND SOCIAL WELFARE INCLUDED ABOVE	9,026	10,657
	<u>124,273</u>	<u>109,338</u>
Company		
BANK OVERDRAFT	1,633	
BANK LOANS (SEE NOTE 14)	58,863	
TRADE CREDITORS	594	
AMOUNTS OWED TO SUBSIDIARY COMPANIES	8,035	
INCOME TAX DEDUCTED UNDER P.A.Y.E.	553	
PAY RELATED SOCIAL INSURANCE	59	
OTHER CREDITORS	1,502	
ACCRUALS AND DEFERRED INCOME	6,874	
	<u>78,113</u>	
CREDITORS FOR TAXATION AND SOCIAL WELFARE INCLUDED ABOVE	612	
	<u>78,725</u>	



13. CREDITORS	1987	1986
	IR£000	IR£000
AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR		
Group and Company		
BANK LOANS (NOTE 14)	156,864	169,188
OTHER CREDITORS	30	—
	<u>156,894</u>	<u>169,188</u>
14. BANK LOANS	1987	1986
	IR£000	IR£000
Group and Company		
THESE LOANS ARE REPAYABLE AS FOLLOWS:-		
WITHIN 1 YEAR	58,863	41,991
BETWEEN ONE AND TWO YEARS	15,776	13,079
BETWEEN TWO AND FIVE YEARS	71,254	57,053
AFTER FIVE YEARS	69,834	99,056
	<u>156,864</u>	<u>169,188</u>
	<u>215,727</u>	<u>211,179</u>

The following table shows the amount and type of currency in which these loans are to be repaid:

	1987	1986
	'000	'000
Current Liabilities		
UNITED STATES	US\$ 494	448
UNITED KINGDOM	Stg£ 391	355
REPUBLIC OF IRELAND	IR£ 57,055	40,355
WEST GERMANY	DM 1,668	1,490
THE NEDERLANDS	Hfl. 618	557
FRANCE	FF 1,004	894
EUROPE	ECU 164	145
Loan Capital		
UNITED STATES	US\$ 8,490	8,984
UNITED KINGDOM	Stg£ 15,533	15,924
REPUBLIC OF IRELAND	IR£ 100,676	111,936
WEST GERMANY	DM 33,312	34,980
THE NEDERLANDS	Hfl. 42,100	42,718
FRANCE	FF 13,837	14,841
EUROPE	ECU 7,111	7,275

The Minister for Finance has guaranteed loans included in the above table to the extent of IR£148,933,000 (1986 – IR£157,129,000). In addition, an annual non-repayable grant of IR£3,000,000 is provided under the Transport Act, 1985 to repay a further loan in the amount of IR£21,000,000 included in the above table.



15. PROVISION FOR LIABILITIES AND CHARGES

INSURANCE CLAIMS	IR£000
Group	
BALANCE AT 1ST JANUARY, 1987	11,997
UTILISED DURING YEAR	(4,498)
TRANSFER FROM PROFIT AND LOSS ACCOUNT	8,753
TRANSFER TO CREDITORS FALLING DUE WITHIN ONE YEAR	(1,522)
BALANCE AT 31ST DECEMBER, 1987	<u>14,730</u>
Company	
BALANCE AT 1ST JANUARY, 1987	11,997
TRANSFERRED TO SUBSIDIARY COMPANIES	(11,358)
UTILISED DURING YEAR	(316)
TRANSFER FROM PROFIT AND LOSS ACCOUNT	545
BALANCE AT 31ST DECEMBER, 1987	<u>868</u>

The Board holds external insurance to cover:

- (i) third party liability in excess of IR£5,000,000 and up to IR£35,000,000 on any one rail accident.
- (ii) third party liability in excess of IR£3,000,000 and up to IR£33,000,000 on any one road accident.
- (iii) third party liability in excess of IR£500,000 and up to IR£30,500,000 on any one premises accident.
- (iv) fire damage involving the Board's property in excess of IR£200,000 in any one accident.

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



16. ASSET REPLACEMENT RESERVE

	RAILWAY ROLLING STOCK	ROAD PASSENGER VEHICLES	TOTAL
	IR£000	IR£000	IR£000
Group			
BALANCE AT 31ST DECEMBER, 1986	27,392	56,529	83,921
ADJUSTMENT ARISING FROM DECREASE IN HISTORIC COST OF BUSES	—	381	381
TRANSFER FROM PROFIT AND LOSS ACCOUNT	3,123	5,332	8,455
BALANCE AT 31ST DECEMBER, 1987	<u>30,515</u>	<u>62,242</u>	<u>92,757</u>
Company			
BALANCE AT 31ST DECEMBER, 1986			83,921
ADJUSTMENT ARISING FROM DECREASE IN HISTORIC COST OF BUSES			381
TRANSFER FROM PROFIT AND LOSS ACCOUNT			744
BALANCE AT 31ST DECEMBER, 1987			<u>85,046</u>

This reserve represents the excess of depreciation based on replacement cost over that based on historical cost.

17. CAPITAL RESERVE

	1987	1986
	IR£000	IR£000
Group and Company		
BALANCE FORWARD FROM PREVIOUS YEAR	21,498	20,572
REDEMPTION FUNDS SHORTFALL	200	275
SURPLUS ON DISPOSAL OF LAND AND BUILDINGS ACQUIRED AT NO COST	282	651
BALANCE CARRIED FORWARD	<u>21,980</u>	<u>21,498</u>

18. DEPARTMENT OF EDUCATION – FUNDING OF SCHOOL BUSES	1987 IR£000	1986 IR£000
BALANCE FORWARD FROM PREVIOUS YEAR	583	815
RELEASED TO WORKING ACCOUNT	(163)	(232)
BALANCE CARRIED FORWARD	<u>420</u>	<u>583</u>

19. PENSIONS

The Board operates defined benefit pension schemes for the established employees of itself and of its Subsidiary Companies. Contributions by the Board, its Subsidiaries and the employees are invested in separately administered pension funds. In the case of the Regular Wages Pension Schemes and the C.I.E. Superannuation Scheme 1951, annual contributions are based on the advice of a professionally qualified actuary obtained from time to time as appropriate. The annual contributions to the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme and the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme 1977 (both schemes are closed) are based on unchanged rates of contribution. The contributions are charged to the Profit and Loss Account on an annual basis.

The latest actuarial reports show:

- in respect of the Regular Wages Pension Schemes a small surplus at 31st December, 1986, on the basis of the assumptions contained in the report, over the amount required to meet expected future liabilities.
- in respect of the C.I.E. Superannuation Scheme 1951, a small surplus at 31st December, 1986, on the basis of the assumptions contained in the report, over the amount required to meet expected future liabilities.
- in respect of the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme 1977 a deficiency of IR£4,225,000 at 31st December, 1984 on the basis of the assumptions contained in the report.

No actuarial report has been prepared in respect of the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme.

The actuarial reports in respect of Clerical, Executive and Supervisory Staff Schemes are available for inspection by the Committees established for each of these Schemes. The Committees include members' representatives.

The Board is legally obliged to ensure that cash is available to certain Superannuation Schemes if the funds are, from time to time, insufficient to meet the payments that are due and payable under the Schemes. The shortfall in 1987 was IR£1,622,000 (1986 – IR£1,064,000) in the cash resources of the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme. During the year, the resources of the other funds for which this obligation exists, were sufficient to meet the immediate cash requirements. Ex Gratia pensions are met out of the Group's own resources and are taken into account in the year in which they are paid.

20. CAPITAL COMMITMENTS	1987 IR£000	1986 IR£000
Group		
CONTRACTED FOR	4,946	5,024
AUTHORISED BY DIRECTORS BUT NOT CONTRACTED FOR	2,271	—
	<u>7,217</u>	<u>5,024</u>
Company		
CONTRACTED FOR	—	5,024
AUTHORISED BY DIRECTORS BUT NOT CONTRACTED FOR	—	—
	<u>—</u>	<u>5,024</u>

21. LEASE OBLIGATIONS

Net obligations at 31st December, 1987 under finance leases expire as follows:-

	IR£000
WITHIN ONE YEAR	1,880
WITHIN TWO TO FIVE YEARS	7,018
OVER FIVE YEARS	1,970

These finance lease amounts include unrealised gains of IR£1,455,000 (1986 – IR£892,000) on translation at Balance Sheet date of lease commitments denominated in foreign currencies. The gains are released to profit and loss as they are realised on payment of the lease rentals.

Commitments under operating leases payable in the coming year expire as follows:

	IR£000
On Other Than Plant and Machinery	
WITHIN ONE YEAR	1,188
WITHIN TWO TO FIVE YEARS	2,773
OVER FIVE YEARS	—

These operating lease amounts include unrealised losses of IR£6,000 (1986 – Gain IR£249,000) on translation at Balance Sheet date of lease commitments denominated in foreign currencies. The gains/losses are released/charged to profit and loss as they are realised on payment of the lease rental.

22. CONTINGENT LIABILITIES

A claim of IR£2.6m. was lodged in 1979 against the Board in connection with a former bus building arrangement. It has not been considered necessary to make a provision against this claim as the Board are of the opinion that, having successfully contested the claim, it can also successfully defend an appeal which has been instituted.

23. PROFIT AND LOSS FOR YEAR ENDED 31ST DECEMBER

	C.I.E. IR£000	IARNRÓD ÉIREANN -IRISH RAIL IR£000	BUS ÉIREANN -IRISH BUS IR£000	BUS ÁTHA CLIATH -DUBLIN BUS IR£000	TOTAL 12 MONTHS 1987 IR£000	TOTAL 12 MONTHS 1986 IR£000
NET PROFITS/(DEFICITS)						
FROM						
Railway						
– BRAY/HOWTH	—	—			—	—
– OTHER THAN BRAY/HOWTH	151	1,726			1,877	7,205
Road Freight	145	365			510	324
Rosslare Harbour	43	1,597			1,640	1,192
Catering Services	(6)	111			105	47
Road Passenger Services						
– DUBLIN CITY	137			646	783	3,540
– PROVINCIAL CITY	(78)		169		91	722
– OTHER SERVICES	(39)		(545)		(584)	2,025
Tours	(387)				(387)	(927)
Galway/Aran	4				4	—
Net Profit/(Deficit)						
BEFORE EXCEPTIONAL ITEMS	(30)	3,799	(376)	646	4,039	14,128
EXCEPTIONAL ITEMS	215	(896)	(3,701)	(1,052)	(5,434)	(1,394)
Net (Deficit)/Profit	185	2,903	(4,077)	(406)	(1,395)	12,734
Transfers to Reserves	(744)	(2,856)	(1,533)	(3,322)	(8,455)	(8,370)
(Decrease)/Increase in Balance during year	(559)	47	(5,610)	(3,728)	(9,850)	4,364



TURNOVER	C.I.E. IR£000	IARNRÓD	BUS	BUS ÁTHA	TOTAL	TOTAL
		ÉIREANN -IRISH RAIL IR£000	ÉIREANN -IRISH BUS IR£000	CLIATH -DUBLIN BUS IR£000	12 MONTHS 1987 IR£000	12 MONTHS 1986 IR£000
Railway						
- BRAY/HOWTH						
- CUSTOMER RECEIPTS	599	6,752			7,351	6,346
- STATE GRANT (1191/69)	450	5,333			5,783	6,105
	1,049	12,085			13,134	12,451
- OTHER THAN BRAY/HOWTH						
- CUSTOMER RECEIPTS	4,681	54,531			59,212	58,052
- STATE GRANT ((1191/69) (1107/70 - ART.4)) AND ADVANCES WRITTEN OFF	4,663	55,074			59,737	65,560
	9,344	109,605			118,949	123,612
Road Freight	1,503	16,739			18,242	17,669
Rosslare Harbour	194	3,629			3,823	3,605
Catering Services	271	3,610			3,881	3,465
Road Passenger Services						
- DUBLIN CITY						
- CUSTOMER RECEIPTS	6,102			67,055	73,157	74,083
- STATE GRANT (1107/70 - ART. 3.2)	810			15,590	16,400	14,718
	6,912			82,645	89,557	88,801
- PROVINCIAL CITIES						
- CUSTOMER RECEIPTS	791		8,014		8,805	9,557
- STATE GRANT (1107/70 - ART. 3.2)	104		2,226		2,330	2,455
	895		10,240		11,135	12,012
- OTHER SERVICES						
- CUSTOMER RECEIPTS	4,997		57,543		62,540	64,393
- STATE GRANT (1107/70 - ART. 3.2)	26		544		570	2,078
	5,023		58,087		63,110	66,471
Tours	2,632				2,632	2,566
Galway/Aran						
- CUSTOMER RECEIPTS	179				179	202
- STATE GRANT (1107/70 - ART. 3.2)	416				416	559
	595				595	761
Total Turnover	28,418	145,668	68,327	82,645	325,058	331,413



EXPENDITURE	C.I.E. IR£000	IARNRÓD ÉIREANN -IRISH RAIL IR£000	BUS ÉIREANN -IRISH BUS IR£000	BUS ÁTHA CLIATH -DUBLIN BUS IR£000	TOTAL 12 MONTHS 1987 IR£000	TOTAL 12 MONTHS 1986 IR£000
Railway						
BRAY/HOWTH (DEDUCT): STATE GRANT (1192/69) AND ADVANCES WRITTEN OFF	2,595 (1,546) 1,049	27,798 (15,713) 12,085			30,393 (17,259) 13,134	20,870 (8,419) 12,451
OTHER THAN BRAY/HOWTH (DEDUCT): STATE GRANT (1192/69 AND 1107/70 - ART. 3.1(B))	10,171 (978) 9,193	120,304 (12,425) 107,879			130,475 (13,403) 117,072	129,649 (13,242) 116,407
Road Freight	1,358	16,374			17,732	17,345
Rosslare Harbour	151	2,032			2,183	2,413
Catering Services	277	3,499			3,776	3,418
Road Passenger Services						
- DUBLIN CITY	6,775			81,999	88,774	85,261
- PROVINCIAL CITIES	973		10,071		11,044	11,290
- OTHER SERVICES	5,062		58,632		63,694	64,446
Tours	3,019				3,019	3,493
Galway/Aran	591				591	761
Total Expenditure	<u>28,448</u>	<u>141,869</u>	<u>68,703</u>	<u>81,999</u>	<u>321,019</u>	<u>317,285</u>

The comparative figures for 1986 exclude the Canals, which were vested in the Commissioners of Public Works in Ireland on 1st July, 1986.



24. CHANGE IN ACCOUNTING POLICY

As described in accounting policy (d) there has been a change in the basis of accounting for depreciation. The comparative profit and loss account has been restated in accordance with the new accounting policy.

The effects of the restatement on the profit and loss account are set out below; the change has no effect on the balance sheet of either of the years.

	1987	1986
	IR£000	IR£000
REDUCTION IN DEFICIT/INCREASE IN PROFIT FOR THE YEAR	8,455	8,370
INCREASE IN TRANSFERS TO RESERVE	(8,455)	(8,370)

This change is carried out in the light of the requirements of SSAP12 'Accounting for Depreciation' and the Companies (Amendment) Act 1986, paragraph 5, Part II of the schedule to the Act.

25. GROUP MEMBERSHIP

Name	Principal Activity
Holding Company: Córas Iompair Éireann	– Public Transport Services.
Subsidiary Companies:	
Iarnród Éireann – Irish Rail – (wholly owned)	– Public Rail (Passenger and Freight) and Road Freight Services.
Bus Éireann – Irish Bus – (wholly owned)	– Public Bus Passenger Services.
Bus Átha Cliath – Dublin Bus – (wholly owned)	– Public Bus Passenger Services.
Aerlod Teoranta – (wholly owned)	– Not Trading.
C.I.E. Tours International Incorporated, New York – (wholly owned)	– Tours.

Iarnród Éireann, Bus Éireann and Bus Átha Cliath are incorporated and operate principally in the Republic of Ireland. These three Companies were incorporated on 20th January, 1987 under the provisions of the Companies' Acts 1963-1986, as wholly owned subsidiaries of Córas Iompair Éireann in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act 1986. (They commenced trading on 2nd February, 1987).

Aerlod Teoranta is incorporated in the Republic of Ireland, but did not trade in 1987.

C.I.E. Tours International is incorporated in New York and operates in North America.

The registered offices of the subsidiary companies are as follows:-

Iarnród Éireann – Irish Rail:	Connolly Station, Dublin 1.
Bus Éireann – Irish Bus:	Broadstone, Dublin 7.
Bus Átha Cliath – Dublin Bus:	59 Upper O'Connell Street, Dublin 1.
Aerlod Teoranta:	Dublin Airport, Dublin.
C.I.E. Tours International Incorporated:	122, East 42nd Street, New York.

26. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the Financial Statements on 1st July, 1988.

GROUP VALUE ADDED STATEMENT

	YEAR ENDED 31st DECEMBER			
	IR£000	1987 IR£000	1986 IR£000	1986 IR£000
Value Added Generated				
TURNOVER (INCLUDING STATE GRANTS OF IR£73,329,000 AND STATE ADVANCES OF IR£11,907,000 WRITTEN OFF; 1986 – IR£92,188,000)		325,058		332,142
ADD: OWN WORK CAPITALISED		10,457		11,588
EXPENDITURE RELATED STATE GRANTS		13,892		13,661
LESS: COST OF MATERIALS AND SERVICES UTILISED	(108,010)		(109,863)	
EXCEPTIONAL ITEMS	(5,434)	(113,444)	(1,394)	(111,257)
		<u>235,963</u>		<u>246,134</u>
Application of Value Added				
NET COMPENSATION OF EMPLOYEES WITH PENSION COSTS		137,862		133,325
GOVERNMENT				
– PAYROLL TAXES	62,175		61,208	
– FINANCING INTEREST	4,368	66,543	4,403	65,611
OTHER PROVIDERS OF CAPITAL	24,849		25,162	
LESS: STATE GRANT/ADVANCES WRITTEN OFF	(16,770)		(8,000)	
INTEREST COSTS DEFERRED	—	8,079	(8,292)	8,870
PROVISION FOR FUTURE INVESTMENT				
– DEPRECIATION	14,491		15,044	
– RENEWAL OF LINES AND WORKS	10,383	24,874	10,550	25,594
(DEFICIT)/PROFIT FOR THE YEAR		<u>(1,395)</u>		<u>12,734</u>
		<u>235,963</u>		<u>246,134</u>



C I E GROUP – SUMMARY OF FINANCIAL STATISTICS

	YEAR ENDED 31st DECEMBER				
	1983	1984	1985	1986	1987
IR£ THOUSANDS					
Profit and Loss Account					
TURNOVER	273,266	306,972	324,612	332,142	325,058
EXPENDITURE	284,227	297,514	309,189	319,408	326,453
PROFIT/(DEFICIT) – SEE FOOTNOTE (1)	(10,961)	9,458	15,423	12,734	(1,395)
TRANSFER TO RESERVES	(9,661)	(9,462)	(8,630)	(8,370)	(8,455)
PROFIT/(DEFICIT) AFTER TRANSFER TO RESERVES	(20,622)	(4)	6,793	4,364	(9,850)
STATE GRANTS RECEIVED/RECEIVABLE	86,000	112,000	115,000	116,849	90,221
STATE ADVANCES WRITTEN OFF IN 1987	-	-	7,490	8,292	28,677
INTEREST & SINKING FUND PROVISIONS	12,678	20,996	27,576	29,565	29,217
INTEREST ON EXCHEQUER ADVANCES INCLUDED IN ABOVE	5,367	4,687	4,631	4,403	4,368
Balance Sheet					
FIXED ASSETS	220,025	266,226	292,651	300,313	298,359
NET CURRENT ASSETS (LIABILITIES)	(28,685)	(37,439)	(23,245)	(6,403)	(59,164)
Net Assets	191,340	228,787	269,406	293,910	239,195
PROVISIONS FOR LIABILITIES AND CHARGES – SEE FOOTNOTE (2)	-	-	-	11,997	14,730
RESERVES	21,933	36,451	54,838	68,266	67,571
REPAYABLE STATE ADVANCES	44,459	44,459	44,459	44,459	-
OTHER LOAN CAPITAL	124,948	147,877	170,109	169,188	156,894
Total RESERVES AND BORROWINGS	191,340	228,787	269,406	293,910	239,195
NOTE 1	The Profit/(Deficit) is after taking account of State Grants received/receivable, State Advances written off, exceptional items and before transfer to Asset Replacement Reserve. The Profit/(Deficit) for 1983 to 1986 has been restated to reflect the change in accounting policy for depreciation in 1987.				
NOTE 2	The Provision for Liabilities and Charges has been separately identified in 1986 and 1987; in previous years included with current liabilities.				
AVERAGE NUMBER OF EMPLOYEES	16,930	16,285	15,628	15,000	14,016



FINANCIAL RESULTS BY BUSINESS SECTOR

		YEAR ENDED 31st DECEMBER				
		1983	1984	1985	1986	1987
		IR£ THOUSANDS				
Railway						
MAINLINE PASSENGER, FREIGHT AND OTHER SERVICES	RECEIPTS	92,157	111,523	115,212	118,502	113,516
BRAY/HOWTH SUBURBAN SERVICES	RECEIPTS	8,051	10,675	11,819	12,451	13,134
OTHER DUBLIN SUBURBAN SERVICES	RECEIPTS	1,934	3,078	4,834	5,110	5,433
Total	RECEIPTS	102,142	125,276	131,865	136,063	132,083
	PROFIT/(DEFICIT)	(15,643)	(1,783)	(262)	4,252	(1,246)
ROAD FREIGHT	RECEIPTS	17,224	18,019	17,993	17,669	18,242
	PROFIT/(DEFICIT)	(670)	41	195	324	510
ROSSLARE HARBOUR	RECEIPTS	2,905	3,499	3,583	3,605	3,823
	PROFIT	593	1,277	1,328	1,192	1,640
CATERING SERVICES	RECEIPTS	2,799	3,168	3,294	3,465	3,881
	PROFIT/(DEFICIT)	(205)	(351)	(156)	47	105
Road Passenger						
DUBLIN CITY SERVICES	RECEIPTS	78,853	82,155	87,265	88,801	89,557
	PROFIT/(DEFICIT)	-	-	-	-	(2,869)
PROVINCIAL CITY SERVICES	RECEIPTS	10,413	11,025	11,099	12,012	11,135
	PROFIT/(DEFICIT)	-	-	-	383	(267)
OTHER SERVICES	RECEIPTS	52,272	56,097	60,300	66,471	63,110
	PROFIT/(DEFICIT)	-	-	-	487	(1,906)
Tours	RECEIPTS	4,974	5,655	6,763	2,566	2,632
	PROFIT/(DEFICIT)	(12)	(195)	14	(927)	(387)
Galway/Aran	RECEIPTS	457	743	1,009	761	595
	PROFIT/(DEFICIT)	(176)	61	340	-	4
Total	RECEIPTS	272,039	305,637	323,171	331,413	325,058
	PROFIT/(DEFICIT)	(16,113)	(950)	1,459	5,758	(4,416)



GROUP REPORT

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NOTES: (1) The Net Profit/(Deficit) for 1983 to 1987 is before Exceptional Items and in respect of 1986 and 1987 is also after transfers to reserves.

(2) Receipts in respect of Day Tours and Private Hire included with Other Provincial Services in 1986 and 1987 and excluded from Tours and Private Hire.

(3) Figures for 1983 to 1987 include grants in accordance with EC Regulations and Advances written off in 1987.

RAIL PASSENGER
OPERATIONS & RECEIPTS

	YEAR ENDED 31st DECEMBER				1987
	1983	1984	1985	1986	
Passenger Journeys	THOUSANDS				
MAINLINE AND OTHER SERVICES	6,523	6,795	6,730	6,974	7,535
BRAY/HOWTH SUBURBAN SERVICES	5,390	7,512	11,703	13,033	15,327
OTHER DUBLIN SUBURBAN SERVICES	1,114	1,253	1,657	1,728	2,033
Total	13,027	15,560	20,090	21,735	24,895

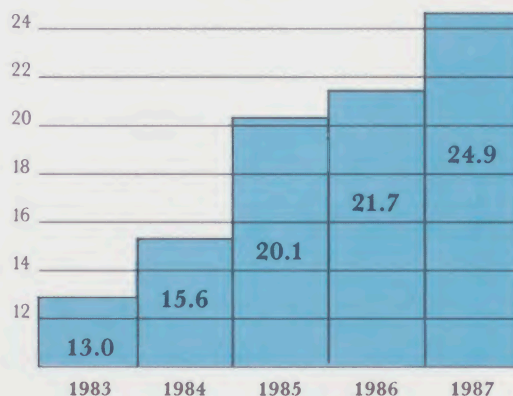
	IR£ THOUSANDS				1987
	1983	1984	1985	1986	
Receipts from Passenger Fares (SEE NOTE)	IR£ THOUSANDS				
MAINLINE AND OTHER SERVICES	26,486	28,641	30,591	30,763	31,927
BRAY/HOWTH SUBURBAN SERVICES	1,646	2,705	5,100	6,124	7,117
OTHER DUBLIN SUBURBAN SERVICES	745	1,011	1,637	1,692	1,966
Total	28,877	32,357	37,328	38,579	41,010

	THOUSANDS				1987
	1983	1984	1985	1986	
PASSENGER KILOMETRES	845,716	903,436	1,023,427	1,075,372	1,196,008
TRAIN KILOMETRES	7,963	8,273	9,336	9,655	9,692

	PENCE				1987
	1983	1984	1985	1986	
Average Receipts	PENCE				
PER PASSENGER JOURNEY	221.67	207.95	185.80	177.50	164.73
PER PASSENGER KILOMETRE	3.41	3.58	3.65	3.59	3.43

NOTE: Receipts from Passengers only.

Passenger Journeys Rail
MILLIONS



RAIL FREIGHT OPERATIONS & RECEIPTS

	YEAR ENDED 31st DECEMBER				
	1983	1984	1985	1986	1987
Tonnes Carried	THOUSANDS				
ALE, BEER, STOUT	187	190	191	176	169
BEET AND BEET PULP	245	187	179	160	149
CEMENT	609	586	580	556	566
FERTILISER	306	303	285	272	242
MINERAL ORES	785	850	837	734	617
PETROL AND OIL	102	68	62	67	50
GENERAL FREIGHT	1,085	1,199	1,245	1,161	1,221
Total	<u>3,319</u>	<u>3,383</u>	<u>3,379</u>	<u>3,126</u>	<u>3,014</u>
Receipts	IR£ THOUSANDS				
	<u>17,251</u>	<u>17,947</u>	<u>18,446</u>	<u>18,789</u>	<u>18,740</u>
Tonne Kilometres	THOUSANDS				
	582,479	600,911	601,014	574,355	563,095
Train Kilometres	<u>4,464</u>	<u>4,411</u>	<u>4,305</u>	<u>4,239</u>	<u>4,232</u>
Average Wagon Load	TONNES				
	<u>14.18</u>	<u>14.84</u>	<u>15.72</u>	<u>15.48</u>	<u>15.15</u>
Average Receipts	PENCE				
PER TONNE	519.76	530.51	545.90	601.06	621.76
PER TONNE KILOMETRE	2.96	2.99	3.07	3.27	3.33
PER TRAIN KILOMETRE	<u>386.45</u>	<u>406.87</u>	<u>428.48</u>	<u>443.24</u>	<u>442.82</u>



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ROAD FREIGHT OPERATIONS & RECEIPTS

	YEAR ENDED 31st DECEMBER				
	1983	1984	1985	1986	1987
Tonnes Carried	THOUSANDS				
	1,537	1,611	1,402	1,171	1,201
Vehicle Kilometres	<u>13,541</u>	<u>12,811</u>	<u>12,021</u>	<u>10,828</u>	<u>9,979</u>
Receipts	IR£ THOUSANDS				
	<u>14,690</u>	<u>15,298</u>	<u>15,050</u>	<u>14,448</u>	<u>13,743</u>
Average Receipts per Tonne	PENCE				
	<u>955.76</u>	<u>949.60</u>	<u>1,073.47</u>	<u>1,233.82</u>	<u>1,144.30</u>

NOTE: Excluding Contractors' Services.

RAIL ASSETS

Length of Railway Lines	FIRST TRACK KILOMETRES	CHANGE ON 1986	TOTAL TRACK KILOMETRES	CHANGE ON 1986
LINES OWNED BY BOARD	1,872		2,833	-9
OTHER LINES	72		120	
Total	1,944		2,953	-9

Motive Power	NUMBER		KILOMETRES (000)	
DIESEL LOCOMOTIVES	126	-4	13,563	-405
EM UNITS (SEE RAIL PASSENGER VEHICLES)	80		3,302	+174
Total	206	-4	16,865	-231

Rail Service Vehicles		
BALLAST WAGONS, TOOL VANS ETC.	347	+3

Rail Passenger Vehicles	NUMBER	CHANGE ON 1986	SEATS	CHANGE ON 1986
PASSENGER CARRIAGES	250	+4	15,951	+167
E.M. UNITS (SEE MOTIVE POWER)			7,040	
LUGGAGE VANS ETC.	74	-5		
Total	324	-1	22,991	+167

Rail Freight Vehicles	NUMBER		TONNAGE CAPACITY	
FLAT TRUCKS	970	-3	26,141	-153
SPECIALISED WAGONS ETC.	934	-5	22,616	-394
Total	1,904	-8	48,757	-547

Rail Freight Containers				
COVERED CONTAINERS	1,466	-36	18,400	-720
LANCASHIRE FLATS	41	-6	491	-120
OTHER CONTAINERS	244	-8	3,552	-120
Total	1,751	-50	22,443	-960



ROAD PASSENGER OPERATIONS & RECEIPTS

(SEE NOTES 1, 4 AND 6)

	YEAR ENDED 31st DECEMBER				
	1983	1984	1985	1986	1987
Provincial City Scheduled Services	THOUSANDS				
PASSENGER JOURNEYS	20,724	19,793	20,117	20,452	18,876
VEHICLE KILOMETRES	5,052	5,057	5,026	5,036	4,845
	IR£ THOUSANDS				
RECEIPTS	7,372	8,318	9,014	9,556	8,805
AVERAGE RECEIPTS	PENCE				
PER PASSENGER JOURNEY	35.57	42.02	44.81	46.72	46.65
PER VEHICLE KILOMETRES	145.92	164.48	179.36	189.75	181.73
Other Scheduled Services (SEE NOTES 2 & 3)	THOUSANDS				
PASSENGER JOURNEYS	41,899	41,731	41,464	43,485	43,212
VEHICLE KILOMETRES	43,577	43,323	42,895	44,332	45,169
	IR£ THOUSANDS				
RECEIPTS	36,038	38,649	42,224	44,206	43,764
AVERAGE RECEIPTS	PENCE				
PER PASSENGER JOURNEY	86.01	92.61	101.83	101.66	101.28
PER VEHICLE KILOMETRES	82.70	89.21	98.44	99.72	96.89
Tours and Private Hire (SEE NOTE 5)	THOUSANDS				
PASSENGER JOURNEYS	1,692	1,695	1,629	1,523	46
VEHICLE KILOMETRES	2,521	2,694	2,831	2,727	694
	IR£ THOUSANDS				
RECEIPTS	5,256	5,874	7,133	5,429	3,359
Dublin City Scheduled Services (SEE NOTE 2)	THOUSANDS				
PASSENGER JOURNEYS	158,245	155,958	161,783	165,199	167,147
VEHICLE KILOMETRES	47,390	45,451	45,268	45,221	45,342
	IR£ THOUSANDS				
RECEIPTS	56,436	63,319	69,362	72,972	72,688
AVERAGE RECEIPTS	PENCE				
PER PASSENGER JOURNEY	35.66	40.60	42.87	44.17	43.49
PER VEHICLE KILOMETRES	119.09	139.31	153.23	161.37	160.31

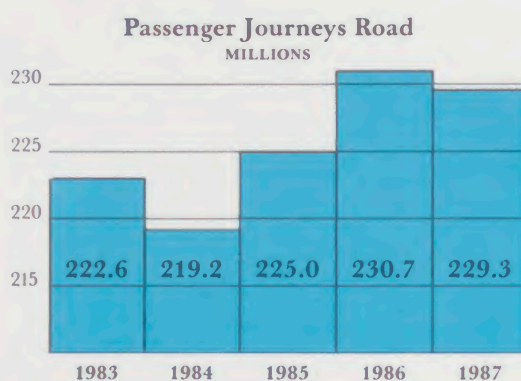


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NOTES:

- (1) Excluding Schools Transport Contractors' Services.
- (2) Day Tours and Private Hire included in 1987 figures (See Note 5 below).
- (3) Other Scheduled Services includes Provincial Long Distance, Expressway Services and Drogheda and Dundalk Town Services.
- (4) Excludes grants payable under EC Regulations.
- (5) Tours and Private Hire excludes Day Tours and Private Hire in 1987 (See Note 2 above).
- (6) Excludes miscellaneous receipts.



ROAD ASSETS

Road Passenger Vehicles	NUMBER	CHANGE ON 1986	SEATS	CHANGE ON 1986
PROVINCIAL SERVICES				
DOUBLE DECK BUSES	48	-10	3,500	-740
SINGLE DECK BUSES	1,429	-14	63,787	-956
MINI BUSES	44	-5	616	-70
TOURING COACHES	22		1,166	
MISCELLANEOUS	1			
DUBLIN CITY SERVICES				
DOUBLE DECK BUSES	702	-21	51,272	-1,556
SINGLE DECK BUSES	113		3,955	
MINI BUSES	5	+5	115	+115
Total	2,364	-45	124,411	-3,207
Service Vehicles				
Total	318	-63		
Road Freight Vehicles				
POWER UNITS				
LORRIES	72	-13		
TRACTORS	164	-21		
VANS ETC.	54	-2		
Total	290	-36		
Trailers				
ARTICULATED	344	-13		
OTHERS	4			
Total	348	-13		
Containers				
COVERED ETC.	62	-39		
FLATS	11	-19		
Total	73	-58		



