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IARNRÓD ÉIREANN - IRISH RAIL · TUARASCÁIL AGUS RÁITEÁS AIRGEADAIS

DO'N TRÉIMHSE 20ú Eanáir go 31ú Nollag 1987.

**REPORT &
FINANCIAL STATEMENTS**

PERIOD - 20th JANUARY TO 31st DECEMBER, 1987.

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DIRECTORS AND OTHER INFORMATION

DIRECTORS

MR. G.T.P. CONLON, CHAIRMAN

MR. E.J. O'CONNOR, MANAGING DIRECTOR

MR. J. DALY

MR. J. McCULLOUGH

MR. J. McLOUGHLIN

MR. T. TOBIN

SECRETARY AND REGISTERED OFFICE

MR. J.A. WATTERS

Connolly Station, Dublin 1. Tel: 01-363333 Telex: 31638 Fax: 364760

AUDITORS

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



REPORT OF THE DIRECTORS

FOR THE PERIOD 2nd FEBRUARY, 1987 TO 31st DECEMBER, 1987

The Directors submit their first report together with the audited financial statements for the period from the date of incorporation, 20th January, 1987 to 31st December, 1987.

FORMATION

The Company was incorporated on 20th January, 1987 and commenced trading on 2nd February, 1987. It is a wholly owned subsidiary of Córas Iompair Éireann.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company's principal activities are the provision of railway services and road freight services. Additionally, the Company operates Rosslare Harbour.

During the period a new management structure was implemented as a result of the setting up of the Company. Shorter journey times and greater use of air-conditioned carriages allied to a more aggressive marketing approach achieved higher passenger carryings on InterCity Services. The DART system continued to provide a high level of service and again increased its passenger carryings. The performance of the Company's freight services was maintained in the face of the difficult economic situation.

PROFIT AND RESERVES

	IR£000
Profit for the period 20th January, 1987 to 31st December, 1987	2,903
Transfer to Asset Replacement Reserve	<u>2,856</u>
Retained in Profit and Loss Account	<u><u>47</u></u>

EVENTS SINCE THE PERIOD END

The Company has since the end of the year embarked on an accelerated programme of rationalisation. Payments of IR£5.048m. have been made up to the date of the approval of the financial statements.



DIRECTORS

On incorporation of the Company, the following Directors were appointed by the Chairman of Córas Iompair Éireann with the consent of the Minister for Communications:-

Mr. G.T.P. Conlon CHAIRMAN
Mr. E.J. O'Connor MANAGING DIRECTOR
Mr. J. Daly
Mr. J. McCullough
Mr. J. McLoughlin
Mr. T. Tobin

AUDITORS

Craig Gardner and Co. were appointed Auditors during the period and have indicated their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.



G.T.P. CONLON – CHAIRMAN
E. J. O'CONNOR – MANAGING DIRECTOR

28th June, 1988

REPORT OF THE AUDITORS

To the Members of Iarnród Éireann – Irish Rail.

We have audited the financial statements on pages 6 to 27 in accordance with approved auditing standards and have obtained all the information and explanations we considered necessary.

In our opinion the Company has kept proper books of account and these statements, which are in agreement therewith, give a true and fair view of the state of affairs at 31st December, 1987 and of the profit and source and application of funds for the period 20th January, 1987 to 31st December, 1987 and give the information required by the Companies Acts, 1963 to 1986.

In our opinion the information given in the Report of the Directors on pages 3 and 4 is consistent with the financial statements.

The Companies (Amendment) Act, 1983 requires the convening of an extraordinary general meeting where the net assets are half or less than half of the amount of the called up share capital. In our opinion the balance sheet shows that such a financial situation did not exist at 31st December, 1987 and, accordingly, the convening of an extraordinary general meeting is not required.



CRAIG GARDNER & CO.,
Chartered Accountants.

Gardner House,
Wilton Place, Dublin 2.
28th June 1988.

PRINCIPAL ACCOUNTING POLICIES

a: Basis of Accounting:

The Financial Statements are prepared under the historical cost convention. They are expressed in Irish Pounds, denoted by the symbol IR£.

b: Turnover:

Turnover comprises the gross value of services provided and State Grants receivable in accordance with EC Regulations.

c: Tangible Assets, Depreciation and Provision for Renewals:

Tangible Assets are stated at net book amount which represents the historical cost of these assets less, where applicable, accumulated depreciation based on that historical cost.

The basis of calculation of depreciation and provision for renewals are as follows:

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 period 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 historical cost of the vehicles in the fleet spread over expected useful life.

Coaching stock and wagons are also depreciated on the basis of historical cost spread over expected useful life. In addition, the excess of depreciation based on replacement cost (at the beginning of the period) of rolling stock required to replace the existing fleet over the historical cost depreciation is shown as a transfer to reserves from Profit and Loss Account.

ROAD FREIGHT VEHICLES; DOCKS, HARBOURS AND WHARVES; PLANT AND MACHINERY; CATERING SERVICES EQUIPMENT

The above classes of assets are depreciated on the basis of historical cost spread over expected useful life.



d: 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.

e: 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 Period are treated as part of the Profit or Deficit for the Period.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Balance Sheet date.



f: 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 the Profit and Loss Account as they accrue.

g: Non-Repayable State Grants:

State Grants dealt with in the Profit and Loss Account represent amounts receivable during the period of the financial statements.

Non-repayable State Grants under the EC Regulations Number 1191/69 and Number 1107/70 (Article 4) are included in Turnover.

Non-Repayable State Grants under EC Regulation Number 1192/69 and Number 1107/70 (Article 3.1.(b)) are treated as an offset to Expenditure.

PROFIT AND LOSS ACCOUNT

PERIOD 20th JANUARY, 1987, TO 31st DECEMBER, 1987

	NOTES	IR£000
Turnover		
CUSTOMER RECEIPTS	2	85,261
STATE GRANTS AND ADVANCES WRITTEN-OFF	3	60,407
Total Turnover		<u>145,668</u>
OPERATING COSTS (NET)	4	133,204
Profit before Interest and Exceptional Item		<u>12,464</u>
INTEREST PAYABLE	5	8,665
Profit before Exceptional Item		<u>3,799</u>
EXCEPTIONAL ITEM	6	896
Profit for the Period	7	<u>2,903</u>
Transfer to Reserves	16	2,856
Accumulated Profit at end of the Period		<u><u>47</u></u>



G.T.P. CONLON – CHAIRMAN
E. J. O'CONNOR – MANAGING DIRECTOR

28th June, 1988

BALANCE SHEET

AS AT 31st DECEMBER, 1987

	NOTES	IR£000
Fixed Assets		
TANGIBLE ASSETS	8	189,961
FINANCIAL ASSETS	9	16
		<u>189,977</u>
Current Assets		
STOCKS OF STORES	10	21,751
DEBTORS	11	14,011
CASH AT BANK AND IN HAND		811
		<u>36,573</u>
Creditors (AMOUNTS FALLING DUE WITHIN ONE YEAR)	12	<u>46,548</u>
Net Current Liabilities		<u>(9,975)</u>
Total Assets Less Current Liabilities		<u>180,002</u>
Financed by:		
Creditors (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)	13	149,246
Provisions for Liabilities and Charges	14	4,853
		<u>154,099</u>
Capital and Reserves		
CALLED UP SHARE CAPITAL	15	23,000
ASSET REPLACEMENT RESERVE	16	2,856
PROFIT AND LOSS ACCOUNT		47
		<u>25,903</u>
		<u>180,002</u>



G.T.P. CONLON – CHAIRMAN
E. J. O'CONNOR – MANAGING DIRECTOR

28th June, 1988

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

Source	IR£000	IR£000
PROFIT (AFTER STATE GRANTS OF IR£61.381m. AND STATE ADVANCES WRITTEN OFF OF IR£11.907m.—SEE NOTE 3)		2,903
ADJUSTMENT FOR ITEM NOT INVOLVED IN MOVEMENT OF FUNDS		
DEPRECIATION		7,195
Funds Generated by Operations		10,098
Funds from Other Sources		
ISSUE OF SHARES		23,000*
LOAN FROM CÓRAS IOMPAIR ÉIREANN		193,705*
		<u>226,803</u>
 Application		
NET ASSETS TRANSFERRED FROM CÓRAS IOMPAIR ÉIREANN		216,705*
CAPITAL EXPENDITURE		13,904
REDUCTION OF LOAN FROM CÓRAS IOMPAIR ÉIREANN	44,459	
LESS SETTLEMENT OF INTEREST COSTS DEFERRED	<u>17,295</u>	<u>27,164</u>
		<u>257,773</u>
Decrease in Working Capital		30,970
BEING:		
DECREASE IN STOCKS OF STORES		2,952
DECREASE IN DEBTORS		1,661
INCREASE IN CREDITORS AND PROVISIONS		27,162
		<u>31,775</u>
INCREASE IN CASH AT BANK AND IN HAND		805
		<u>30,970</u>

*These amounts arose on transfer of the business from Córas Iompair Éireann — see Note 1.

G.T.P. CONLON — CHAIRMAN
E. J. O'CONNOR — MANAGING DIRECTOR

28th June, 1988



NOTES

TO THE FINANCIAL STATEMENTS

1. FORMATION OF COMPANY

Iarnród Éireann – Irish Rail was incorporated as a Limited Company on 20th January, 1987 under the provisions of the Companies Act 1963-1986 and in accordance with the duties and powers stated in Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986 as a wholly owned subsidiary of Córas Iompair Éireann, a Statutory Company formed under the provisions of the Transport Act, 1950. Net Assets as follows were transferred to the Company from Córas Iompair Éireann on 2nd February, 1987 on which date Iarnród Éireann – Irish Rail commenced trading:-

	IR£000
FIXED ASSETS	183,268
STOCKS	24,703
DEBTORS AND CASH	15,678
INTEREST COSTS DEFERRED	17,295
CREDITORS	<u>(24,239)</u>
	<u>216,705</u>
Represented by:	
SHARE CAPITAL	23,000
LOAN FROM CÓRAS IOMPAIR ÉIREANN	<u>193,705</u>
	<u>216,705</u>

As these are the first financial statements of the Company no comparatives are presented.

2. CUSTOMER RECEIPTS

	IR£000
MAINLINE RAIL	54,531
BRAY/HOWTH SUBURBAN RAIL SERVICES	6,752
ROAD FREIGHT	16,739
ROSSLARE HARBOUR	3,629
CATERING SERVICES	<u>3,610</u>
Total	<u>85,261</u>



3. STATE GRANTS

The Grants payable to the Company via Córas Iompair Éireann are in accordance with the relevant EC Regulations governing State Aid to railway undertakings. These regulations are as follows:-

(a) EC REGULATION NO. 1191/69

This Regulation enables payment of compensation by the State to rail 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

This regulation 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 arising from exemption from payment of certain social welfare 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

This Regulation specifies certain additional circumstances in which State Aid may be paid to transport underakings. Under this Regulation payments may be made in respect of:-

50% of infrastructure costs in respect of rail freight (Article 3.1 (b)).

Residual deficits on railway operations.

Particulars of the Exchequer grants of IR£61,381,000 received in 1987 are given in the following table, showing the relevant provision of EC Regulations.



	EC Regulation Number		TOTAL
	1191/69	1107/70 (Article 4)	
	IR£000	IR£000	IR£000
TURNOVER RELATED			
Mainline Rail			
OPERATION OF PASSENGER SERVICES	35,665	—	35,665
RESIDUAL DEFICIT GRANTS	—	7,502	7,502
	<u>35,665</u>	<u>7,502</u>	<u>43,167</u>
Bray/Howth Services			
OPERATION OF PASSENGER SERVICES	5,333	—	5,333
Total	<u>40,998</u>	<u>7,502</u>	<u>48,500</u>
	1192/69	1107/70 (Article 3.1.(b))	TOTAL
	IR£000	IR£000	IR£000
EXPENDITURE RELATED			
Mainline Rail			
NORMALISATION OF ACCOUNTS			
CLASS III (PENSIONS)	6,259	—	6,259
CLASS IV (LEVEL CROSSINGS)	1,278	—	1,278
INFRASTRUCTURE GRANT (FREIGHT)	—	4,888	4,888
	<u>7,537</u>	<u>4,888</u>	<u>12,425</u>
Bray/Howth Services			
NORMALISATION OF ACCOUNTS			
CLASS III (PENSIONS)	441	—	441
Class IV (Level Crossings)	15	—	15
	<u>456</u>	<u>—</u>	<u>456</u>
TOTAL	<u>7,993</u>	<u>4,888</u>	<u>12,881</u>
STATE GRANTS - TOTAL			<u>61,381</u>



STATE ADVANCES WRITTEN OFF

Section (2) of the Transport Act, 1987 discharged Córas Iompair Éireann's liability to repay State Advances totalling IR£44.459m. made under Section 4(1) of the Transport Act, 1964, and interest thereon.

The Minister for Tourism and Transport'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£000	
15,782	is considered to be in lieu of State Grant payable under EC Regulation No. 1191/69, and accordingly has been set off against Interest Costs Deferred at 31st December, 1986 which were previously held in the books of Córas Iompair Éireann and which were transferred to the Company on the 2nd February, 1987.
16,770	is considered to be in lieu of State Grant payable under EC Regulation No. 1191/69 in respect of the Financial Charges on the Bray/Howth Suburban Railway Services for 1987.
11,907	is considered to be in lieu of State Grant payable under EC Regulation No. 1107/70 (Article 4) in respect of Railway (other than Bray/Howth Suburban) Services in 1987.
<u>44,459</u>	

- (i) The amount of IR£16.770m. which is offset against Interest Payable, has been apportioned between Córas Iompair Éireann and the Company. Interest Payable Account in the Company has, therefore, been reduced by IR£15.257m. See Note 5.
- (ii) The amount of IR£11.907m. has been included in the State Grants and Advances Written Off figure of IR£60.407m. in the Profit and Loss Account.
- (iii) State Grants and Advances Written Off IR£60.407m. in Profit and Loss Account comprises:-

	IR£000
State Advances Written Off	11,907
State Grants Payable Under EC Regulations Nos. 1191/69 and 1107/70 (ARTICLE 4)	48,500
	<u>60,407</u>



4. OPERATING COSTS (NET)

(a) Staff Costs	IR£000
WAGES AND SALARIES	79,788
SOCIAL WELFARE COSTS	6,750
OTHER PENSION COSTS	8,421
	<u>94,959</u>
LESS OWN WORK CAPITALISED	8,902
	<u>86,057</u>
(b) Materials & Services	
FUEL & ELECTRIC TRACTION	7,691
ROAD TAX & LICENCES	147
RATES	867
OPERATING LEASE PAYMENTS	194
AUDITORS' REMUNERATION	37
MAINTENANCE ROLLING STOCK	7,517
MAINTENANCE LINES AND WORKS	3,600
OPERATING AND OTHER COSTS	23,250
	<u>43,303</u>
(c) Directors' Remuneration	
EMOLUMENTS – FOR SERVICES AS DIRECTORS	1
– FOR OTHER SERVICES	56
	<u>57</u>
(d) Depreciation	<u>7,195</u>
(e) Provision for Renewals of Lines & Works	<u>9,473</u>
	<u>146,085</u>
(f) Less State Grants Expenditure Related (SEE NOTE 3)	<u>12,881</u>
Operating Costs (Net)	<u><u>133,204</u></u>



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

	<u>IR£000</u>	X
RAILWAY	6,244	
ROAD FREIGHT	457	
ROSSLARE HARBOUR	83	
CATERING	185	
	<u>6,969</u>	

5. INTEREST PAYABLE	IR£000
ON LOAN FROM HOLDING COMPANY	23,922
LESS:	
STATE ADVANCES WRITTEN OFF – SEE NOTE 3	<u>15,257</u>
	<u>8,665</u>



6. EXCEPTIONAL ITEM	IR£000
Staff Compensation	
VOLUNTARY SEVERANCE PAID	<u>896</u>

7. NET PROFIT

The profit for the period amounts to IR£2.903m.

The financial results of the business sectors within the Company show the following profits:-

	IR£000
MAINLINE RAIL	905
BRAY/HOWTH SUBURBAN RAIL	—
ROAD FREIGHT	290
ROSSLARE HARBOUR	1,597
CATERING SERVICES	111
	<u>2,903</u>

The Working Accounts for these business sectors are shown in Note 20.

No tax charge arises on the profits for the period because certain revenues of the Company are not brought into account for tax purposes.

8. TANGIBLE ASSETS

	*2nd FEB 1987 IR£000	ADDITIONS IR£000	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 FREIGHT VEHICLES	6,367	(4)	(586)	5,777
PLANT AND MACHINERY	74,738	3,009	(1,334)	76,413
CATERING EQUIPMENT	118	60	—	178
DOCKS, HARBOURS & WHARVES	5,923	1,180	—	7,103
Total	<u>222,813</u>	<u>13,904</u>	<u>(2,278)</u>	<u>234,439</u>

	*2nd FEB 1987 IR£000	CHARGE FOR PERIOD 2nd FEB 1987- 31st DEC 1987 IR£000	DISPOSALS IR£000	31st DEC 1987 IR£000
Depreciation				
RAIL ROLLING STOCK	17,319	2,992	(358)	19,953
ROAD FREIGHT VEHICLES	5,922	174	(586)	5,510
PLANT AND MACHINERY	15,659	3,902	(1,334)	18,227
CATERING EQUIPMENT	63	19	—	82
DOCKS, HARBOURS & WHARVES	598	108	—	706
Total	<u>39,561</u>	<u>7,195</u>	<u>(2,278)</u>	<u>44,478</u>

	*2nd FEB 1987 IR£000	31st DEC 1987 IR£000
Net Book Amounts		
RAILWAY LINES & WORKS	8,838	8,844
RAIL ROLLING STOCK	109,510	116,171
ROAD FREIGHT VEHICLES	445	267
PLANT AND MACHINERY	59,079	58,186
CATERING EQUIPMENT	55	96
DOCKS, HARBOURS & WHARVES	5,325	6,397
Total	<u>183,252</u>	<u>189,961</u>

*These amounts were transferred from C oras Iompair  ireann on 2nd February, 1987.



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

Railway Lines and Works – Note (b)	
Rolling Stock	20-50 years
Road freight Vehicles	6-10 years
Plant and Machinery	3-25 years
Docks, Harbours and Wharves	50 years
Catering Services Equipment	4 years

- (b) Railway Lines and Works are not depreciated – See Accounting Policy c.

- (c) The amounts included in the original cost of the various Fixed Assets include IR£27.142m. in capitalised interest charges relating to the Bray/Howth Suburban Railway Electrification Scheme which was completed in 1984.

9. FINANCIAL ASSETS

Trade Investments – Listed Shares	IR£000
COST	50
PROVISION FOR DIMINUTION IN VALUE	34
NET BOOK AMOUNTS AT 31ST DECEMBER, 1987	<u>16</u>
MARKET VALUE AT 31ST DECEMBER, 1987	<u>16</u>



10. STOCKS OF STORES

	IR£000
MAINTENANCE MATERIALS AND SPARE PARTS	17,209
FUEL, LUBRICANTS AND OTHER SUNDRY STOCKS	4,542
	<u>21,751</u>

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

The replacement value of stocks is not materially different from their book value.

11. DEBTORS

	IR£000
TRADE DEBTORS	9,970
AMOUNTS OWED BY FELLOW SUBSIDIARY COMPANY	1,630
OTHER DEBTORS AND ACCRUED INCOME	2,411
	<u>14,011</u>

All amounts included above fall due within one year.

12. CREDITORS

(AMOUNTS FALLING DUE WITHIN ONE YEAR)

	IR£000
BANK OVERDRAFT	1,304
TRADE CREDITORS	6,829
LOAN FROM HOLDING COMPANY	10,707
AMOUNTS OWED TO HOLDING AND FELLOW SUBSIDIARY COMPANIES	13,286
AMOUNTS DEDUCTED UNDER P.A.Y.E.	2,373
PAY RELATED SOCIAL INSURANCE	1,539
VALUE ADDED TAX	507
OTHER CREDITORS	1,980
EQUALISATION ACCOUNT FOR RENEWAL OF LINES AND WORKS	109
ACCRUALS AND DEFERRED INCOME	7,914
	<u>46,548</u>
CREDITORS FOR TAXATION AND SOCIAL WELFARE INCLUDED ABOVE	<u>4,419</u>

13. CREDITORS

(AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	IR£000
LOANS REPAYABLE TO HOLDING COMPANY AS FOLLOWS:-	
BETWEEN ONE AND TWO YEARS	15,215
BETWEEN TWO AND FIVE YEARS	51,808
AFTER FIVE YEARS	82,223
	<u>149,246</u>



14. PROVISIONS FOR LIABILITIES AND CHARGES

	IR£000
INSURANCE CLAIMS	
BALANCE AT START OF PERIOD, TRANSFERRED FROM HOLDING COMPANY AT 2nd FEBRUARY, 1987	3,795
UTILISED DURING THE PERIOD	(1,382)
TRANSFER FROM PROFIT AND LOSS ACCOUNT	<u>2,440</u>
	<u><u>4,853</u></u>

Córas Iompair Éireann holds, on behalf of the Company, 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 incident.

Any losses not covered by external insurance are charged to Profit and Loss Account and unsettled amounts are included in Provision for Liabilities and Charges.

15. SHARE CAPITAL

	IR£000
Authorised	
ORDINARY SHARES OF IR£1 EACH	<u>75,000</u>
Allotted and Fully Paid	
ORDINARY SHARES OF IR£1 EACH	<u><u>23,000</u></u>

These shares were issued in exchange for net assets transferred from Córas Iompair Éireann on 2nd February, 1987.

16. ASSET REPLACEMENT RESERVE

	IR£000
TRANSFER FROM PROFIT AND LOSS ACCOUNT	<u>2,856</u>

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

17. LEASE TRANSACTIONS

(a) The Company had commitments under finance leases at 31st December, 1987 as set out below:-

	IR£000
PAYABLE WITHIN ONE YEAR	<u>96</u>

(b) At 31st December, 1987 the Company had annual commitments of IR£0.637m. under operating leases which expire as set out below:-

	IR£000
WITHIN ONE YEAR	39
BETWEEN TWO AND FIVE YEARS	<u>598</u>
	<u>637</u>



18. PENSIONS

The Board of Córas Iompair Éireann operates defined benefit pension schemes for established employees of itself and of its Subsidiary Companies, including Iarnród Éireann – Irish Rail. Contributions by the Board, the Companies and their employees are invested in separately administered pension funds. In the case of the Regular Wages Pension Schemes and the CIE 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 CIE 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 accrual 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 CIE 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 CIE 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 was 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 of Córas Iompair Éireann 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. For the period there was a shortfall of IR£1,090,332 in the cash resources of the Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme. During the period, the resources of the other funds, for which this obligation exists, were sufficient to meet the immediate cash requirements.

19. CAPITAL COMMITMENTS

	IR£000
CONTRACTED FOR	2,721
AUTHORISED BY THE DIRECTORS BUT NOT CONTRACTED FOR	1,871
	<u>4,592</u>



20. WORKING ACCOUNTS

(a) MAINLINE RAIL SECTOR (EXCLUDING BRAY/HOWTH RAIL
SUBURBAN SERVICES)

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

Turnover	IR£000
PASSENGER TRAIN TRAFFIC	36,116
GOODS TRAIN TRAFFIC	17,205
MISCELLANEOUS	1,210
	<u>54,531</u>
STATE GRANTS EC REGULATION 1191/69	35,665
EC REGULATION 1107/70 (ARTICLE 4)	7,502
STATE ADVANCES WRITTEN OFF: EC REGULATION 1107/70 (ARTICLE 4)	11,907
Total Receipts	<u>109,605</u>
Operating Costs	
MAINTENANCE OF LINES & WORKS	17,793
MAINTENANCE OF ROLLING STOCK	21,170
FUEL	5,333
OPERATING AND OTHER EXPENSES	56,313
PROVISION FOR RENEWAL OF LINES & WORKS	9,103
OPERATING DEPRECIATION	2,974
Total Expenditure	<u>112,686</u>
DEDUCT:-	
STATE GRANTS: EC REGULATION 1192/69	7,537
EC REGULATION 1107/70 (ARTICLE 3.1.(B))	4,888
	<u>12,425</u>
Net Expenditure	<u>100,261</u>
Operating Profit	9,344
INTEREST PAYABLE LESS INTEREST RECEIVABLE	8,439
Net Profit	<u>905</u>



(b) BRAY/HOWTH SUBURBAN RAIL SERVICES SECTOR

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

	IR£000
Turnover	
PASSENGER TRAFFIC	6,535
MISCELLANEOUS	217
	<u>6,752</u>
STATE GRANT: EC REGULATION 1191/69	5,333
Total Receipts	<u>12,085</u>
Operating Costs	
MAINTENANCE OF LINES & WORKS	1,182
MAINTENANCE OF ROLLING STOCK	1,471
FUEL (INCLUDING ELECTRICITY FOR TRACTION)	1,107
OPERATING AND OTHER EXPENSES	5,020
PROVISION FOR RENEWAL OF LINES AND WORKS	370
OPERATING DEPRECIATION	3,391
Total Expenditure	<u>12,541</u>
DEDUCT:-	
STATE GRANT: EC REGULATION 1192/69	456
Net Expenditure	<u>12,085</u>
	<u>—</u>
INTEREST PAYABLE LESS INTEREST RECEIVABLE	15,257
DEDUCT:-	
SPECIAL STATE GRANT: EC REGULATION 1191/69	15,257
	<u>—</u>
	<u><u>—</u></u>



(c) ROAD FREIGHT SECTOR

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

Turnover	IR£000
GOODS SERVICES	16,370
MISCELLANEOUS	369
Total Receipts	<u>16,739</u>
Operating Costs	
MAINTENANCE OF BUILDINGS	71
MAINTENANCE OF VEHICLES & EQUIPMENT	2,698
FUEL	1,251
ROAD TAX & LICENCES	147
OPERATING & OTHER EXPENSES	11,934
OPERATING DEPRECIATION	186
Total Expenditure	<u>16,287</u>
Operating Profit	452
INTEREST PAYABLE LESS INTEREST RECEIVABLE	162
Net Profit	<u>290</u>



(d) ROSSLARE HARBOUR SECTOR

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

	IR£000
Turnover	
HARBOUR SERVICES	<u>3,629</u>
Operating Costs	
MAINTENANCE, OPERATING & OTHER EXPENSES	1,860
OPERATING DEPRECIATION	<u>118</u>
Total Expenditure	<u>1,978</u>
Operating Profit	1,651
INTEREST PAYABLE LESS INTEREST RECEIVABLE	<u>54</u>
Net Profit	<u><u>1,597</u></u>



(e) CATERING SERVICES SECTOR

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

Turnover	IR£000
REFRESHMENT ROOMS AND RESTAURANT CARS	<u>3,610</u>
Operating Costs	
MAINTENANCE OF BUILDINGS, CARS & EQUIPMENT	130
PROVISIONS	1,648
OTHER DIRECT EXPENSES	1,395
OTHER EXPENDITURE	<u>316</u>
Total Expenditure	<u>3,489</u>
Operating Profit	121
INTEREST PAYABLE LESS INTEREST RECEIVABLE	<u>10</u>
Net Profit	<u><u>111</u></u>

Total Expenditure in the above Working Accounts for the Business Sectors of the Company include the Exceptional Item, IR£0.896m., for voluntary severance payments.



21. POST BALANCE SHEET EVENT

The Company has since the end of the year embarked on an accelerated programme of rationalisation. Payments of IR£5.048m. have been made up to the date of the approval of the financial statements.

22. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements on 28th June, 1988.

VALUE ADDED STATEMENT

PERIOD 20th JANUARY, 1987 TO 31st DECEMBER, 1987

	IR£000	IR£000
Value Added Generated		
TURNOVER (INCLUDING STATE GRANTS OF IR£48.500m. AND STATE ADVANCES WRITTEN OFF OF IR£11.907m.)		145,668
ADD: OWN WORK CAPITALISED		8,902
EXPENDITURE RELATED STATE GRANTS		12,881
LESS: COST OF MATERIALS AND SERVICES UTILISED	43,303	
EXCEPTIONAL ITEM	<u>896</u>	<u>44,199</u>
		<u><u>123,252</u></u>
Application of Value Added		
NET COMPENSATION OF EMPLOYEES WITH PENSIONS COSTS		66,690
TO GOVERNMENT		
- PAYROLL TAXES		28,326
TO PROVIDERS OF CAPITAL		
- FINANCING INTEREST	23,922	
- STATE ADVANCES WRITTEN OFF	<u>(15,257)</u>	8,665
PROVISION FOR FUTURE INVESTMENT		
- DEPRECIATION	7,195	
- PROVISION FOR RENEWAL OF LINES AND WORKS	<u>9,473</u>	16,668
NET PROFIT		<u><u>2,903</u></u>
		<u><u>123,252</u></u>



