

IARNRÓD ÉIREANN - IRISH RAIL
TUARASCÁIL BHLIANTÚIL AGUS RÁITIS
AIRGEADAIS

DO'N BLIAN GO 31ú NOLLAG 1988



ANNUAL REPORT &
FINANCIAL STATEMENTS
YEAR TO 31st DECEMBER 1988



CONTENTS

Directors and Other Information	3
Report of the Directors	4
Report of the Auditors	5
Accounting Policies	6-7
Profit and Loss Account	8
Balance Sheet	9
Statement of Source and Application of Funds	10
Notes to the Financial Statements	11-23
Value Added Statement	24



DIRECTORS AND OTHER INFORMATION

DIRECTORS

Mr. G.T. Paul 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.
Telephone 01-363333
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AUDITORS

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

REPORT OF THE DIRECTORS FOR YEAR ENDED 31ST DECEMBER, 1988

The Directors submit their second report together with the audited financial statements for the year ended 31st December, 1988.

1. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

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

The Company had a satisfactory year. InterCity trains provided speedy and comfortable services between Dublin and the major provincial towns. Holiday breaks, by rail, in conjunction with the hotel industry, were successfully marketed throughout the country. Dublin suburban rail services operated satisfactorily during the year, with DART continuing to offer punctual commuter services. The Company maintained its position in the freight market, despite ever increasing competition.

Road Freight and Catering Services recorded profitable performances, maintaining the trend recorded in previous years.

Rosslare Harbour operations were managed on a profitable basis. The present development of the harbour, which will be completed in the summer of 1989, is being financed out of its own revenues.

2. RESULT AND RESERVES

The financial statements for the year ended 31st December, 1988 are set out in detail from Pages 6 to 23. A summary of results is as follows:-

	1988
	IR£000
Profit for the year	3,499
Transfer to Asset Replacement Reserve	3,073
Retained in Profit and Loss Account	<u>426</u>

3. DIRECTORS

At 31st December, 1988 the following were the Directors who had been appointed by the Chairman of Coras Iompair Eireann with the consent of the Minister of Communications and they have served as Directors for the entire financial year:-

Mr. G.T. Paul Conlon—Chairman
 Mr. E.J. O'Connor—Managing Director
 Mr. J. Daly
 Mr. J. McCullough
 Mr. J. McLoughlin
 Mr. T. Tobin

4. AUDITORS

Craig Gardner and Co. Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

G.T. PAUL CONLON—DIRECTOR

E.J. O'CONNOR—MANAGING DIRECTOR

4th AUGUST, 1989

REPORT OF THE AUDITORS

To the members of Iarnrod Eireann – Irish Rail.

We have audited the financial statements on pages 6 to 23 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, 1988 and of the profit and source and application of funds for the year ended on that date 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 page 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, 1988 and, accordingly, the convening of an extraordinary general meeting is not required.

Craig Gardner and Co.,
Chartered Accountants,
Gardner House,
Wilton Place,
Dublin 2.
4th August, 1989

PRINCIPAL ACCOUNTING POLICIES

a BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention and are expressed in Irish pounds, denoted by the symbol IR£.

b REVENUE:

Revenue 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 bases 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 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 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 year) 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 bases of historical cost spread over the 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 year from ordinary activities.

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

f LEASED ASSETS:

The Company had no tangible assets financed by leasing agreements which give rights approximating to ownership i.e. finance leases.

The Company has, however, other leases i.e. operating leases. Their rentals are charged to profit and loss account as they accrue.

g NON-REPAYABLE STATE GRANTS:

- i Non-Repayable State Grants dealt with in the profit and loss account represent amounts receivable during the year under Votes of Dail Eireann.
- ii Non-Repayable State Grants under EC Regulation Number 1191/69 are included in revenue 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 (Article 4) are included in revenue.
- 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.

PROFIT AND LOSS ACCOUNT

	NOTES	Year Ended 31st Dec. 88 IR£000	Period 20 Jan. 87 to 31st Dec. 87 IR£000
REVENUE			
Customer Receipts	2	95,762	85,261
State Grants (1987 included State Advances written-off IR£11.907m.) (see i below)	3	64,879	60,407
TOTAL REVENUE		<u>160,641</u>	<u>145,668</u>
COSTS			
Operating Costs	4	(154,487)	(146,085)
State Grants (see i below)	3	13,614	12,881
Operating Costs (Net)		<u>(140,873)</u>	<u>(133,204)</u>
PROFIT BEFORE INTEREST AND EXCEPTIONAL ITEM		<u>19,768</u>	<u>12,464</u>
Interest Payable	5	(18,919)	(23,922)
State Grant (1987 – State Advances written-off IR£15.257m.) (see i below)	3	11,650	15,257
Total Interest	5	<u>(7,269)</u>	<u>(8,665)</u>
PROFIT BEFORE EXCEPTIONAL ITEM		12,499	3,799
Exceptional Item	6	<u>(9,000)</u>	<u>(896)</u>
PROFIT FOR THE PERIOD		3,499	2,903
TRANSFER TO RESERVE	16	<u>(3,073)</u>	<u>(2,856)</u>
INCREASE IN BALANCE DURING PERIOD	7	426	47
ACCUMULATED SURPLUS AT BEGINNING OF PERIOD		<u>47</u>	<u>–</u>
ACCUMULATED SURPLUS AT END OF PERIOD		<u>473</u>	<u>47</u>

- i Total State Grants included above amount to IR£90,143,000 (20th Jan to 31st Dec. 1987, IR£88,545,000 including State Advances of IR£27,164,000 written-off in lieu of State Grants not received).
- ii The Company was incorporated on 20th January, 1987 and commenced trading on 2nd February, 1987.
- iii Movement on other reserves is shown in Note 16.

BALANCE SHEET

AS AT 31st DECEMBER

		1988	1987
	NOTES	IR£000	IR£000
FIXED ASSETS			
Tangible Assets	8	188,949	189,961
Financial Assets	9	16	16
		<u>188,965</u>	<u>189,977</u>
CURRENT ASSETS			
Stocks of Stores	10	20,638	21,751
Debtors	11	11,849	14,101
Cash at Bank and in Hand		38	81
		<u>32,525</u>	<u>36,663</u>
CREDITORS			
(amounts falling due within one year)	12	<u>(25,992)</u>	<u>(35,931)</u>
NET CURRENT ASSETS		6,533	732
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>195,498</u>	<u>190,709</u>
FINANCED BY:			
CREDITORS			
(amounts falling due after more than one year)	13	159,953	159,953
PROVISION FOR			
LIABILITIES AND CHARGES	14	<u>6,143</u>	<u>4,853</u>
		166,096	164,806
CAPITAL AND RESERVES			
Called Up Share Capital	15	23,000	23,000
Asset Replacement Reserve	16	5,929	2,856
Profit and Loss Account		473	47
		<u>29,402</u>	<u>25,903</u>
		<u>195,498</u>	<u>190,709</u>

G.T. PAUL CONLON—CHAIRMAN

E.J. O'CONNOR—MANAGING DIRECTOR

4th AUGUST, 1989.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
SOURCE/(APPLICATION)		
Profit for the year after State Grants of IR£90,143,000 (1987, IR£88,545,000, including State Advances of IR£27,164,000 written-off in lieu of State Grants not received)	3,499	2,903
Adjustment for item not involving movement of funds:		
Depreciation of Tangible Assets	<u>8,290</u>	<u>7,195</u>
Funds Generated by Operations	11,789	10,098
Issue of Shares	-	23,000
Loan from Coras Iompair Eireann	<u>-</u>	<u>193,705</u>
	<u>11,789</u>	<u>226,803</u>
Net Assets transferred from C.I.E.	-	<u>(216,705)</u>
Capital Expenditure	<u>(7,278)</u>	<u>(13,904)</u>
Reduction of Loan from C.I.E.	-	(44,459)
Settlement of Interest Costs Deferred	-	<u>17,295</u>
		<u>(27,164)</u>
	<u>(7,278)</u>	<u>(257,773)</u>
NET INCREASE/(DECREASE) IN WORKING CAPITAL	<u>4,511</u>	<u>(30,970)</u>
being:		
(Decrease) in Stocks of Stores	(1,113)	(2,952)
(Decrease) in Debtors	(2,252)	(1,571)
Decrease/(Increase) in Creditors and Provisions	<u>7,653</u>	<u>(24,420)</u>
	4,288	(28,943)
Decrease/(Increase) in Net Short-Term Borrowings	<u>223</u>	<u>(2,027)</u>
	<u>4,511</u>	<u>(30,970)</u>

G.T. PAUL CONLON—CHAIRMAN

E.J. O'CONNOR—MANAGING DIRECTOR

4th AUGUST, 1989.

NOTES TO THE FINANCIAL STATEMENTS

1. STATUS OF COMPANY

Iarnrod Eireann - Irish Rail was incorporated on 20th January, 1987 under the provisions of the Companies Acts 1963-1986 and in accordance with Section 6 of the Transport (Re-Organisation of Coras Iompair Eireann) Act, 1986 as a wholly owned subsidiary of Coras Iompair Eireann, a statutory body formed under the provisions of the Transport Act, 1950. Net Assets were transferred to the Company from CIE on 2nd February, 1987 on which date Iarnrod Eireann - Irish Rail commenced trading.

In accordance with Section 7 (3) of the Transport (Re-Organisation of Coras Iompair Eireann) Act, 1986, Iarnrod Eireann - Irish Rail is exempt from the requirement of the Companies Act, 1963 to include the word "Limited" in its title.

2. CUSTOMER RECEIPTS

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Mainline Rail	61,135	54,531
Bray/Howth Suburban Rail Services	8,206	6,752
Road Freight	17,994	16,739
Rosslare Harbour	4,032	3,629
Catering Services	4,395	3,610
TOTAL	<u>95,762</u>	<u>85,261</u>

3. STATE GRANTS

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

- a EC Regulations No. 1191/69: 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: 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.

NOTES (CONTINUED)**3. STATE GRANTS (CONTINUED)**

- 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]).
 - Residual deficits on railway operations. (Article 4).

Particulars of the State grants of IR£78,493,000 received in 1988 are given in the following table, showing the relevant provision of EC Regulations.

	EC REGULATION NUMBER		
	1191/69	1107/70 (Article 4)	1988
	IR£000	IR£000	IR£000
REVENUE RELATED			
Mainline Rail			
Operation of Passenger Services	40,249	—	40,249
Residual Deficit Grants	—	19,542	19,542
	40,249	19,542	59,791
Bray/Howth Services			
Operation of Passenger Services	5,088	—	5,088
TOTAL	45,337	19,542	64,879
	1192/69	1107/70 (Art. 3.1[b])	1988
	IR£000	IR£000	IR£000
EXPENDITURE RELATED			
Mainline Rail			
Normalisation of Accounts			
Class III (Pensions)	6,871	—	6,871
Class IV (Level Crossings)	1,579	—	1,579
Infrastructure Grant (Freight)	—	4,690	4,690
	8,450	4,690	13,140
Bray/Howth Services			
Normalisation of Accounts			
Class III (Pensions)	467	—	467
Class IV (Level Crossings)	7	—	7
	474	—	474
TOTAL	8,924	4,690	13,614
TOTAL			78,493
State Grant for DART Interest			11,650
TOTAL STATE GRANTS RECEIVED			90,143

4. OPERATING COSTS

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
STAFF COSTS		
Wages & Salaries	78,945	79,788
Social Welfare Costs	7,373	6,750
Other Pension Costs	9,120	8,421
	<u>95,438</u>	<u>94,959</u>
Own Work Capitalised and Engineering Work for Group Companies	<u>(5,058)</u>	<u>(8,902)</u>
NET STAFF COSTS	<u>90,380</u>	<u>86,057</u>
MATERIALS & SERVICES		
Fuel & Electric Traction	8,049	7,691
Road Tax & Licences	142	147
Rates	1,046	867
Auditors' Remuneration	39	37
Maintenance Rolling Stock	8,891	7,517
Maintenance Lines and Works	5,377	3,600
Operating and Other Costs	<u>23,240</u>	<u>23,444</u>
	<u>46,784</u>	<u>43,303</u>
DIRECTORS' REMUNERATION		
Emoluments		
- For Services as Directors	1	1
- For Other Services	64	56
	<u>65</u>	<u>57</u>
DEPRECIATION	<u>8,290</u>	<u>7,195</u>
PROVISION FOR RENEWALS OF LINES & WORKS	<u>8,968</u>	<u>9,473</u>
TOTAL OPERATING COSTS	<u>154,487</u>	<u>146,085</u>

NOTES (CONTINUED)

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

	STAFF NUMBERS	
	1988	1987
Railway	5,792	6,231
Road Freight	401	457
Rosslare Harbour	72	83
Catering	202	203
TOTAL	<u>6,467</u>	<u>6,974</u>

NOTES (CONTINUED)

5. INTEREST PAYABLE	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
On Loan from Holding Company	18,919	23,922
State Grant (Note 3)	<u>(11,650)</u>	<u>(15,257)</u>
	<u>7,269</u>	<u>8,665</u>
6. EXCEPTIONAL ITEM	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Voluntary Severance	<u>9,000</u>	<u>896</u>

7. NET PROFIT

The profit retained in the year to 31st December, 1988 amounts to IR£0.426m. (20th January to 31st December, 1987 IR£0.047m.).

The financial results of the business sectors within the Company for the year show the following profits/(deficits):-

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Mainline Rail	(1,989)	(1,951)
Bray/Howth Suburban Rail	—	—
Road Freight	378	290
Rosslare Harbour	1,858	1,597
Catering Services	<u>179</u>	<u>111</u>
	<u>426</u>	<u>47</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	1st January 1988	Additions	Disposals	31st Dec. 1988
	IR£000	IR£000	IR£000	IR£000
COST				
Railway Lines & Works	8,844	141	—	8,985
Rail Rolling Stock	136,124	2,407	(124)	138,407
Road Freight Vehicles	5,777	208	—	5,985
Plant and Machinery	76,413	2,403	(2,218)	76,598
Catering Equipment	178	11	—	189
Docks, Harbours & Wharves	7,103	2,108	—	9,211
TOTAL	<u>234,439</u>	<u>7,278</u>	<u>(2,342)</u>	<u>239,375</u>

NOTES (CONTINUED)

	1st January 1988	Charge for Year	Disposals	31st Dec. 1988
	IR£000	IR£000	IR£000	IR£000
DEPRECIATION				
Rail Rolling Stock	19,953	3,616	(124)	23,445
Road Freight Vehicles	5,510	159	—	5,669
Plant and Machinery	18,227	4,352	(2,218)	20,361
Catering Equipment	82	21	—	103
Docks, Harbours & Wharves	706	142	—	848
TOTAL	<u>44,478</u>	<u>8,290</u>	<u>(2,342)</u>	<u>50,426</u>

	1st January 1988	31st Dec. 1988
	IR£000	IR£000
NET BOOK AMOUNTS		
Railway Lines & Works	8,844	8,985
Rail Rolling Stock	116,171	114,962
Road Freight Vehicles	267	316
Plant and Machinery	58,186	56,237
Catering Equipment	96	86
Docks, Harbours & Wharves	6,397	8,363
TOTAL	<u>189,961</u>	<u>188,949</u>

NOTES (CONTINUED)**8. TANGIBLE ASSETS** (CONTINUED)

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

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

- b Railway Lines and Works are not depreciated – See Accounting Policy c.
- c The amounts included in the original cost of various Tangible 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

	<u>IR£000</u>
TRADE INVESTMENTS – LISTED SHARES	
Cost or valuation at 31st December, 1988 and 1987	50
Provision for diminution in value	<u>34</u>
Net Book Amounts at 31st December, 1988 and 1987	<u>16</u>
Market Value at 31st December, 1988	<u>19</u>
Market Value at 31st December, 1987	<u>16</u>

10. STOCKS OF STORES

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Maintenance Materials and Spare Parts	16,936	17,209
Fuel, Lubricants and Other Sundry Stocks	<u>3,702</u>	<u>4,542</u>
	<u>20,638</u>	<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.

NOTES (CONTINUED)

11. DEBTORS	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Trade Debtors	9,240	9,970
Amounts owed by fellow Subsidiary Company	157	1,630
Other debtors and accrued income	<u>2,452</u>	<u>2,501</u>
	<u>11,849</u>	<u>14,101</u>

All amounts included above fall due within one year.

12. CREDITORS	<u>1988</u>	<u>1987</u>
(amounts falling due within one year)	IR£000	IR£000
Bank Overdraft	1,836	2,832
Trade Creditors	6,815	6,829
Amounts owed to Holding and Fellow Subsidiary Companies	2,783	13,286
Amounts deducted under P.A.Y.E.	1,870	2,373
Pay Related Social Insurance	1,228	1,539
Value Added Tax	1,198	507
Other Creditors	504	542
Equalisation Account for Renewal of Lines and Works	—	109
Accruals and Deferred Income	<u>9,758</u>	<u>7,914</u>
	<u>25,992</u>	<u>35,931</u>
Creditors for taxation and social welfare included above.	<u>4,296</u>	<u>4,419</u>

13. CREDITORS	<u>1988</u>	<u>1987</u>
(amounts falling due after more than one year)	IR£000	IR£000
Loans Repayable to Holding Company		
Between two and five years	74,415	77,730
After five years	<u>85,538</u>	<u>82,223</u>
	<u>159,953</u>	<u>159,953</u>

NOTES (CONTINUED)

14. PROVISION FOR LIABILITIES AND CHARGES	1988	1987
	IR£000	IR£000
INSURANCE CLAIMS		
Balance at 1st January	4,853	3,795
Utilised during the period	(1,448)	(1,382)
Transfer from Profit and Loss Account	4,661	2,440
Transfer to Group Insurance Equalisation Account	(1,923)	—
BALANCE AT 31st DECEMBER	6,143	4,853

The provision in respect of Third Party insurance claims included above is based on an examination of each claim. The amount thus arrived at approximates to an actuarial estimate of outstanding Third Party claims after discounting for the time lag which is expected to occur before the settlement of these claims.

Coras Iompair Eireann 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£45,000,000 on any one rail accident.
- ii Third Party Liability in excess of IR£3,000,000 and up to IR£43,000,000 on any one road accident.
- iii Third Party Liability in excess of IR£500,000 and up to IR£40,500,000 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
At 31st December, 1988 and 1987.	
Authorised	
Ordinary Shares of IR£1 each	75,000
Allotted and Fully Paid	
Ordinary shares of IR£1 each	23,000

16. ASSET REPLACEMENT RESERVE	<u>IR£000</u>
Balance at 1st January, 1988	2,856
Transfer from Profit and Loss Account	<u>3,073</u>
BALANCE AT 31st DECEMBER, 1988	<u><u>5,929</u></u>

This Reserve represents the excess of depreciation based on replacement cost over that based on historical cost (see Accounting Policy c).

17. LEASE TRANSACTIONS

During the year ended 31st December, 1988 the Company paid IR£0.741m. (1987 IR£0.652m.) on operating lease rentals.

At 31st December, 1988 the Company had annual commitments of IR£0.719m. (1987 IR£0.637m.) under operating leases which expire as set out below:-

	<u>1988</u>	<u>1987</u>
	IR£000	IR£000
Within One Year	—	39
Between Two and Five Years	<u>719</u>	<u>598</u>
	<u><u>719</u></u>	<u><u>637</u></u>

18. PENSIONS**NOTES (CONTINUED)**

The Board of Coras Iompair Eireann operates defined benefit pension schemes for established employees of itself and of its Subsidiary Companies, including Iarnrod Eireann – 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 an independent 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, 1985, 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 Coras Iompair Eireann 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 1988 was IR£790,366 (1987 IR£1,090,332) 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 Company's own resources and are taken into account in the year in which they arise.

19. CAPITAL COMMITMENTS

	1988	1987
	IR£000	IR£000
Contracted for	1,997	2,721
Authorised by the Directors but not contracted for	1,461	1,871
	<u>3,458</u>	<u>4,592</u>

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
20. WORKING ACCOUNTS		
a MAINLINE RAIL SECTOR		
(excluding Bray/Howth Rail Suburban Services)		
REVENUE		
Passenger Train Traffic	40,740	36,116
Goods Train Traffic	18,739	17,205
Miscellaneous	<u>1,656</u>	<u>1,210</u>
	61,135	54,531
State Grants: EC Regulation 1191/69	40,249	35,665
EC Regulation 1107/70 (Article 4)	19,542	7,502
State Advances Written-Off: EC Regulation 1107/70 (Article 4)	<u>—</u>	<u>11,907</u>
TOTAL REVENUE	<u>120,926</u>	<u>109,605</u>
OPERATING COSTS		
Maintenance of Lines & Works	18,711	17,793
Maintenance of Rolling Stock	22,113	21,170
Fuel	5,514	5,333
Operating and Other Expenses	67,343	56,313
Provision for Renewal of Lines & Works	8,549	9,103
Operating Depreciation	<u>6,707</u>	<u>5,830</u>
TOTAL EXPENDITURE	128,937	115,542
Deduct:-		
State Grants: EC Regulation 1192/69	8,450	7,537
EC Regulation 1107/70 (Article 3.1.[b])	<u>4,690</u>	<u>4,888</u>
	13,140	12,425
NET EXPENDITURE	<u>115,797</u>	<u>103,117</u>
OPERATING PROFIT	5,129	6,488
Interest Payable less Interest Receivable	<u>7,118</u>	<u>8,439</u>
DEFICIT	<u>(1,989)</u>	<u>(1,951)</u>


NOTES (CONTINUED)

NOTES (CONTINUED)

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
b BRAY/HOWTH SUBURBAN RAIL SERVICES SECTOR		
REVENUE		
Passenger Traffic	7,993	6,535
Miscellaneous	213	217
	<u>8,206</u>	<u>6,752</u>
State Grant: EC Regulation 1191/69	5,088	5,333
	<u>13,294</u>	<u>12,085</u>
TOTAL REVENUE		
OPERATING COSTS		
Maintenance of Lines & Works	1,108	1,182
Maintenance of Rolling Stock	1,686	1,471
Electricity for Traction	1,260	1,107
Operating and Other Expenses	5,577	5,020
Provision for Renewal of Lines & Works	420	370
Operating Depreciation	3,717	3,391
	<u>13,768</u>	<u>12,541</u>
TOTAL EXPENDITURE		
Deduct:- State Grant: EC Regulation 1192/69	474	456
	<u>13,294</u>	<u>12,085</u>
NET EXPENDITURE		
	—	—
Interest Payable less Interest Receivable	11,650	15,257
Deduct:- State Grant: EC Regulation 1191/69	11,650	15,257
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
c ROAD FREIGHT SECTOR		
REVENUE		
Goods Services	17,727	16,370
Miscellaneous	267	369
	<u>17,994</u>	<u>16,739</u>
TOTAL REVENUE		
OPERATING COSTS		
Maintenance of Buildings	60	71
Maintenance of Vehicles & Equipment	2,684	2,698
Fuel	1,276	1,251
Road Tax & Licences	142	147
Operating & Other Expenses	13,200	11,934
Operating Depreciation	170	186
	<u>17,532</u>	<u>16,287</u>
TOTAL EXPENDITURE		
OPERATING PROFIT	462	452
Interest Payable less Interest Receivable	84	162
	<u>378</u>	<u>290</u>
NET PROFIT		

d ROSSLARE HARBOUR SECTOR	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
REVENUE		
Harbour Services	4,032	3,629
OPERATING COSTS		
Maintenance, Operating & Other Expenses	1,962	1,860
Operating Depreciation	153	118
TOTAL EXPENDITURE	2,115	1,978
OPERATING PROFIT	1,917	1,651
Interest Payable Less Interest Receivable	59	54
NET PROFIT	1,858	1,597

NOTES (CONTINUED)

e CATERING SERVICES SECTOR	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
REVENUE		
Refreshment Rooms and Restaurant Cars	4,395	3,610
OPERATING COSTS		
Maintenance of Buildings, Cars & Equipment	190	130
Provisions	1,978	1,648
Other Direct Expenses	1,581	1,395
Other Expenditure	459	316
TOTAL EXPENDITURE	4,208	3,489
OPERATING PROFIT	187	121
Interest Payable less Interest Receivable	8	10
NET PROFIT	179	111

Total Expenditure in the above Working Accounts for the Business Sectors of the Company include the Exceptional Item, IR£9.000m., for 1988 (1987 IR£0.896m.) and Transfer to Reserve IR£3.073m. for 1988 (1987 IR£2.856m.).

21. MEMBERSHIP OF CORAS IOMPAIR EIREANN GROUP

Iarnrod Eireann - Irish Rail is a member of the Coras Iompair Eireann Group of Companies and the Financial Statements reflect the effects of group membership.

22. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements on 4th August, 1989.

VALUE ADDED STATEMENT

	Year Ended 31st Dec. 88	Period 20 Jan. 87 to 31st Dec. 87
	IR£000	IR£000
VALUE ADDED GENERATED		
Revenue including State Grants of IR£90,143,000 (1987 included State Advances of IR£27,164,000 written-off in lieu of State Grants not received)	160,641	145,668
Add: Own Work Capitalised and Engineering Work for Group Companies	5,058	8,902
Expenditure Related State Grants	13,614	12,881
	179,313	167,451
Less: Cost of Materials and Services Utilised	(46,784)	(43,303)
Exceptional Item	(9,000)	(896)
	(55,784)	(44,199)
	<u>123,529</u>	<u>123,252</u>
APPLICATION OF VALUE ADDED		
Net Compensation of Employees with pension costs	65,057	66,690
Government		
- Payroll Taxes	30,446	28,326
Providers of Capital		
- Financing Interest	18,919	23,922
- State Grant	(11,650)	(15,257)
	7,269	8,665
Provision for future investment		
- Depreciation	8,290	7,195
- Provision for Renewal of Lines and Works	8,968	9,473
	17,258	16,668
Profit for the Period	3,499	2,903
	<u>123,529</u>	<u>123,252</u>

