

IARNRÓD ÉIREANN - IRISH RAIL
TUARASCÁIL BHLIANTÚIL AGUS RÁITIS
AIRGEADAIS
DO'N BLIAN GO 31ú NOLLAG 1989



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DIRECTORS

Mr. G.T.P. Conlon, Chairman
Mr. E.J. O'Connor, Managing Director
Mr. J. Daly
Mr. J. McCullough
Mr. S. Feely
Mr. T. Tobin

**SECRETARY AND
REGISTERED OFFICE**

Mr. J.A. Watters,
Connolly Station,
Dublin 1.
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AUDITORS

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

REPORT OF THE DIRECTORS

For Year Ended 31st December 1989

The Directors submit their third report together with the audited financial statements for the year ended 31st December, 1989.

1. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company during the year continued to provide railway and road freight services.

In the face of increasing competition, InterCity rail increased its passenger carryings over the previous year. The introduction of five new trainsets improved the standard of Dublin Outer Suburban services. Freight services for bulk, unit load and parcels traffics had a satisfactory year.

Catering Services recorded improved profit levels over last year. Its refurbished restaurant in Rosslare Harbour proved successful in its opening months.

Rosslare Harbour operations maintained a high level of service to cross channel and European ferry operators. Its newly developed terminal buildings were officially opened by the Minister for Tourism and Transport, Mr. Seamus Brennan on 14th September, 1989.

2. WORKER PARTICIPATION (STATE ENTERPRISES) ACT, 1988

The Company is at present having discussions with the Trade Unions with a view to agreeing and formalising a Joint Participation Scheme under this Act. In the meantime, the Company has, by agreement with the Trade Unions, introduced an interim scheme. Under this interim scheme there is a Top Participation Group and 13 local Joint Participation Councils.

3. RESULT AND RESERVES

The financial statements for the year ended 31st December, 1989 are set out in detail from Pages 6 to 25 and a summary of results is as follows:—

	1989 IR£000
Surplus for the year after State Grants	6,358
Transfer to Reserve	3,227
Increase in Accumulated Surplus for the Year	3,131

REPORT OF THE DIRECTORS

(Continued)

4. DIRECTORS

The Directors of the Company are appointed by the Chairman of Coras Iompair Éireann with the consent of the Minister for Tourism and Transport. The names of the persons who were Directors at any time during the year ended 31st December, 1989 are set out below. Except where indicated, they served as Directors for the entire year.

Mr. G.T.P. Conlon, Chairman

Mr. E.J. O'Connor, Managing Director

Mr. J. Daly

Mr. S. Feely - Appointed from 1st December, 1989

Mr. J. McCullough

Mr. J. McLoughlin - Retired on 30th November, 1989

Mr. T. Tobin

Mr. Tobin was re-appointed as Director on 1st December, 1989. The Chairman, Mr. E.J. O'Connor, Mr. J. Daly and Mr. J. McCullough were re-appointed as Directors on 28th January, 1990.

5. 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.P. CONLON – Chairman

E.J. O'CONNOR – Managing Director

26th June, 1990.

REPORT OF THE AUDITORS

TO THE MEMBERS OF IARNRÓD ÉIREANN – IRISH RAIL

We have audited the financial statements on pages 6 to 25 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the Company's affairs at 31st December, 1989 and of its surplus and source and application of funds for the year ended on that date and give in the requisite manner the information required by the Companies Acts, 1963 to 1986.

The net assets of the Company as stated in the Balance Sheet on page 9 are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31st December 1989 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

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

We have obtained all the information and explanations we considered necessary for the purposes of our Audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

Craig Gardner and Co.,
Chartered Accountants,
Gardner House,
Wilton Place,
Dublin 2.
27th June, 1990.

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. 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 the cost of renewals necessary to maintain the running lines is charged to profit and loss account in the year in which it is incurred.

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 reserve 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.

c. 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.

d. 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 surplus or deficit for the year from ordinary activities.

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

PRINCIPAL ACCOUNTING POLICIES

(Continued)

e. 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.

f. NON-REPAYABLE STATE GRANTS:

Non-Repayable State Grants dealt with in the profit and loss account represent amounts receivable during the year under Votes of Dail Eireann.

PROFIT AND LOSS ACCOUNT

Year ended 31st December

	Notes	1989 IR£000	1988 IR£000
REVENUE			
Customer Receipts		98,323	93,626
Miscellaneous		2,113	2,136
TOTAL REVENUE	2	<u>100,436</u>	<u>95,762</u>
COSTS			
Operating Costs	3	(159,982)	(154,487)
Interest Payable	4	(19,435)	(18,919)
		<u>(179,417)</u>	<u>(173,406)</u>
DEFICIT BEFORE EXCEPTIONAL ITEM AND STATE GRANTS		(78,981)	(77,644)
EXCEPTIONAL ITEM	5	(1,361)	(9,000)
DEFICIT FOR YEAR BEFORE STATE GRANTS		(80,342)	(86,644)
STATE GRANTS	6	86,700	90,143
SURPLUS FOR THE YEAR AFTER STATE GRANTS		6,358	3,499
TRANSFER TO RESERVE*	16	(3,227)	(3,073)
INCREASE IN SURPLUS DURING YEAR	7	3,131	426
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		473	47
ACCUMULATED SURPLUS AT END OF YEAR		<u>3,604</u>	<u>473</u>

*Movements in Asset Replacement Reserve are shown in Note 16

G.T.P. CONLON – Chairman

E.J. O'CONNOR – Managing Director

26th June, 1990.

BALANCE SHEET

As at 31st December

	Notes	1989 IR£000	1988 IR£000
FIXED ASSETS			
Tangible Assets	8	186,065	188,949
Financial Assets	9	16	16
		<u>186,081</u>	<u>188,965</u>
CURRENT ASSETS			
Stocks of Stores	10	20,476	20,638
Debtors	11	20,281	12,810
Cash at Bank and in Hand		40	38
		<u>40,797</u>	<u>33,486</u>
CREDITORS			
(amounts falling due within one year)	12	(31,965)	(40,708)
NET CURRENT ASSETS		<u>8,832</u>	<u>(7,222)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>194,913</u>	<u>181,743</u>
FINANCED BY:—			
CREDITORS			
(amounts falling due after more than one year)	13	151,996	146,198
PROVISION FOR LIABILITIES AND CHARGES	14	7,157	6,143
		<u>159,153</u>	<u>152,341</u>
CAPITAL AND RESERVES			
Called Up Share Capital	15	23,000	23,000
Asset Replacement Reserve	16	9,156	5,929
Profit and Loss Account		3,604	473
		<u>35,760</u>	<u>29,402</u>
		<u>194,913</u>	<u>181,743</u>

G.T.P. CONLON – Chairman

E.J. O'CONNOR – Managing Director

26th June, 1990.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended 31st December

SOURCE/(APPLICATION)	1989	1988
	IR£000	IR£000
Deficit before State Grants and Exceptional Item	(78,981)	(77,644)
Exceptional Item	(1,361)	(9,000)
	<u>(80,342)</u>	<u>(86,644)</u>
State Grants	86,700	90,143
Adjustment for item not involving movement of funds:		
Depreciation of Tangible Assets	8,162	8,290
Net Funds Generated by Operations	14,520	11,789
Capital Expenditure	(5,278)	(7,278)
NET INCREASE IN WORKING CAPITAL	<u>9,242</u>	<u>4,511</u>
being:		
(Decrease) in Stocks of Stores	(162)	(1,113)
Increase/(Decrease) in Debtors	7,471	(2,252)
Decrease in Creditors and Provisions	3,205	7,653
	<u>10,514</u>	<u>4,288</u>
(Increase)/Decrease in Net Short-Term Borrowings	(1,272)	223
	<u>9,242</u>	<u>4,511</u>

G.T.P. CONLON – Chairman
 E.J. O'CONNOR – Managing Director
 26th June, 1990.

1. STATUS OF COMPANY

Iarnrod Éireann – 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 Éireann) Act, 1986 as a wholly owned subsidiary of Coras Iompair Éireann, 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 Éireann - Irish Rail commenced trading.

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

2. CUSTOMER RECEIPTS

	1989	1988
	IR£000	IR£000
Mainline Rail	63,306	61,135
Bray/Howth Suburban Rail Services	8,644	8,206
Road Freight	18,793	17,994
Rosslare Harbour	4,758	4,032
Catering Services	4,935	4,395
TOTAL	100,436	95,762

3. OPERATING COSTS

	1989	1988
	IR£000	IR£000
STAFF COSTS:		
Wages and Salaries	78,540	78,945
Social Welfare Costs	7,260	7,373
Other Pension Costs	8,972	9,120
	94,772	95,438
Own Work Capitalised and Engineering Work for Group Companies	(5,983)	(7,804)
NET STAFF COSTS	88,789	87,634
MATERIALS AND SERVICES		
Fuel and Electric Traction	7,562	7,549
Road Tax and Licences	102	142
Rates	1,023	1,046
Auditors' Remuneration	36	39
Maintenance – Rolling Stock	9,330	8,397
Maintenance – Lines and Works	4,035	3,630
Operating and Other Costs	31,874	28,727
	53,962	49,530

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. OPERATING COSTS (continued)

	1989 IR£000	1988 IR£000
DIRECTORS' REMUNERATION : EMOLUMENTS		
– For Services as Directors	1	1
– For Other Services	<u>70</u>	<u>64</u>
	<u>71</u>	<u>65</u>
DEPRECIATION	8,162	8,290
RENEWALS OF LINES AND WORKS	8,998	<u>8,968</u>
TOTAL OPERATING COSTS	<u>159,982</u>	<u>154,487</u>

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

	STAFF NUMBERS	
	1989	1988
Railway	5,370	5,792
Road Freight	390	401
Rosslare Harbour	70	72
Catering	<u>213</u>	<u>202</u>
TOTAL	<u>6,043</u>	<u>6,467</u>

4. INTEREST PAYABLE

	1989 IR£000	1988 IR£000
On loan from Holding Company	<u>19,435</u>	<u>18,919</u>

5. EXCEPTIONAL ITEM

	1989 IR£000	1988 IR£000
Voluntary Severance	<u>1,361</u>	<u>9,000</u>

6. STATE GRANTS

The Grants payable to the Company via Coras 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. STATE GRANTS (continued)

(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.

(c) EC Regulation No.1107/70: specifies certain additional circumstances in which State Aid may be paid to transport undertakings. Under this Regulation payments are 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£86.7m. received in 1989 are given in the following table, showing the relevant provision of EC Regulations.

	EC REGULATION NUMBER		1989 Total IRE000
	1191/69 IRE000	1107/70 (Article 4) IRE000	
REVENUE RELATED			
MAINLINE RAIL			
Operation of Passenger Services	36,302	—	36,302
Residual Deficit Grants	—	19,785	19,785
	<u>36,302</u>	<u>19,785</u>	<u>56,087</u>
BRAY/HOWTH SERVICES			
Operation of Passenger Services	5,427	—	5,427
TOTAL	<u><u>41,729</u></u>	<u><u>19,785</u></u>	<u><u>61,514</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. STATE GRANTS (continued)

	EC REGULATION NUMBER		1989
	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)	7,141	—	7,141
Class IV (Level Crossings)	1,848	—	1,848
Infrastructure Grant (Freight)	—	4,408	4,408
	<u>8,989</u>	<u>4,408</u>	<u>13,397</u>
Bray/Howth Services			
Normalisation of Accounts			
Class III (Pensions)	479	—	479
Class IV (Level Crossings)	10	—	10
	<u>489</u>	<u>—</u>	<u>489</u>
Total	<u>9,478</u>	<u>4,408</u>	<u>13,886</u>
Total			<u>75,400</u>
Add State Grant for DART Interest			<u>11,300</u>
Total State Grants Received			<u>86,700</u>

7. SURPLUS

The surplus retained in the year to 31st December, 1989 amounts to IR£3.131m. (1988 IR£0.426m.).

The financial results of the business sectors within the Company for the year show the following surpluses/(deficits) after State Grants:—

	1989	1988
	IR£000	IR£000
Mainline Rail	633	(1,989)
Bray/Howth Suburban Rail	—	—
Road Freight	454	378
Rosslare Harbour	1,839	1,858
Catering Services	205	179
	<u>3,131</u>	<u>426</u>

The Working Accounts for these business sectors are shown in Note 21.

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. TANGIBLE ASSETS

	1st January 1989 IR£000	Additions IR£000	Disposals IR£000	31st December 1989 IR£000
ORIGINAL COST				
Railway Lines and Works	8,985	926	—	9,911
Rail Rolling Stock	138,407	492	(55)	138,844
Road Freight Vehicles	5,985	96	—	6,081
Plant and Machinery	76,598	1,273	(3,161)	74,710
Catering Equipment	189	35	—	224
Docks, Harbours and Wharves	9,211	2,456	—	11,667
TOTAL	239,375	5,278	(3,216)	241,437

	1st January 1989 IR£000	Charge for Year IR£000	Disposals IR£000	31st December 1989 IR£000
DEPRECIATION				
Rail Rolling Stock	23,445	3,596	(55)	26,986
Road Freight Vehicles	5,669	131	—	5,800
Plant and Machinery	20,361	4,227	(3,161)	21,427
Catering Equipment	103	24	—	127
Docks, Harbours and Wharves	848	184	—	1,032
TOTAL	50,426	8,162	(3,216)	55,372

	31st Dec 1988 IR£000	31st Dec 1989 IR£000
NET BOOK AMOUNTS		
Railway Lines and Works	8,985	9,911
Rail Rolling Stock	114,962	111,858
Road Freight Vehicles	316	281
Plant and Machinery	56,237	53,283
Catering Equipment	86	97
Docks, Harbours and Wharves	8,363	10,635
TOTAL	188,949	186,065

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. TANGIBLE ASSETS (Continued)

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

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

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

(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

TRADE INVESTMENTS - LISTED SHARES

Cost or valuation at 31st December, 1989 and 1988	50
Provision for diminution in value	<u>34</u>
Net Book Amounts at 31st December, 1989 and 1988	16
Market Value at 31st December, 1989	<u>16</u>
Market Value at 31st December, 1988	<u>19</u>

IR£000

50

34

16

16

19

10. STOCKS OF STORES

	1989	1988
	IR£000	IR£000
Maintenance Materials and Spare Parts	16,057	16,936
Fuel, Lubricants and Other Sundry Stocks	<u>4,419</u>	<u>3,702</u>
	<u>20,476</u>	<u>20,638</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 TO THE FINANCIAL STATEMENTS

(Continued)

11. DEBTORS (Amounts falling due within one year)

	1989	1988
	IR£000	IR£000
Trade Debtors	9,768	9,240
Amounts owed by Holding and fellow Subsidiary Companies	8,254	1,118
Other Debtors and Accrued Income	2,259	2,452
	<u>20,281</u>	<u>12,810</u>

12. CREDITORS (amounts falling due within one year)

	1989	1988
	IR£000	IR£000
Bank Overdraft	3,110	1,836
Trade Creditors	6,196	6,815
Amounts owed to Holding and Fellow Subsidiary Companies	146	2,647
Loan from Holding Company	9,054	14,852
Amounts deducted under P.A.Y.E.	1,638	1,870
Pay Related Social Insurance	1,710	1,228
Value Added Tax	730	1,198
Other Creditors	509	504
Accruals and Deferred Income	8,872	9,758
	<u>31,965</u>	<u>40,708</u>
Creditors for taxation and social welfare included above	<u>4,078</u>	<u>4,296</u>

13. CREDITORS (amounts falling due after more than one year)

	1989	1988
	IR£000	IR£000
Loans Repayable to Holding Company		
Between one and two years	9,137	17,164
Between two and five years	32,172	42,399
After five years	110,687	86,635
	<u>151,996</u>	<u>146,198</u>

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

14. PROVISION FOR LIABILITIES AND CHARGES

	1989	1988
	IR£000	IR£000
Third Party and Employer's Liabilities:		
Balance at 1st January	6,143	4,853
Utilised during the period	(1,723)	(1,448)
Transfer from Profit and Loss Account	2,737	4,661
Transfer to Group Insurance Equalisation Account	—	(1,923)
BALANCE AT 31st DECEMBER	<u>7,157</u>	<u>6,143</u>

The provision for Third Party Claims has been arrived at through consideration of each individual claim. The amount thus arrived at equated to an actuarial approximation of the cost of settling outstanding claims, taking account of the average claims settlement period of 31 months and discounted at 6.5% per annum.

Coras Iompair Éireann, on behalf of the Company, with effect from 11th May, 1990 increased its existing external insurance cover:—

- (i) Third Party Liability in excess of IR£3m. and up to IR£63m. on any one occurrence or series of occurrences arising out of any one Rail Event.
- (ii) Third Party Liability in excess of IR£1m. and up to IR£61m. on any one occurrence or series of occurrences arising out of any one Road Transport Event, except in the case of Actions taken for Road Claims subject to United States jurisdiction where the excess is \$3m.
- (iii) Third Party Liability in excess of IR£0.05m. and up to IR£60.05m. on any one occurrence or series of occurrences arising out of All Other Risks Events, except in the case of Actions taken for All Other Risks Claims subject to United States jurisdiction where the excess is \$0.1m.
- (iv) In addition, Iarnród Éireann is covered for Rail and Road Transport Liabilities in excess of a Self Insured Retention of IR£5m. in the aggregate in a twelve month period.
- (v) Fire and Special Perils, including storm damage, to property in excess of IR£0.2m. on any one loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

15. SHARE CAPITAL

	1989	1988
	IR£000	IR£000
Authorised:		
Ordinary Shares of IR£1 each	<u>75,000</u>	<u>75,000</u>
Allotted and Fully Paid:		
Ordinary Shares of IR£1 each	<u>23,000</u>	<u>23,000</u>

16. ASSET REPLACEMENT RESERVE

	1989	1988
	IR£000	IR£000
Balance at 1st January	5,929	2,856
Transferred from Profit and Loss Account	<u>3,227</u>	<u>3,073</u>
Balance at 31st December	<u>9,156</u>	<u>5,929</u>

The Asset Replacement Reserve represents the excess of depreciation based on replacement cost over that based on historical cost (See Accounting Policy b).

17. LEASE TRANSACTIONS

During the year ended 31st December, 1989 the Company paid IR£0.734m. (1988 IR£0.741m.) on operating lease rentals.

At 31st December, 1989 the Company had annual commitments of IR£0.739m. (1988 IR£0.719m.) under operating leases which expire as set out below:—

	1989	1988
	IR£000	IR£000
Within One Year	172	—
Between Two And Five Years	<u>567</u>	<u>719</u>
	<u>739</u>	<u>719</u>

18. PENSIONS

The Board of Coras 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 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 pension cost for the period was IR£8.972m. (1988 - IR£9.120m.).

The latest actuarial reports show:—

- in respect of the Regular Wages Pension Schemes, a surplus at 31st December, 1987, 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 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£4.531m. at 31st December, 1987 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 Coras Iompair Éireann Spouses' and Children's Superannuation Scheme 1989 was established on 1st August, 1989 under an Order signed by the Minister for Tourism and Transport. The purpose of the Scheme is to provide pensions for the spouses and children of deceased members of the Scheme.

The Board of Coras 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. The shortfall in 1989 was IR£0.782m. (1988 - IR£0.790m.) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. CAPITAL COMMITMENTS

	1989	1988
	IR£000	IR£000
Contracted for	2,049	1,997
Authorised by the Directors but not contracted for	5,461	1,461
	<u>7,510</u>	<u>3,458</u>

20. CONTINGENT LIABILITIES

Coras Iompair Éireann, on behalf of the Company, has received claims for compensation arising from a particular accident during the year. Having taken legal advice, CIE considers that it is not liable for this accident. It intends to vigorously defend any action taken against it. Accordingly, no provision has been made against the cost of these claims, or any related legal actions. It is not practicable to estimate the amounts involved at present.

21. WORKING ACCOUNTS

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

	1989	1988
	IR£000	IR£000
REVENUE		
Passenger Train Traffic	42,139	40,740
Goods Train Traffic	19,507	18,739
Miscellaneous	1,660	1,656
TOTAL REVENUE	<u>63,306</u>	<u>61,135</u>
EXPENDITURE		
Maintenance of Lines and Works	19,012	18,711
Maintenance of Rolling Stock	23,927	22,113
Fuel	5,596	5,514
Operating and Other Expenses	60,416	67,343
Renewal of Lines and Works	8,522	8,549
Operating Depreciation	6,741	6,707
TOTAL EXPENDITURE	<u>124,214</u>	<u>128,937</u>
OPERATING DEFICIT	(60,908)	(67,802)
Interest Payable	7,943	7,118
DEFICIT BEFORE STATE GRANTS	(68,851)	(74,920)
STATE GRANTS	69,484	72,931
SURPLUS/(DEFICIT) FOR THE YEAR	633	(1,989)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(b) BRAY/HOWTH SUBURBAN RAIL SERVICES SECTOR

	1989 IR£000	1988 IR£000
REVENUE		
Passenger Traffic	8,426	7,993
Miscellaneous	218	213
TOTAL REVENUE	<u>8,644</u>	<u>8,206</u>
EXPENDITURE		
Maintenance of Lines and Works	1,355	1,108
Maintenance of Rolling Stock	1,602	1,686
Fuel (including electricity for traction)	1,234	1,260
Operating and Other Expenses	6,176	5,577
Renewal of Lines and Works	476	420
Operating Depreciation	3,717	3,717
TOTAL EXPENDITURE	<u>14,560</u>	<u>13,768</u>
OPERATING DEFICIT	(5,916)	(5,562)
Interest Payable	11,300	11,650
DEFICIT FOR YEAR BEFORE STATE GRANTS	<u>(17,216)</u>	<u>(17,212)</u>
STATE GRANTS	<u>17,216</u>	<u>17,212</u>
	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(c) ROAD FREIGHT SECTOR

	1989 IRE000	1988 IRE000
REVENUE		
Goods Services	18,558	17,727
Miscellaneous	<u>235</u>	<u>267</u>
TOTAL REVENUE	<u>18,793</u>	<u>17,994</u>
OPERATING COSTS		
Maintenance of Buildings	22	60
Maintenance of Vehicles and Equipment	2,724	2,684
Fuel	1,280	1,276
Road Tax and Licences	102	142
Operating and Other Expenses	13,951	13,200
Operating Depreciation	<u>141</u>	<u>170</u>
TOTAL EXPENDITURE	<u>18,220</u>	<u>17,532</u>
OPERATING SURPLUS	573	462
Interest Payable	<u>119</u>	<u>84</u>
NET SURPLUS	<u>454</u>	<u>378</u>

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(d) ROSSLARE HARBOUR SECTOR

	1989 IR£000	1988 IR£000
REVENUE		
Harbour Services	<u>4,758</u>	<u>4,032</u>
OPERATING COSTS		
Maintenance, Operating and Other Expenses	<u>2,663</u>	1,962
Operating Depreciation	<u>195</u>	153
TOTAL EXPENDITURE	<u>2,858</u>	<u>2,115</u>
OPERATING SURPLUS	<u>1,900</u>	1,917
Interest Payable	<u>61</u>	59
NET SURPLUS	<u>1,839</u>	<u>1,858</u>

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

(e) CATERING SERVICES SECTOR

	1989 IR£000	1988 IR£000
REVENUE		
Refreshment Rooms and Restaurant Cars	<u>4,935</u>	<u>4,395</u>
OPERATING COSTS		
Maintenance of Buildings, Cars and Equipment	205	190
Provisions	2,229	1,978
Other Direct Expenses	1,717	1,581
Other Expenditure	<u>567</u>	<u>459</u>
TOTAL EXPENDITURE	<u>4,718</u>	<u>4,208</u>
OPERATING SURPLUS	217	187
Interest Payable	<u>12</u>	<u>8</u>
NET SURPLUS	<u>205</u>	<u>179</u>

Total Expenditure in the above Working Accounts for the Business Sectors of the Company include the Exceptional Item, IR£1.361m., for 1989 (1988 IR£9.000m.) and Transfer to Reserve IR£3.227m. for 1989. (1988 IR£3.073m.).

22. MEMBERSHIP OF CORAS IOMPAIR EIREANN GROUP

Iarnród Éireann - Irish Rail is a member of the Coras Iompair Éireann Group of Companies and the financial statements reflect the effects of group membership.

23. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements on 26th June, 1990.

VALUE ADDED STATEMENT

Year ended 31st December

	1989 IR£000	1988 IR£000
VALUE ADDED GENERATED		
Revenue	100,436	95,762
State Grants	86,700	90,143
Own Work Capitalised and Engineering Work for Group Companies	5,983	5,058
	<u>193,119</u>	<u>190,963</u>
Less: Cost of Materials and Services Utilised	(53,962)	(46,784)
Exceptional Item	(1,361)	(9,000)
	<u>(55,323)</u>	<u>(55,784)</u>
	<u>137,796</u>	<u>135,179</u>
 APPLICATION OF VALUE ADDED		
Net Compensation of Employees with pension costs	65,616	65,057
Government – Payroll Taxes	29,227	30,446
Providers of Capital – Financing Interest	19,435	18,919
Depreciation	8,162	8,290
Renewal of Lines and Works	8,998	8,968
Surplus for the year	6,358	3,499
	<u>137,796</u>	<u>135,179</u>

