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Directors and Other Information

DIRECTORS

Mr. G.T.P. Conlon, Chairman
Mr. C.D. Waters, Managing Director
Mr. J. Daly
Mr. S. Feely
Mr. J. McCullough
Mr. A.J. O'Brien

SECRETARY AND REGISTERED OFFICE

Mr. J.A. Watters,
Connolly Station,
Dublin 1.
Telephone 01-363333
Telex 31638
Fax 364760

AUDITORS

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

Report of the Directors

For the year ended 31st December, 1991

The Directors submit their report together with the audited financial statements for the year ended 31st December, 1991.

1. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Railway services and road freight services were operated by the company during 1991.

InterCity trains provided daily regular services between Dublin and the major provincial cities and towns. Holiday Breaks by rail continued to play a significant role in the development of Irish tourism.

In the Dublin conurbation, the investment in DART and push-pull trains continued to prove its worth in the effective transport of people, especially during the daily peak periods.

The company's freight services continued to provide nationwide service to its bulk, unit load and parcels customers. The delivery services for Transtrack customers were streamlined resulting in a more efficient service. Fastrack parcel services between stations maintained its position as a premier service.

Catering services continued its high level of service on trains and in station buffets.

During the year a brasserie type restaurant, The Footplate, was successfully launched in Heuston Station. Early in 1992, Dubel Ltd., a wholly owned subsidiary of Iarnród Éireann, was set up to provide catering services to Northern Ireland Railways under contract.

Rosslare Harbour operated by Iarnród Éireann, had a successful trading year. During the year a further development programme for the harbour was started. The outcome of the development will ensure the harbour's capability to handle future developments in ferry operations.

2. RESULT AND RESERVES

The financial statements for the year ended 31st December, 1991 are set out in detail from Pages 6 to 29 and a summary of results is as follows:-

	1991
	IR 000
Surplus for the year after State Grants	4,183
Transfer to Asset Replacement Reserve	<u>(3,113)</u>
Increase in Accumulated Surplus for Year	<u>1,070</u>

3. WORKER PARTICIPATION AT SUB-BOARD LEVEL

A joint management-trade unions working party has submitted proposals for a formalised Participation Scheme in accordance with the terms of the Act. These proposals are being considered by the company and the trade unions. In the meantime an interim participation scheme is in operation under which there is a Top Participation Group and 13 local councils.

4. HEALTH AND SAFETY

The welfare of employees is safeguarded through adherence to rigorous health and safety standards. Steps have been taken to

Report of the Directors

put safety statements in place for every function within the company to ensure compliance with the provisions of the Safety, Health and Welfare at Work Act, 1989.

The company is also preparing itself for the introduction of a series of European health and safety directives.

5. EQUAL OPPORTUNITIES IN STATE SPONSORED BODIES

The company continued its active participation in the Equal Opportunities Network for State Sponsored Bodies. A special leaflet was issued to all staff during the year dealing with the company's policy on employment equality in the workplace. The revised Duaisceim Scheme has been instrumental in attracting a relatively large number of staff to undertake courses of study thereby enhancing their potential for promotion.

6. TOTAL QUALITY

As part of Iarnród Éireann's commitment to meeting customer requirements, a separate Quality Department was established in the company during 1991. The Manager, Quality has a cross functional remit and is responsible for overseeing the implementation of a process of Total Quality improvement throughout the company. By the end of the year the preparatory work had been completed prior to the implementation of the process in 1992.

7. DIRECTORS

The Directors of the company are appointed by the Chairman, C oras Iompair  ireann with the consent of the Minister for Tourism, Transport and Communications. The names of the persons who were Directors at any time during the year ended 31st December, 1991, are set out below. Except where indicated, they served as Directors for the entire year.

Mr. G.T.P. Conlon, Chairman
Mr. C.D. Waters, Managing Director
Mr. J. Daly
Mr. S. Feely
Mr. J. McCullough
Mr. T. Tobin (Resigned on 5th April, 1991)
Mr. A.J. O'Brien (Appointed on 31st July, 1991)

8. AUDITORS

Craig Gardner & 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.

C.D. Waters,
Managing Director.

29th April, 1992.

Report of the Auditors

To the members of Iarnród Éireann - Irish Rail.

We have audited the financial statements on pages 6 to 29 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1991 and of its surplus and cash flows for the year ended on that date and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 1990.

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 31 December, 1991, 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 and 4 is consistent with the financial statements.

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

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

29th April, 1992.

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 STOCKS

Locomotives (other than those fully depreciated) 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, HARBOUR 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. 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.

Principal Accounting Policies

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 year are treated as part of the surplus or deficit for the year from ordinary activities.

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

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 Éireann.

G. PENSIONS:

Pension schemes are funded by the Board, its subsidiaries and employees over the members' period of service by way of contributions to separately administered pension funds. The Group's annual contributions are set by independent actuaries. The company's contributions are charged to the profit and loss account in the period to which they relate. Ex gratia pensions are met out of the company's own resources and are taken into account in the year in which they arise.

Profit and Loss Account

	Notes	Year ended 31st December	
		1991	1990
		IR£000	IR£000
Revenue			
Customer Receipts		109,011	103,225
Miscellaneous		2,454	2,361
Total Revenue	2	<u>111,465</u>	<u>105,586</u>
Costs			
Operating Costs	3	(172,170)	(168,042)
Interest Payable	4	(17,838)	(19,749)
		<u>(190,008)</u>	<u>(187,791)</u>
Deficit Before Exceptional Items and State Grants		(78,543)	(82,205)
Exceptional Items	5	<u>(2,751)</u>	<u>-</u>
Deficit for Year Before State Grants		(81,294)	(82,205)
State Grants	6	<u>85,477</u>	<u>87,968</u>
Surplus for the Year After State Grants		4,183	5,763
Transfer to Asset Replacement Reserve	17	<u>(3,113)</u>	<u>(2,995)</u>
Increase in Surplus during the year	7	1,070	2,768
Accumulated Surplus at Beginning of Year		<u>6,372</u>	<u>3,604</u>
Accumulated Surplus at End of Year		<u><u>7,442</u></u>	<u><u>6,372</u></u>

G.T.P. Conlon,
Chairman.
29th April, 1992.

C.D. Waters,
Managing Director.

Balance Sheet

		As at 31st December	
		1991	1990
	Notes	IR£000	IR£000
Fixed Assets			
Tangible Assets	8	177,503	184,495
Financial Assets	9	16	16
		177,519	184,511
Current Assets			
Stocks of Stores	10	20,650	24,033
Debtors	11	43,790	24,847
Cash at Bank and in Hand		40	39
		64,480	48,919
Creditors (Amounts falling due within one year)	12	(45,979)	(36,425)
Net Current Assets		18,501	12,494
Total Assets Less Current Liabilities		196,020	197,005
Financed By:-			
Creditors (Amounts falling due after more than one year)	13	139,407	147,739
Provision for Liabilities and Charges	15	10,907	7,743
		150,314	155,482
Capital and Reserves			
Called Up Share Capital	16	23,000	23,000
Asset Replacement Reserve	17	15,264	12,151
Profit and Loss Account		7,442	6,372
		45,706	41,523
		196,020	197,005

G.T.P. Conlon,
Chairman.
29th April, 1992.

C.D. Waters,
Managing Director.

Cash Flow Statement

	Year ended 31st December	
	1991	1990
	IR£000	IR£000
Net Cash Inflow From Operating Activities (Note 18)	<u>21,810</u>	<u>27,193</u>
Servicing of Finance		
Interest Paid	<u>(17,838)</u>	<u>(19,749)</u>
Investing Activities		
Purchase of Tangible Fixed Assets	<u>(3,593)</u>	<u>(6,766)</u>
Sale of Tangible Fixed Assets	<u>261</u>	<u>-</u>
Net Cash Outflow from Investing Activities	<u>(3,332)</u>	<u>(6,766)</u>
Increase in Cash and Cash Equivalents (Note 18(B) and 18(C))	<u>640</u>	<u>678</u>

G.T.P. Conlon,
Chairman.
29th April, 1992.

C.D. Waters,
Managing Director.

Notes to the Financial Statements

1. STATUS OF COMPANY

Iarnród 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 Córas Iompair Éireann) Act, 1986 as a wholly owned subsidiary of Córas Iompair Éireann, a statutory body formed under the provisions of the Transport Act, 1950. Net Assets were transferred to the company from Córas Iompair Éireann on 2nd February, 1987 on which date Iarnród Éireann - Irish Rail commenced trading.

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

2. REVENUE

	1991	1990
	IR£000	IR£000
Mainline Rail	70,428	66,638
Bray/Howth Suburban Rail Services	10,979	9,873
Road Freight	18,841	18,451
Rosslare Harbour	5,346	5,201
Catering Services	5,871	5,423
TOTAL	<u>111,465</u>	<u>105,586</u>

3. OPERATING COSTS

	1991	1990
	IR£000	IR£000
Staff Costs:		
Wages and Salaries	81,902	80,468
Social Welfare Costs	7,399	7,424
Other Pension Costs	8,732	9,106
	98,033	96,998
Own Work Capitalised and Engineering Work for Group Companies	(6,438)	(8,489)
Net Staff Costs	<u>91,595</u>	<u>88,509</u>

Notes to the Financial Statements

3. OPERATING COSTS (continued)	1991	1990
	IR£000	IR£000
Materials and Services		
Fuel and Electric Traction	8,889	8,500
Road Tax and Licences	95	136
Rates	1,179	1,151
Auditors Remuneration	43	38
Operating Lease Rentals	812	816
Maintenance - Rolling Stock	12,529	10,701
Maintenance - Lines and Works	5,971	5,939
Operating and Other Costs	25,843	27,422
Third Party and Employer's Liabilities	6,458	5,296
	61,819	59,999
Directors Remuneration		
Emoluments		
- For Services as Directors	1	1
- For Other Services	65	69
	66	70
Depreciation	8,414	8,336
Renewal of Lines and Works	10,276	11,128
Total Operating Costs	172,170	168,042

Notes to the Financial Statements

3. OPERATING COSTS (continued)

	Staff Numbers	
	1991	1990
The average number of persons employed, by activity, was as follows:-		
Railway	5,070	5,324
Road Freight	349	373
Rosslare Harbour	69	74
Catering	247	224
TOTAL	<u>5,735</u>	<u>5,995</u>

4. INTEREST PAYABLE

	1991	1990
	IR£000	IR£000
On Loan from Holding Company	<u>17,838</u>	<u>19,749</u>

5. EXCEPTIONAL ITEMS

	1991	1990
	IR£000	IR£000
Voluntary Severance	(4,577)	-
Insurance Claim Net Proceeds (See below)	<u>1,826</u>	<u>-</u>
	<u>(2,751)</u>	<u>-</u>

This surplus, representing the excess of replacement cost over book value, arose on an agreed fire insurance claim for destroyed and seriously damaged Rolling Stock, Plant and Equipment.

Notes to the Financial Statements

6. STATE GRANTS

The Grants payable to the company, via 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 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.

(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£85,477,000 received in 1991 are given in the following table, showing the relevant provision of EC Regulations.

	EC Regulation Number		
	1191/69	1107/70 (Article 4)	1991 Total
	IR£000	IR£000	IR£000
Revenue Related Mainline Rail			
Operation of Passenger Services	38,001	-	38,001
Residual Deficit Grants	-	18,939	18,939
	<u>38,001</u>	<u>18,939</u>	<u>56,940</u>
Bray/Howth Services			
Operation of Passenger Services	4,557	-	4,557
Sub-Total	<u>42,558</u>	<u>18,939</u>	<u>61,497</u>

Notes to the Financial Statements

6. STATE GRANTS (continued)	EC Regulation Number		
	1192/69	1107/70	1991
Expenditure Related	(Article 3.1 [b])		Total
Mainline Rail	IR£000	IR£000	IR£000
Normalisation of Accounts			
Class III (Pensions)	6,174	–	6,174
Class IV (Level Crossings)	1,855	–	1,855
Infrastructure Grant (Freight)	–	5,045	5,045
Sub-Total	8,029	5,045	13,074
Bray/Howth Services			
Normalisation of Accounts			
Class III (Pensions)	422	–	422
Class IV (Level Crossings)	26	–	26
	448	–	448
Sub-Total	8,477	5,045	13,522
TOTAL			75,019
Add State Grant for DART Interest			10,458
Total State Grants Received			85,477

7. SURPLUS

The surplus retained for the year to 31st December, 1991 amounts to IR£1,070,000 (1990 – IR£2,768,000).

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

	1991	1990
	IR£000	IR£000
Mainline Rail	(3,660)	(172)
Bray/Howth Suburban Rail	–	–
Road Freight	60	482
Rosslare Harbour	2,671	2,157
Catering Services	173	301
	(756)	2,768
Exceptional Item (Note 5)	1,826	–
	1,070	2,768

Notes to the Financial Statements

7. SURPLUS (continued)

The Working Accounts for these business sectors are shown in Note 23.

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

8. TANGIBLE ASSETS

	1st Jan. 1991 IR£000	Additions IR£000	Reclass- ification IR£000	Disposals/ Write-Downs IR£000	31st Dec. 1991 IR£000
Cost					
Railway Lines and Works	8,989	17	-	-	9,006
Railway Rolling Stock	140,814	553	-	(2,128)	139,239
Road Freight Vehicles	5,309	-	(11)	(1,010)	4,288
Plant and Machinery	78,502	2,349	11	(2,161)	78,701
Catering Equipment	250	34	-	-	284
Docks, Harbours and Wharves	12,735	640	-	-	13,375
TOTAL	246,599	3,593	-	(5,299)	244,893

	1st Jan. 1991 IR£000	Charge for Year IR£000	Reclass- ification IR£000	Disposals IR£000	31st Dec. 1991 IR£000
Depreciation					
Railway Rolling Stock	30,779	3,912	-	(9)	34,682
Road Freight Vehicles	5,065	110	-	(1,010)	4,165
Plant and Machinery	24,842	4,107	-	(2,109)	26,840
Catering Equipment	153	30	-	-	183
Docks, Harbour and Wharves	1,265	255	-	-	1,520
TOTAL	62,104	8,414	-	(3,128)	67,390

Notes to the Financial Statements

8. TANGIBLE ASSETS (continued)	31st Dec.	31st Dec.
	1991	1990
Net Book Amounts	IR£000	IR£000
Railway Lines and Works	9,006	8,989
Railway Rolling Stock	104,557	110,035
Road Freight Vehicles	123	244
Plant and Machinery	51,861	53,660
Catering Equipment	101	97
Docks, Harbours and Wharves	11,855	11,470
TOTAL	177,503	184,495

(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 - (Accounting Policy B).

(c) The amounts included in the original cost of 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.

(d) A reduction of IR£1,910,000 in the cost of fixed assets resulted from a final settlement of liabilities in connection with the Howth/Bray electrification.

(e) Fixed assets costing IR£479,000 and with accumulated depreciation of IR£218,000 were destroyed or seriously damaged in a fire. These assets have been charged off against the settlement agreed with the company's insurers.

Notes to the Financial Statements

9. FINANCIAL ASSETS

	1991	1990
	IR£000	IR£000
TRADE INVESTMENTS - LISTED SHARES		
Cost or valuation at 31st December	50	50
Provision for diminution in value	34	34
Net Book Amounts at 31st December	16	16
Market Value at 31st December	15	16

10. STOCKS OF STORES

	1991	1990
	IR£000	IR£000
Maintenance Materials and Spare Parts	15,705	17,392
Fuel, Lubricants and Other Sundry Stocks	4,945	6,641
	20,650	24,033

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 (Amounts falling due within one year)

	1991	1990
	IR£000	IR£000
Trade Debtors	9,532	9,634
Amounts owed by Holding and Fellow Subsidiary Companies	29,985	13,516
Other Debtors and Accrued Income	4,273	1,697
	43,790	24,847

Notes to the Financial Statements

12. CREDITORS (Amounts falling due within one year)

	1991	1990
	IR£000	IR£000
Bank Overdraft	1,792	2,431
Trade Creditors	8,422	5,251
Loan from Holding Company	19,733	13,311
Amounts deducted under P.A.Y.E.	1,562	1,692
Pay Related Social Insurance	1,023	1,212
Value Added Tax	328	971
Other Creditors	745	633
Accruals and Deferred Income	9,554	8,449
Third Party and Employer's Liabilities (Note 15)	<u>2,820</u>	<u>2,475</u>
	<u>45,979</u>	<u>36,425</u>
Creditors for taxation and social welfare included above.	<u>2,913</u>	<u>3,875</u>

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

	1991	1990
	IR£000	IR£000
Loan from Holding Company (Note 14)	<u>139,407</u>	<u>147,739</u>

14. LOAN FROM HOLDING COMPANY

	1991	1990
	IR£000	IR£000
This loan is repayable as follows:		
Within one year (Note 12)	<u>19,733</u>	<u>13,311</u>
Between one and two years	9,933	14,985
Between two and five years	24,731	26,924
After five years	<u>104,743</u>	<u>105,830</u>
	<u>139,407</u>	<u>147,739</u>
	<u>159,140</u>	<u>161,050</u>

Notes to the Financial Statements

15. PROVISION FOR LIABILITIES AND CHARGES

	1991 IR£000	1990 IR£000
Deferred Income	485	433
Third Party and Employer's Liabilities		
Balance at 1st January	9,785	7,157
Utilised during the year	(2,631)	(2,340)
Transfer from Profit and Loss Account	6,088	4,968
Balance at 31st December	13,242	9,785
Less: Transfer to Current Liabilities (Note 12)	2,820	2,475
	10,422	7,310
Total	10,907	7,743

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

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

- (i) third party liability in excess of IR£3,000,000 and up to IR£63,000,000 on any one occurrence or series of occurrences arising out of any one rail event.
- (ii) third party liability in excess of IR£1,000,000 and up to IR£61,000,000 on any one occurrence or series of occurrences arising out of any one road transport event, except in the case of actions taken for road claims subject to United States jurisdiction where the excess is \$3,000,000.
- (iii) third party liability in excess of IR£50,000 and up to IR£60,050,000 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 \$100,000.
- (iv) in addition, Iarnród Éireann - Irish Rail is covered for rail and road transport liabilities in excess of a self insured retention of IR£5,000,000 in the aggregate in a twelve month period.
- (v) fire and special perils, including storm damage, to company property in excess of IR£200,000 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

16. SHARE CAPITAL

	1991	1990
	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>

17. ASSET REPLACEMENT RESERVE

	1991	1990
	IR£000	IR£000
Balance at 1st January	12,151	9,156
Transfer from Profit and Loss Account	3,113	2,995
Balance at 31st December	<u>15,264</u>	<u>12,151</u>

The reserve represents the excess of depreciation based on replacement cost over that based on historical cost (Accounting Policy B).

18. CASH FLOW STATEMENT

(A) Reconciliation of Deficit to Net Cash Inflow from Operating Activities

	1991	1990
	IR£000	IR£000
Deficit before Exceptional Items, State Grant and Servicing of Finance	(60,705)	(62,456)
Exceptional Items	(2,751)	-
Deficit before State Grant and Servicing of Finance	(63,456)	(62,456)
State Grant	85,477	87,968
Surplus for year before Servicing of Finance	22,021	25,512
Depreciation Charge	8,414	8,336
Decrease/(Increase) in Stocks	3,383	(3,557)
(Increase) in Debtors	(18,943)	(4,566)
Increase in Creditors and Provisions	6,935	1,468
Net Cash Inflow from Operating Activities before Servicing of Finance	<u>21,810</u>	<u>27,193</u>

Notes to the Financial Statements

18. CASH FLOW STATEMENT (continued)

(B) Analysis of Changes in Cash and Cash Equivalents during the Year

	1991 IR£000	1990 IR£000
Balance at 1st January	(2,392)	(3,070)
Net Cash Inflow	<u>640</u>	<u>678</u>
Balance at 31st December	<u>(1,752)</u>	<u>(2,392)</u>

(C) Summary of Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	1991 IR£000	1990 IR£000	Change in 1991 IR£000	Change in 1990 IR£000
Cash at Bank and in Hand	40	39	1	(1)
Bank Overdraft	<u>(1,792)</u>	<u>(2,431)</u>	<u>639</u>	<u>679</u>
	<u>(1,752)</u>	<u>(2,392)</u>	<u>640</u>	<u>678</u>

19. LEASE TRANSACTIONS

During the year ended 31st December, 1991 the company paid IR£812,000 (1990 – IR£816,000) on operating lease rentals.

At 31st December, 1991 the company had annual commitments of IR£188,000 (1990 – IR£606,000) under operating leases which expire as set out below:-

	1991 IR£000	1990 IR£000
Within One Year	45	481
Within Two to Five Years	<u>143</u>	<u>125</u>
	<u>188</u>	<u>606</u>

Notes to the Financial Statements

20. 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 C.I.E. 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 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 accrual basis.

The pension cost for the year was IR£8,732,000 (1990 - IR£9,106,000).

Actuarial valuations of the pension schemes have been prepared up to the following dates:-

- C.I.E. Superannuation Scheme, 1951	31st December, 1990
- C.I.E. Superannuation Scheme for Regular Wages Staff	31st December, 1990
- G.N.R. Superannuation Scheme for Regular Wages Staff	31st December, 1990
- C.I.E. Spouses' and Children's Superannuation Scheme	31st December, 1989
- C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R., and I.R.C.H.) Superannuation Scheme, 1977	31st December, 1989
- C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme	31st December, 1990

The actuarial valuations of the pension schemes show on a combined basis that the assets of the schemes represent 125% of the liabilities which had accrued up to the above dates on an ongoing basis.

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.

Notes to the Financial Statements

20. PENSIONS (continued)

The Board of Córas Iompair Éireann is legally obliged to ensure that cash is available to the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R., and I.R.C.H.) Superannuation Scheme, 1977 and the C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme if their funds are insufficient to meet the pension obligations due and payable under these schemes. The shortfall in the cash resources of the C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme in 1991 was IR£1,472,000 (1990 – IR£1,558,000). There was no shortfall in the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R., and I.R.C.H.) Superannuation Scheme, 1977.

Ex gratia pensions are met out of the company's own resources and are taken into account in the year in which they arise.

21. CAPITAL COMMITMENTS

	1991	1990
	IR£000	IR£000
Contracted for	9,240	1,301
Authorised by the Directors but not contracted for	14,793	968
	<u>24,033</u>	<u>2,269</u>

Grants totalling IR£5,620,000 have been approved by the European Regional Development Fund on the above capital commitments.

22. CONTINGENT LIABILITIES

Córas Iompair Éireann, on behalf of the company, has received claims for compensation arising from a particular accident. Having taken legal advice, the Board 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.

Notes to the Financial Statements

23. WORKING ACCOUNTS

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

	1991	1990
	IR£000	IR£000
Revenue		
Passenger Train Traffic	48,487	43,851
Goods Train Traffic	19,869	20,893
Miscellaneous	2,072	1,894
Total Revenue	70,428	66,638
Expenditure		
Maintenance of Lines and Works	20,605	19,872
Maintenance of Rolling Stock	26,664	24,210
Fuel	6,811	6,394
Operating and Other Expenses	65,942	62,204
Renewal of Lines and Works	9,914	10,658
Operating Depreciation	6,977	6,836
Total Expenditure	136,913	130,174
Operating Deficit	(66,485)	(63,536)
Interest Payable	(7,189)	(8,391)
Deficit Before State Grants	(73,674)	(71,927)
State Grants	70,014	71,755
Deficit For The Year	(3,660)	(172)

Notes to the Financial Statements

23. WORKING ACCOUNTS (continued)

(B) BRAY/HOWTH SUBURBAN RAIL SERVICES SECTOR

	1991 IR£000	1990 IR£000
Revenue		
Passenger Traffic	10,729	9,643
Miscellaneous	250	230
Total Revenue	<u>10,979</u>	<u>9,873</u>
Expenditure		
Maintenance of Lines and Works	2,165	1,374
Maintenance of Rolling Stock	1,534	1,404
Fuel (including electricity for traction)	1,387	1,335
Operating and Other Expenses	6,814	6,617
Renewal of Lines and Works	362	470
Operating Depreciation	3,722	3,720
Total Expenditure	<u>15,984</u>	<u>14,920</u>
Operating Deficit	(5,005)	(5,047)
Interest Payable	<u>(10,458)</u>	<u>(11,166)</u>
Deficit for Year Before State Grants	<u>(15,463)</u>	(16,213)
State Grants	<u>15,463</u>	16,213
	<u>-</u>	<u>-</u>

Notes to the Financial Statements

23. WORKING ACCOUNTS (continued)

(C) ROAD FREIGHT SECTOR

	1991	1990
	IR£000	IR£000
Revenue		
Goods Services	18,709	18,214
Miscellaneous	132	237
Total Revenue	<u>18,841</u>	<u>18,451</u>
Operating Costs		
Maintenance of Buildings	15	30
Maintenance of Vehicles and Equipment	2,159	2,658
Fuel	1,223	1,361
Road Tax and Licences	91	136
Operating and Other Expenses	15,067	13,588
Operating Depreciation	119	88
Total Expenditure	<u>18,674</u>	<u>17,861</u>
Operating Surplus	167	590
Interest Payable	<u>(107)</u>	<u>(108)</u>
Net Surplus	<u>60</u>	<u>482</u>

Notes to the Financial Statements

23. WORKING ACCOUNTS (continued) (D) ROSSLARE HARBOUR SECTOR

	1991 IR£000	1990 IR£000
Revenue		
Harbour Services	<u>5,346</u>	<u>5,201</u>
Operating Costs		
Maintenance, Operating and Other Expenses	2,334	2,718
Operating Depreciation	<u>268</u>	<u>254</u>
Total Expenditure	<u>2,602</u>	<u>2,972</u>
Operating Surplus	2,744	2,229
Interest Payable	<u>(73)</u>	<u>(72)</u>
Net Surplus	<u><u>2,671</u></u>	<u><u>2,157</u></u>

Notes to the Financial Statements

23. WORKING ACCOUNTS (continued) (E) CATERING SERVICES SECTOR

	1991 IR£000	1990 IR£000
Revenue		
Refreshment Rooms and Restaurant Cars	<u>5,871</u>	<u>5,423</u>
Operating Costs		
Maintenance of Buildings, Cars and Equipment	169	145
Provisions	2,613	2,465
Other Direct Expenses	2,053	1,927
Other Expenditure	<u>851</u>	<u>573</u>
Total Expenditure	<u>5,686</u>	<u>5,110</u>
Operating Surplus	185	313
Interest Payable	<u>(12)</u>	<u>(12)</u>
Net Surplus	<u>173</u>	<u>301</u>

Total expenditure in the above working accounts for the business sectors of the company includes the exceptional item, IR£4,577,000 for 1991 (1990 – IR£Nil) but excludes the insurance claim net proceeds of IR£1,826,000, for 1991 (1990 – IR£Nil) and transfer to reserve IR£3,113,000 for 1991 (1990 – IR£2,995,000).

24. MEMBERSHIP OF CÓRAS IOMPAIR ÉIREANN GROUP

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

25. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements on 29th April, 1992.

Value Added Statement

	Year ended 31st December			
		1991		1990
	IR£000	IR£000	IR£000	IR£000
Value Added Generated				
Revenue		111,465		105,586
State Grants (Note 6)		85,477		87,968
Add Own Work Capitalised and Engineering Work for Group Companies		6,438		8,489
Less: Cost of Materials and Services Utilised	(61,819)		(59,999)	
Exceptional Items (Note 5)	(2,751)		-	
		(64,570)		(59,999)
		<u>138,810</u>		<u>142,044</u>
Application Of Value Added				
Net Compensation of Employees including pension costs		69,518		68,354
Government- Payroll Taxes		28,581		28,714
Providers of Capital (Note 4)		17,838		19,749
Provision for Future Investment (Note 3)				
- Depreciation	8,414		8,336	
- Renewal of Lines and Works	10,276		11,128	
		18,690		19,464
Surplus for the year		<u>4,183</u>		<u>5,763</u>
		<u>138,810</u>		<u>142,044</u>

