



IARNRÓD ÉIREANN

Irish Rail

Tuarascáil Bhliantúil agus
Ráitis Airgeadais 1993

Annual Report 1993

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Directors and Other Information

DIRECTORS

Mr. G.T.P. Conlon

Chairman

Mr. C.D. Waters

Managing Director

Mr. S. Feely

Mr. J.J. Harrington

Mr. J. McCullough

Mr. A.J. O'Brien

SECRETARY AND REGISTERED OFFICE

Mr. J.A. Watters,

Connolly Station,

Dublin 1.

Telephone 01-836 3333

Telex 31638

Fax 01-836 4760

Registered Number 119571

AUDITORS

Craig Gardner & Co.,

Chartered Accountants,

Gardner House,

Wilton Place,

Dublin 2.



Report of the Directors

For the year ended 31st December, 1993

The Directors submit their report together with the audited financial statements for the year ended 31st December 1993.

1. Principal Activities and Review of Operations

Rail passenger and rail and road freight services continued to be provided by the company during 1993. The premier 'Citygold' service was introduced early in the year on the Dublin/Cork InterCity service. Public response to the service has been very satisfactory.

Substantial investment in the renewal and upgrading of track, especially on the Dublin/Cork, Dublin/Waterford and Dublin/Belfast lines, took place during the year with the assistance of significant funding from the European Union. The inclusion of IR£275 million in the National Development Plan partially funded by European Union Cohesion / Structural grants for the continuing renewal of track and signalling and for the acquisition of rolling stock and related items is very welcome and will ensure that the company continues to play a major role in the nation's supply of passenger and freight services.

Discussion on significant changes in work practices and the generation of payroll savings to be shared with rail operative grades continued throughout 1993 under the auspices of the Labour Relations Commission. Proposals were developed following three weeks of intensive negotiations in February, 1994. The proposals provide for the introduction of the new railcars and locomotives, one person operation of freight trains, railcars and push/pull services, introduction of new ticket issuing machines, extension of centralised train control into Northern Ireland, re-organisation of Fastrack and general flexibilities.

The Dublin rail suburban services continued to perform at a satisfactory level during 1993. In March 1994, 17 new diesel railcars were delivered to the company. These railcars will inaugurate a new commuter service between Dublin and Kildare and enhance services on other Dublin commuter routes.

The company maintained its position in the freight market in a difficult year. In tough trading conditions the company gained traffic from new customers. We are pleased that the re-equipping of the road freight fleet during the year helped Road Freight services achieve its highest profit ever.

The company's Catering Services division operated at a satisfactory level during the year. Restaurant na Mara in Dun Laoghaire and the 'Footplate' restaurant in Heuston Station continued to provide high standards of cuisine in a relaxing environment. Dubel Limited, a wholly owned subsidiary of Iarnród Éireann – Irish Rail, based in Belfast, which provides catering services for Northern Ireland Railways, traded satisfactorily during the year.

The first phase of Rosslare Harbour's development was completed during the year. The newly dredged harbour has an additional roll on/roll off berthing facility. The company welcomed the arrival of Pandoro Ltd., as a regular operator from Rosslare Harbour, in addition to the three existing major shipping operators. The second phase of the development is underway which will modernise the remaining facilities in the port.



Report of the Directors

2. Results and Reserves

The financial statements for the year ended 31st December 1993 are set out in detail on pages 7 to 31 and a summary of results is as follows:–

	1993 IR £000
Surplus for the year after State Grant	5,516
Transfer to Asset Replacement Reserve	4,357
Increase in Accumulated Surplus during the Year	<u>1,159</u>

3. Workers Participation (State Enterprises) Act, 1988

Agreement has been reached with the trade unions on below-board structures. This agreement provides for a Joint Participation Scheme comprising 13 Local Participation Councils, a Central Participation Group and a Top Participation Group. Election of employee representatives to the local Joint Participation Councils are scheduled to take place shortly. The Central Participation Group will comprise representatives from the local councils, senior management and trade union officials. The Top Participation Group will comprise senior management and trade union officials and will be chaired by the Managing Director.

4. Health and Safety

Formal structures for the implementation and monitoring of workplace safety standards are being developed within the context of the International Safety Rating System. This system was introduced into the company in September 1991. The company achieved Level One status of the system in 1993 and is aiming for Level Three in 1994. Employees have selected 90 safety representatives (as established under the Safety, Health and Welfare at Work Act, 1989). A formal policy of safety consultation has been introduced, including Departmental Health and Safety Committees. All Safety representatives have been trained under the joint aegis of Iarnród Éireann – Irish Rail and the Irish Congress of Trade Unions. One day training courses on safety consultation in the workplace for managers and supervisors are in progress.

5. Equal Opportunities in State Sponsored Bodies

Iarnród Éireann – Irish Rail is an equal opportunities employer. All policies and procedures adopted at C.I.E. Group level are implemented by the company, in the areas of recruitment, training and promotion.

6. Total Quality

During 1993, the "Journey to Quality" initiative continued under the guidance of the Quality Department. Quality Awareness Seminars and training courses in Quality Techniques were conducted for all grades and 2,000 employees have attended the various activities to date.



Report of the Directors

The Quality Department also used articles in Railbrief, an internal company magazine, and attendance at Joint Participation Council meetings and Induction Courses to disseminate information and promote the concept of Total Quality within the company. Quality Improvement Teams are working on projects aimed at improving customer satisfaction and a number of areas within the company are being prepared for ISO certification. Additionally the Quality Department administered the Iarnród Éireann – Irish Rail Station Prize Scheme and the Anglo Irish Best Station Scheme.

7. Directors

The Directors of the company are appointed by the Chairman of Córas Iompair Éireann with the consent of the Minister for Transport, Energy and Communications. The names of the persons who were Directors at any time during the year ended 31st December 1993 are set out below:

Mr. G.T.P. Conlon, Chairman
Mr. C.D. Waters, Managing Director
Mr. J. Daly (Resigned 27th January, 1993)
Mr. S. Feely
Mr. J.J. Harrington (Appointed 28th January, 1993)
Mr. J. McCullough
Mr. A.J. O'Brien

The terms of office of Directors expired as follows:

Mr. G.T.P. Conlon, Mr. J. Daly and Mr. J. McCullough on 27th January 1993.
Mr. C.D. Waters on 31st August 1993
Mr. S. Feely and Mr. A.J. O'Brien on 30th November 1993.

Re-appointment to the office of Directors took place as follows:

Mr. G.T.P. Conlon, as Chairman, and Mr. J. McCullough from 28th January 1993
Mr. C.D. Waters, as Managing Director, from 1st September 1993
Mr. S. Feely and Mr. A.J. O'Brien from 1st December 1993

Mr. J.J. Harrington was appointed a Director from 28th January 1993.

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
20th May, 1994.



Statement of the Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year.

In preparing those financial statements, the Directors are required to:

- ensure that suitable accounting policies are selected and consistently applied;
- ensure that any judgements or estimates made are reasonable and prudent;
- ensure that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that Iarnród Éireann – Irish Rail will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Acts, 1963 to 1990. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Report of the Auditors

To the shareholders of Iarnród Éireann – Irish Rail.

We have audited the financial statements on pages 7 to 31 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1993 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1990 and the European Communities (Companies : Group Accounts) Regulations, 1992.

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.

In our opinion the information given in the directors' report on pages 2 to 4 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 10 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 1993 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.

**Craig Gardner & Co.,
Chartered Accountants and Registered Auditors,
Dublin.**

20th May, 1994.



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£.

Dubel Limited, a wholly owned subsidiary, is treated as a branch of Iarnród Éireann – Irish Rail for accounting purposes.

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:–

(i) Railway Lines and Works

Railway lines and works are not depreciated. The cost of renewals necessary to maintain the running lines is charged to the profit and loss account in the year in which it is incurred.

(ii) Railway Rolling Stock

Locomotives and railcars (other than those fully depreciated or acquired at no cost) are depreciated, by equal annual instalments, on the basis of their historical cost spread over their expected useful lives.

Coaching stock and wagons are also depreciated, by equal annual instalments, on the basis of historical cost spread over expected useful lives. 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 the profit and loss account.

(iii) Road Freight Vehicles

These assets are depreciated on the basis of historical cost spread over expected useful lives using the sum of the digits method.

(iv) Docks, Harbour and Wharves; Plant and Machinery; Catering Services Equipment

The above classes of assets are depreciated, by equal annual instalments, on the basis of historical cost spread over expected useful lives.

C. Leased Assets:

Rental payments under operating leases are charged to the profit and loss account as they accrue.

D. Stocks:

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.



Principal Accounting Policies

E. European Union Grants:

European Union (EU) Grants which relate to capital expenditure on specific projects are credited to deferred income as they become receivable. They are amortised to the profit and loss account on the same basis as the related assets are depreciated. EU Grants in respect of revenue expenditure are credited to deferred income as they become receivable and released to the relevant expenditure account in the year to which the expenditure relates.

F. Foreign Currency:

Transactions denominated in foreign currency are translated into Irish pounds at the rate ruling at date of the 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.

G. Non-Repayable State Grants:

Non-Repayable State Grants dealt with in the profit and loss account represent amounts actually received during the year under Votes of Dáil Éireann.

H. 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.

This accounting policy does not comply with SSAP 24 – Accounting for Pension Costs which is effective for the company from 1st January 1993. The opinion of the Directors, supported by the company's auditors Craig Gardner & Co. is that implementation of SSAP 24 in the current year, prior to the completion of the proposed reorganisation of the Group's existing pension arrangements, would be inappropriate because the proposed reorganisation is expected to significantly change the existing pension arrangements and the consequent accounting treatment thereof (Note 23 (B)).

I. Railway Infrastructure Costs:

In accordance with EU Council Directive 91/440 Iarnród Éireann – Irish Rail is required to ensure that the accounts for the business of transport services and those for the business of management of railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70 and are set out in Note 26.



Profit and Loss Account

	Notes	Year ended 31st December	
		1993 IR£000	1992 IR£000
Revenue			
Customer Receipts		109,475	111,764
Miscellaneous		2,558	2,505
Total Revenue	2	112,033	114,269
Costs			
Operational Costs	3	(136,251)	(134,899)
Railway Operational Infrastructure Costs	3	(45,737)	(45,357)
Exceptional Operating Costs	5	(2,321)	(2,750)
Total Operating Costs		(184,309)	(183,006)
Deficit before Profit on Sale of Tangible Fixed Assets, Interest and State Grants		(72,276)	(68,737)
Profit on Sale of Tangible Fixed Assets	6	107	–
Deficit before Interest and State Grants		(72,169)	(68,737)
Interest Payable			
– Operational	4	(8,615)	(7,951)
– Railway Infrastructure	4	(7,753)	(9,105)
Deficit for the Year before State Grants		(88,537)	(85,793)
State Grants	7	94,053	90,430
Surplus for the Year after State Grants		5,516	4,637
Transfer to Asset Replacement Reserve	20	(4,357)	(3,626)
Increase in Accumulated Surplus during the Year	8	1,159	1,011
Accumulated Surplus at Beginning of Year		8,453	7,442
Accumulated Surplus at End of Year		9,612	8,453

All figures relate to the continuing activities of the company.

There were no recognised gains or losses other than those included in the profit and loss account for the years 1993 and 1992.

G.T.P. Conlon, Chairman
20th May, 1994.

C.D. Waters, Managing Director



Balance Sheet

	Notes	As at 31st December	
		1993 IR£000	1992 IR£000
Fixed Assets			
Tangible Assets	9	202,342	193,787
Financial Assets	10	16	16
		202,358	193,803
Current Assets			
Stocks	11	20,518	20,528
Debtors	12	47,450	40,565
Cash at Bank and in Hand		48	44
		68,016	61,137
Creditors (Amounts falling due within one year)	13	(42,714)	(55,328)
Net Current Assets		25,302	5,809
Total Assets Less Current Liabilities		227,660	199,612
Financed by:-			
Creditors (Amounts falling due after more than one year)	14	140,588	127,104
Provision for Liabilities and Charges	16	16,198	13,075
Deferred Income	17	15,015	9,090
		171,801	149,269
Shareholders' Funds			
Called up Share Capital	18	23,000	23,000
Asset Replacement Reserve	20	23,247	18,890
Profit and Loss Account		9,612	8,453
	19	55,859	50,343
		227,660	199,612

G.T.P. Conlon, Chairman
20th May, 1994.

C.D. Waters, Managing Director



Cash Flow Statement

	Notes	Year ended 31st December	
		1993 IR£000	1992 IR£000
Net Cash Inflow From Operating Activities	21A	15,984	25,917
Servicing of Finance			
Interest Paid	4	(16,368)	(17,056)
State Grant – DART Interest	7	10,296	10,330
Net Cash Outflow from Servicing of Finance		(6,072)	(6,726)
Investing Activities			
Purchase of Tangible Fixed Assets		(18,731)	(23,008)
Sale of Tangible Fixed Assets		147	13
EU Capital Grants		9,007	2,790
Net Cash Outflow from Investing Activities		(9,577)	(20,205)
Increase/(Decrease) in Cash and Cash Equivalents	21B	335	(1,014)

G.T.P. Conlon, Chairman
20th May, 1994.

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 to 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

	1993 IR£000	1992 IR£000
Mainline Rail	70,128	71,040
Bray/Howth Suburban Rail Services	11,789	11,356
Road Freight	18,077	19,816
Rosslare Harbour	4,913	5,526
Catering Services	7,126	6,531
Total	112,033	114,269



Notes to the Financial Statements

3. Operating Costs

	1993 IR£000	1992 IR£000
Staff Costs		
Wages and Salaries	89,133	84,749
Social Welfare Costs	8,239	7,901
Other Pension Costs	9,046	9,120
	106,418	101,770
Own Work Capitalised and Engineering Work for Group Companies	(10,905)	(8,721)
Net Staff Costs	95,513	93,049
Materials and Services		
Fuel and Electric Traction	7,660	7,963
Road Tax and Licences	86	88
Rates	1,348	1,241
Auditors' Remuneration	50	44
Operating Lease Rentals	903	876
Maintenance – Railway Rolling Stock	13,577	11,683
Maintenance – Railway Lines and Works	6,217	4,865
Operating and Other Costs	29,960	31,817
Third Party and Employer's Liability Claims	6,559	6,327
	66,360	64,904
Directors' Remuneration		
Emoluments		
– for services as Directors	8	5
– for other services	88	83
	96	88
Depreciation	9,239	8,241
Amortisation of Capital Grants	(87)	–
Renewal of Railway Lines and Works	10,867	13,974
Total Operating Costs	181,988	180,256
Costs allocated:-		
Operational Costs	136,251	134,899
Railway Operational Infrastructure Costs (Note 26)	45,737	45,357
	181,988	180,256



Notes to the Financial Statements

3. Operating Costs (continued)

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

	Staff Numbers	
	1993	1992
Railway	4,911	4,931
Road Freight	286	291
Rosslare Harbour	74	74
Catering	268	287
	5,539	5,583

4. Interest Payable

	1993 IR£000	1992 IR£000
On Loan from Holding Company	16,368	17,056
Interest apportioned:–		
Operational Costs	8,615	7,951
Railway Infrastructure Costs (Note 26)	7,753	9,105
	16,368	17,056

5. Exceptional Items

	1993 IR£000	1992 IR£000
Operating Costs – voluntary severance paid and provided.	(2,321)	(2,750)

6. Profit on Sale of Tangible Fixed Assets

	1993 IR£000	1992 IR£000
Net proceeds on sale of surplus assets	107	–



Notes to the Financial Statements

7. State Grants

The Grants payable to the company via the Holding Company, Córás Iompair Éireann, are in accordance with the relevant EU Regulations governing State aid to transport undertakings. These regulations are as follows:–

(a) EU Regulation No. 1191/69: enables payment of compensation by the State to railway 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) EU 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 insurance contributions in respect of clerical and supervisory staff.
- 50% of the cost of maintenance and control of level crossings.

(c) EU 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£94,053,000 received in 1993 are given in the following table, showing the relevant provision of EU Regulations.



Notes to the Financial Statements

7. State Grants (continued)

	EU Regulation Number		1993 Total IR£000
	1191/69 IR£000	1107/70 (Article 4) IR£000	
Revenue Related			
Mainline Rail			
Operation of Passenger Services	42,508	–	42,508
Residual Deficit – State Grants	–	22,769	22,769
	42,508	22,769	65,277
Bray/Howth Services			
Operation of Passenger Services	4,616	–	4,616
Sub-Total	47,124	22,769	69,893
(Article 3.1 [b])			
Expenditure Related			
Mainline Rail			
Normalisation of Accounts			
– Class III (Pensions)	5,792	–	5,792
– Class IV (Level Crossings)	1,903	–	1,903
Infrastructure Grant (Freight)	–	5,639	5,639
	7,695	5,639	13,334
Bray/Howth Services			
Normalisation of Accounts			
– Class III (Pensions)	514	–	514
– Class IV (Level Crossings)	16	–	16
	530	–	530
Sub-Total	8,225	5,639	13,864
Total			83,757
Add State Grant for DART Interest – EU Regulation No. 1191/69			10,296
Total State Grants Received			94,053



Notes to the Financial Statements

8. Surplus

The surplus retained for the year to 31st December, 1993 amounts to IR£1,159,000 (1992 – IR£1,011,000)

The financial results, after transfer to Asset Replacement Reserve, of the business sectors within the company for the year show the following surpluses/(deficits) after State Grants:-

	1993 IR£000	1992 IR£000
Mainline Rail	(2,076)	(2,162)
Bray/Howth Suburban Rail	-	-
Road Freight	652	487
Rosslare Harbour	2,168	2,437
Catering Services	308	249
	1,052	1,011
Profit on Sale of Tangible Fixed Assets	107	-
	1,159	1,011

The Working Accounts for these business sectors are shown in Note 27.

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

9. Tangible Assets

	1st January 1993 IR£000	Additions IR£000	Scrappings and Disposals IR£000	31st December 1993 IR£000
Cost				
Railway Lines and Works	9,029	76	–	9,105
Railway Rolling Stock	146,950	7,969	1,016	153,903
Road Freight Vehicles	7,165	1,660	–	8,825
Plant and Machinery	82,991	6,019	324	88,686
Catering Equipment	304	48	–	352
Docks, Harbours and Wharves	22,430	2,062	–	24,492
Total	268,869	17,834	1,340	285,363

	1st January 1993 IR£000	Charge for Year IR£000	Scrappings and Disposals IR£000	31st December 1993 IR£000
Depreciation				
Railway Rolling Stock	38,460	3,965	976	41,449
Road Freight Vehicles	4,228	685	–	4,913
Plant and Machinery	30,406	4,105	324	34,187
Catering Equipment	213	35	–	248
Docks, Harbour and Wharves	1,775	449	–	2,224
Total	75,082	9,239	1,300	83,021

	31st December 1993 IR£000	31st December 1992 IR£000
Net Book Amounts		
Railway Lines and Works	9,105	9,029
Railway Rolling Stock	112,454	108,490
Road Freight Vehicles	3,912	2,937
Plant and Machinery	54,499	52,585
Catering Equipment	104	91
Docks, Harbours and Wharves	22,268	20,655
Total	202,342	193,787



Notes to the Financial Statements

9. Tangible Assets (continued)

(a) The expected useful lives 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 the various tangible assets include IR£27,142,000 in capitalised interest charges relating to the Bray/Howth Suburban Railway Electrification Scheme which was completed in 1984.

(d) Included in tangible assets above are payments on account and for assets in course of construction for the following:–

	1993 IR£000	1992 IR£000
Railway Rolling Stock	14,672	7,583
Road Freight Vehicles	153	2,877
Plant and Machinery	4,112	1,606
	18,937	12,066

(e) Tangible assets include railway infrastructure assets as follows:–

	1993 IR£000	1992 IR£000
Cost	79,136	77,283
Accumulated Depreciation	28,440	25,529
Net Book Value at 31st December	50,696	51,754
Depreciation for Year (Note 26)	2,911	3,055



Notes to the Financial Statements

10. Financial Assets

Trade Investment – Listed Shares

	1993 IR£000	1992 IR£000
Cost or valuation at 1st January	50	50
Provision for permanent diminution in value at 31st December	(34)	(34)
Net Book Amounts at 31st December	16	16
Market Value at 31st December	23	20

11. Stocks

	1993 IR£000	1992 IR£000
Maintenance Materials and Spare Parts	16,371	16,645
Fuel, Lubricants and Other Sundry Stocks	4,147	3,883
	20,518	20,528

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.

12. Debtors (Amounts falling due within one year)

	1993 IR£000	1992 IR£000
Trade Debtors	10,299	8,922
Amounts owed by Holding and Fellow Subsidiary Companies	29,167	21,320
EU Grants Receivable	5,808	7,153
Other Debtors and accrued income	2,176	2,437
Value Added Tax	–	733
	47,450	40,565



Notes to the Financial Statements

13. Creditors (Amounts falling due within one year)

	1993 IR£000	1992 IR£000
Bank Overdraft	2,479	2,810
Trade Creditors	6,499	6,817
Loan from Holding Company (Note 15)	18,552	32,036
Income Tax deducted under P.A.Y.E.	1,867	1,553
Pay Related Social Insurance	1,599	1,251
Value Added Tax and other taxes	80	28
Other Creditors	913	899
Accruals	7,075	6,434
Third Party and Employers' Liability Claims (Note 16)	3,650	3,500
	42,714	55,328
Creditors for taxation and social welfare included above.	3,546	2,832

14. Creditors (Amounts falling due after more than one year)

	1993 IR£000	1992 IR£000
Loan from Holding Company (Note 15)	140,588	127,104

15. Loan from Holding Company

	1993 IR£000	1992 IR£000
This loan is repayable as follows:		
Within one year (Note 13)	18,552	32,036
Between one and two years	7,760	10,154
Between two and five years	48,241	23,265
After five years	84,587	93,685
	140,588	127,104
	159,140	159,140

This loan represents the net assets less issued share capital assigned to the company on its establishment following the re-organisation of Córas Iompair Éireann in 1987. Each year the amount outstanding less any repayments is aged by reference to the bank loans held and managed by Córas Iompair Éireann on behalf of the operating subsidiary companies.



Notes to the Financial Statements

16. Provision for Liabilities and Charges

	1993 IR£000	1992 IR£000
Third Party and Employer's Liability Claims		
Balance at 1st January	16,575	13,242
Utilised during the year	(2,888)	(2,594)
Transfer from Profit and Loss Account	6,161	5,927
Balance at 31st December	19,848	16,575
Less: Transfer to current liabilities (Note 13)	3,650	3,500
	16,198	13,075

Provision is made for the estimated ultimate cost of all third party and employer's liability claims which are not covered by 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 third party liabilities in excess of a self insured retention of IR£6,300,000 in aggregate in a twelve month period (April to March 1995);

(v) fire and special perils, including storm damage, to Board's property in excess of IR£200,000 on any one loss.

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



Notes to the Financial Statements

17. Deferred Income

This account, comprising non-repayable EU grants and other deferred income which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated (Accounting Policy E), includes the following:–

	1st January 1993 IR£000	Received and Receivable IR£000	Profit and Loss A/C IR£000	31st December 1993 IR£000
European Union Grants				
Revenue Grant				
Renewal of Railway Lines and Works	–	12,761	(12,761)	–
Capital Grants				
Railway Lines and Works	–	41	–	41
Railway Rolling Stock	1,930	1,134	–	3,064
Plant and Machinery	2,103	3,577	–	5,680
Docks, Harbours and Wharves	4,348	1,010	(87)	5,271
	8,381	5,762	(87)	14,056
Sub-Total	8,381	18,523	(12,848)	14,056
Other Deferred Income	709	277	(27)	959
Total	9,090	18,800	(12,875)	15,015

18. Share Capital

	1993 IR£000	1992 IR£000
Authorised:		
Ordinary Shares of IR£1 each	75,000	75,000
Allotted and Fully Paid:		
Ordinary Shares of IR£1 each	23,000	23,000

19. Reconciliation of Movements in Shareholders' Funds

	1993 IR£000	1992 IR£000
Surplus for the Year after State Grants	5,516	4,637
Opening Shareholders' Funds	50,343	45,706
Closing Shareholders' Funds	55,859	50,343



Notes to the Financial Statements

20. Asset Replacement Reserve

	1993 IR£000	1992 IR£000
Balance at 1st January	18,890	15,264
Transfer from Profit and Loss Account	4,357	3,626
Balance at 31st December	23,247	18,890

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

21. Cash Flow Statement

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

	1993 IR£000	1992 IR£000
Deficit before State Grants and Servicing of Finance	(72,169)	(68,737)
State Grant (excluding DART Interest)	83,757	80,100
Surplus for year before Servicing of Finance	11,588	11,363
Profit on Sale of Tangible Fixed Assets	(107)	–
Depreciation	9,239	8,241
Amortisation of EU Capital Grants	(87)	–
Decrease in Stocks	10	122
(Increase) /Decrease in Debtors	(10,130)	8,816
Increase/(Decrease) in Creditors and Provisions	5,471	(2,625)
Net Cash Inflow from Operating Activities before Servicing of Finance	15,984	25,917

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

	1993 IR£000	1992 IR£000
Balance at 1st January	(2,766)	(1,752)
Net Cash Inflow/(Outflow)	335	(1,014)
Balance at 31st December	(2,431)	(2,766)



Notes to the Financial Statements

21. Cash Flow Statement (continued)

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

	1993 IR£000	1992 IR£000	Change in 1993 IR£000	Change in 1992 IR£000
Cash at Bank and in Hand	48	44	4	4
Bank Overdraft	(2,479)	(2,810)	331	(1,018)
	(2,431)	(2,766)	335	(1,014)

22. Lease Transactions

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

	1993 IR£000	1992 IR£000
Within One Year	69	33
Between Two and Five Years	172	214
	241	247



Notes to the Financial Statements

23. Pensions

(A) Current Pension Arrangements

The Board operates defined benefit pension schemes for the established employees of itself and of its subsidiary companies including Iarnród Éireann – Irish Rail. Contributions by the Board, its subsidiaries and the employees are invested in separately administered pension funds. In the case of the Regular Wages Pension Schemes and the C.I.E. Superannuation Scheme, 1951 the 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 accruals basis.

The pension costs for the year were IR£9,051,000 (1992 – IR£9,125,000).

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 valuation 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.

The Board 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 1993 was IR£1,385,000 (1992 – IR£1,432,000). 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.

(B) Proposed Amendments to Pension Schemes

Proposals are under discussion to amalgamate the present six pension schemes into two schemes – one for salaried staff and one for wage earners. Existing ex gratia pensions, solvency payments in respect of the C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme and benefit amendments will be incorporated in the amalgamated schemes.

Based on actuarial estimates, the effect of applying SSAP 24 to the proposed amalgamated schemes would not have any adverse impact on the financial statements.



Notes to the Financial Statements

24. Capital Commitments

	1993 IR£000	1992 IR£000
Contracted for	35,603	39,292
Authorised by the Directors but not contracted for	86,521	48,823
	122,124	88,115

25. Contingent Liabilities

The company, from time to time, is party to various legal proceedings. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be material.

26. Railway Infrastructure Costs

In compliance with EU Council Directive 91/440 these costs have been computed as follows:

	1993 IR£000	1992 IR£000
Maintenance of Railway Lines and Works	22,207	19,909
Renewal of Railway Lines and Works (Note 3)	10,867	13,974
Operating (Signalling) and Other Expenses	9,752	8,419
Depreciation (Note 9 (e))	2,911	3,055
Railway Operational Infrastructure Costs before Interest (Note 3)	45,737	45,357
Interest Payable (Note 4)	7,753	9,105
Total Railway Infrastructure Costs	53,490	54,462
Apportionment:-		
Mainline Railway Services	45,090	45,168
Bray/Howth (DART) Services	8,400	9,294
	53,490	54,462

The comparative figures in the profit and loss and working accounts have been restated to take account of the requirements of EU Council Directive 91/440.



Notes to the Financial Statements

27. Working Accounts

(A) Mainline Rail Sector (excluding Bray/Howth Suburban Rail Services)

	1993 IR£000	1992 IR£000
Revenue		
Passenger Train Traffic	49,433	48,287
Goods Train Traffic	18,439	20,594
Miscellaneous	2,256	2,159
Total Revenue	70,128	71,040
Expenditure		
Infrastructure (Note 26)	45,090	45,168
Maintenance of Railway Rolling Stock	28,781	27,346
Fuel	5,710	5,835
Operating and Other Expenses	61,567	61,437
Operating Depreciation	7,077	6,181
Total Expenditure	148,225	145,967
Operating Deficit before Operating Interest Payable and State Grants	(78,097)	(74,927)
Interest Payable	(2,590)	(2,670)
Deficit before State Grants	(80,687)	(77,597)
State Grants	78,611	75,435
Deficit for the Year	(2,076)	(2,162)



Notes to the Financial Statements

27. Working Accounts (continued)

(B) Bray/Howth Suburban Rail Services Sector

	1993 IR£000	1992 IR£000
Revenue		
Passenger Traffic	11,594	11,159
Miscellaneous	195	197
Total Revenue	11,789	11,356
Expenditure		
Infrastructure (Note 26)	8,400	9,294
Maintenance of Railway Rolling Stock	1,965	1,697
Fuel (including electricity for traction)	1,375	1,364
Operating and Other Expenses	7,665	7,058
Operating Depreciation	1,854	1,828
Total Expenditure	21,259	21,241
Operating Deficit before Operating Interest Payable and State Grants	(9,470)	(9,885)
Interest Payable	(5,972)	(5,110)
Deficit for Year before State Grants	(15,442)	(14,995)
State Grants	15,442	14,995
	-	-



Notes to the Financial Statements

27. Working Accounts (continued)

(C) Road Freight Sector

	1993 IR£000	1992 IR£000
Revenue		
Goods Services	17,970	19,667
Miscellaneous	107	149
Total Revenue	18,077	19,816
Operating Costs		
Maintenance of Buildings	4	11
Maintenance of Vehicles and Equipment	1,139	1,956
Fuel	949	1,015
Road Tax and Licences	83	82
Operating and Other Expenses	14,563	16,109
Operating Depreciation	687	66
Total Expenditure	17,425	19,239
Operating Surplus before Interest Payable	652	577
Interest Payable	–	(90)
Net Surplus	652	487

(D) Rosslare Harbour Sector

	1993 IR£000	1992 IR£000
Revenue		
Harbour Services	4,913	5,526
Operating Costs		
Maintenance, Operating and Other Expenses	2,316	2,751
Operating Depreciation	463	269
Amortisation of Capital Grants	(87)	–
Total Expenditure	2,692	3,020
Operating Surplus before Interest Payable	2,221	2,506
Interest Payable	(53)	(69)
Net Surplus	2,168	2,437



Notes to the Financial Statements

27. Working Accounts (continued)

(E) Catering Services Sector

	1993 IR£000	1992 IR£000
Revenue		
Refreshment Rooms and Restaurant Cars	7,126	6,531
Operating Costs		
Maintenance of Buildings, Cars and Equipment	113	82
Provisions	3,034	2,857
Other Direct Expenses	2,518	2,348
Other Expenditure	1,153	983
Total Expenditure	6,818	6,270
Operating Surplus before Interest Payable	308	261
Interest Payable	–	(12)
Net Surplus	308	249

Total expenditure in the above working accounts for the business sectors of the company include the exceptional items, for 1993 IR£2,321,000 (1992 – IR£2,750,000) and the transfer to asset replacement reserve for 1993 IR£4,357,000 (1992 – IR£3,626,000). Also, profit of IR£107,000 (1992 – IR£Nil) on sale of tangible fixed assets is not included in the above working accounts.

28. Membership of Córas Iompair Éireann Group

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

Reference in these financial statements to the Board means the Board of Córas Iompair Éireann.

Dubel Limited is a wholly owned subsidiary of Iarnród Éireann – Irish Rail incorporated in Northern Ireland with registered offices at Central Station, East Bridge Street, Belfast.

29. Approval of Financial Statements

The Directors approved the financial statements on 20th May, 1994.



Value Added Statement

	Year ended 31st December			
	1993			1992
	IR£000	IR£000	IR£000	IR£000
Value Added Generated				
Revenue (Note 2)		112,033		114,269
State Grants (Note 7)		94,053		90,430
Profit on Sale of Tangible Fixed Assets		107		–
Own Work Capitalised and Engineering Work for Group Companies		10,905		8,721
Less: Cost of Materials and Services Utilised	(66,360)		(64,904)	
Exceptional Items	(2,321)	(68,681)	(2,750)	(67,654)
		148,417		145,766
Application of Value Added				
Net Compensation of Employees including pension costs		74,376		71,299
Government – Payroll Taxes		32,138		30,559
Provider of Capital (Note 4)		16,368		17,056
Provision for Future Investment (Note 3)				
– Depreciation	9,239		8,241	
– Amortisation of Capital Grants	(87)		–	
– Renewal of Railway Lines and Works	10,867	20,019	13,974	22,215
Surplus for the year		5,516		4,637
		148,417		145,766

