



Iarnród Éireann
Irish Rail

Annual Report
and Financial Statements
1994

Tuarascáil Bhliantúil
agus Ráitis Airgeadais
don Bhliain go 31u Nollaig
1994

A blurred, sepia-toned photograph of a train. The word 'ARROW' is printed in large, bold, white letters on the side of the train. A person is visible in the background, possibly a train attendant, and the overall scene is in motion, creating a sense of speed and activity.

ARROW

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Directors and Other Information

Directors

Mr. E. Walsh, 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. F. Crumlish,
Connolly Station, Dublin 1.
Telephone (01) 836 3333
Facsimile (01) 836 4760
Registered Number 119571

Auditors

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

Report of the Directors

For the year ended 31st December, 1994

The directors submit their annual report together with the audited financial statements for the year ended 31st December, 1994.

1. *Principal Activities and Review of Operations*

The principal activities of the company continue to be the provision of national Rail Passenger and Rail and Road Freight services which operated at a satisfactory level throughout 1994.

During 1994 significant investments were made in the railway system. Ten new locomotives were acquired and entered into service. Seventeen new diesel railcars were delivered and introduced into commuter services, and made possible the launching of a new 'Arrow' commuter service between Dublin and Kildare which led to the reopening of stations at Sallins, Hazelhatch and Clondalkin and the opening of Cherry Orchard Station. The programme of renewing and upgrading track and signalling was continued during 1994, especially on the Dublin/Belfast and Dublin/Cork lines. The company is continuing its programme of track renewal and equipment replacement substantially supported by European Union Cohesion and Structural Funds grants.

A major productivity agreement involving rail traffic operatives was finalised with the trade unions and introduced during the year. The agreement provided for improved work practices including driver only operation of freight trains, railcars and push-pull services. The agreement facilitated the immediate introduction of new locomotives and railcars into service.

With regard to claims arising out of a 1989 rail accident, and a decision of the High Court in which the co-defendant was adjudged as having no assets, the company has been obliged to provide IRE3,853,000 in the current year and this is included with exceptional items.

The Road Freight business consolidated its position in a highly competitive market during the year.

The company's Catering Services had a satisfactory year. The 'Network' coffee bar in Heuston Station was opened and was well patronised.

The port of Rosslare had a successful trading year. Significant increases in traffic were recorded in all categories. Two shipping companies began new services from the port during the year. The Stena Sea Lynx craft began operations on the Rosslare/Fishguard route. The resulting journey time of 99 minutes represents the quickest Cross Channel surface crossing. The second phase of the development of the port continued during the year and the new facilities will be available by mid 1995.

The financial statements continue to be prepared on a going concern basis as the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

Report of the Directors

2. *Results and Reserves*

The financial statements for the year ended 31st December, 1994 are set out in detail on pages 7 to 31 and a summary of the results is as follows:-

	<i>1994</i>
	<i>IRE000</i>
Surplus for the year after State Grant	2,037
Transfer to Reserve	(5,789)
Decrease in Accumulated Surplus during the Year	(3,752)

3. *Worker Participation at Sub-Board Level*

The election of staff representatives to the 13 local Joint Participation Councils was held in September, 1994. The inaugural meetings of these councils took place in the following months. These councils have been established in accordance with the provisions of a Joint Participation Scheme agreed with the Trade Unions and are in conformity with the terms of the Worker Participation (State Enterprises) Act, 1988.

4. *Health and Safety*

The development of a formal safety management system to implement, to monitor and to control workplace safety standards is continuing within the context of the International Safety Rating System. This system was introduced into the company in September, 1991. The company achieved Standard Level One status of the system in 1993 and Standard Level Three status in 1994.

A formal structure of safety consultation has been developed including Departmental Health and Safety Committees. 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 have also been held.

5. *Equal Opportunities in State Sponsored Bodies*

Iarnród Éireann - Irish Rail is an equal opportunities employer. All policies and procedures adopted at Córas Iompair Éireann Group level have been implemented by the company in the areas of recruitment, training and promotion.

6. *Total Quality*

Several cross-functional quality projects were undertaken to address issues such as locomotive, carriage and wagon availability, and internal communications. In May, 1994 the cement handling operation at Cork Depot became the first part of the Córas Iompair Éireann Group to receive the ISO 9000 Certificate. It is planned to extend the scope of this accreditation to all of Cork Freight Operations (rail and road). The company maintained its involvement in the Anglo Irish Best Station competition. In 1994, an All Ireland Best Station Award was introduced to cover the best stations on the Iarnród Éireann – Irish Rail and Northern Ireland Railways networks. Pearse Station, Dublin was the first overall winner of the award.

Report of the Directors

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, 1994 are set out below. Except where indicated, they served as directors for the entire year.

Mr. D. O'Leary, Chairman	Appointed 1st July, 1994; Resigned 25th April, 1995
Mr. G.T.P. Conlon	Retired 30th June, 1994
Mr. C.D. Waters	
Mr. S. Feely	
Mr. J.J. Harrington	
Mr. J. McCullough	
Mr. A.J. O'Brien	

Mr. E. Walsh was appointed Chairman of the company with effect from 22nd May, 1995.

8. **Auditors**

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

On behalf of the board

E. Walsh, Chairman
C.D. Waters, Managing Director

23rd May, 1995.

Statement of 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:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992. 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 members 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 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 mis-statement, 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 at 31st December, 1994 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 Report of the Directors 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, 1994 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.**

23rd May, 1995.

Principal Accounting Policies

A. **Basis of Accounting:**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and are expressed in Irish pounds, denoted by the symbol IRE.

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 (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.

Railcars, coaching stock and wagons are also depreciated, by equal annual instalments, on the basis of historical cost spread over their expected useful lives. In addition, the excess of depreciation based on replacement cost (at the beginning of the year) of railway 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 their 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 their expected useful lives.

C. **Leased Assets:**

(i) Finance Leases

Assets held under finance leases are accounted for in accordance with SSAP 21 (Accounting for Leases and Hire Purchase Contracts). The capital cost of such assets is included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital element of the outstanding lease obligations is included with creditors. Finance charges are charged to the profit and loss account over the primary period of the lease.

(ii) Operating Leases

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

D. **Stocks:**

Stocks of materials and spare parts 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 more than 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 a foreign currency are translated into Irish pounds at the rate ruling at the 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 or at contract rates where applicable.

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 Vote 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 year 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 re-organisation of the Group's existing pension arrangements, would be inappropriate because the proposed re-organisation is expected to significantly change the existing pension arrangements and the consequent accounting treatment thereof (Note 24 (B)).

I. Railway Infrastructure Costs:

In accordance with EU Council Directive 91/440 Iarnród Éireann - Irish Rail is required to ensure that the accounts of 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 27.

Profit and Loss Account

	Notes	Year ended 31st December	
		1994 IR£000	1993 IR£000
Revenue			
Customer Receipts		111,339	109,475
Miscellaneous		2,813	2,558
Total Revenue	2	114,152	112,033
Costs			
Operational Costs	3	(141,846)	(136,251)
Railway Operational Infrastructure Costs	3	(43,350)	(45,737)
Exceptional Operating Costs	4	(8,681)	(2,321)
Total Operating Costs		(193,877)	(184,309)
Deficit before Profit on Disposal of Tangible Assets, Interest and State Grants			
		(79,725)	(72,276)
Profit on Disposal of Tangible Assets	5	77	107
Deficit before Interest and State Grants			
		(79,648)	(72,169)
Interest Payable - Operational	6	(5,902)	(8,615)
- Railway Infrastructure	6	(5,593)	(7,753)
Deficit for the Year before State Grants			
		(91,143)	(88,537)
State Grants	7	93,180	94,053
Surplus for the Year after State Grants			
		2,037	5,516
Transfer to Reserve	20	(5,789)	(4,357)
(Decrease)/Increase in Accumulated Surplus during the Year			
	8	(3,752)	1,159
Accumulated Surplus at Beginning of the Year		9,612	8,453
Accumulated Surplus at End of the Year			
		5,860	9,612

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 1994 and 1993.

On behalf of the board

E. Walsh, Chairman

C.D. Waters, Managing Director

23rd May, 1995.

Balance Sheet

	Notes	As at 31st December	
		1994 IR£000	1993 IR£000
Fixed Assets			
Tangible Assets	9	233,681	202,342
Financial Assets	10	16	16
		233,697	202,358
Current Assets			
Stocks	11	20,271	20,518
Debtors	12	31,730	47,450
Cash at Bank and in Hand		47	48
		52,048	68,016
Creditors (Amounts falling due within one year)	13	(43,205)	(42,714)
Net Current Assets		8,843	25,302
Total Assets Less Current Liabilities		242,540	227,660
Financed by:			
Creditors (Amounts falling due after more than one year)	14	140,981	140,588
Provision for Liabilities and Charges	17	17,642	16,198
Deferred Income	18	26,021	15,015
		184,644	171,801
Capital and Reserves			
Called up Equity Share Capital	19	23,000	23,000
Asset Replacement Reserve	20	29,036	23,247
Profit and Loss Account		5,860	9,612
Equity Shareholders' Funds	21	57,896	55,859
		242,540	227,660

On behalf of the board

E. Walsh, Chairman
C.D. Waters, Managing Director

23rd May, 1995.

Cash Flow Statement

	Notes	Year ended 31st December	
		1994 IR£000	1993 IR£000
Net Cash Inflow From Operating Activities	22 (A)	40,720	15,984
Servicing of Finance			
Interest Paid	6	(11,041)	(16,368)
Interest Element of Finance Lease Rentals	6	(454)	–
State Grant- DART Interest	7	8,180	10,296
Net Cash Outflow from Servicing of Finance		(3,315)	(6,072)
Investing Activities			
Purchase of Tangible Assets		(37,782)	(18,731)
Sale of Tangible Assets		138	147
EU Capital Grants		9,722	9,007
Net Cash Outflow from Investing Activities		(27,922)	(9,577)
Net Cash Inflow before Financing		9,483	335
Financing			
Repayment of Holding Company Loan		(29,140)	–
New Finance Lease		19,701	–
Capital Element of Finance Lease Rentals		(124)	–
Net Cash Outflow from Financing		(9,563)	–
(Decrease)/Increase in Cash and Cash Equivalents	22 (B)	(80)	335

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

	<i>1994</i> <i>IR£000</i>	1993 IR£000
Mainline Rail	70,336	70,128
Bray/Howth Suburban Rail Services	12,049	11,789
Road Freight	18,580	18,077
Rosslare Harbour	5,510	4,913
Catering Services	7,677	7,126
Total	114,152	112,033

Notes to the Financial Statements

3. Operating Costs

	1994 IRE000	1993 IRE000
Staff Costs		
Wages and Salaries	93,526	89,133
Social Welfare Costs	8,614	8,239
Other Pension Costs	9,377	9,046
	111,517	106,418
Own Work Capitalised, Renewals and Engineering Work for Group Companies	(13,052)	(10,905)
Net Staff Costs	98,465	95,513
Materials and Services		
Fuel and Electric Traction	7,577	7,660
Road Tax and Licences	129	86
Rates	1,389	1,348
Auditors' Remuneration	50	50
Operating Lease Rentals	1,008	903
Maintenance - Railway Rolling Stock	12,887	13,577
Maintenance - Railway Lines and Works	6,024	6,217
Operating and Other Costs	33,872	29,960
Third Party and Employer's Liability Claims	5,863	6,559
	68,799	66,360
Directors' Remuneration		
Emoluments		
- for services as Directors	8	8
- for other services	94	88
	102	96
Depreciation	9,119	9,239
Amortisation of Capital Grants	(154)	(87)
Renewal of Railway Lines and Works (Note 27)	8,865	10,867
Total Operating Costs	185,196	181,988
Costs Allocated:-		
Operational Costs	141,846	136,251
Railway Operational Infrastructure Costs (Note 27)	43,350	45,737
	185,196	181,988

Notes to the Financial Statements

3. Operating Costs (continued)

	Staff Numbers	
	1994	1993
The average number of persons employed by activity, was as follows:-		
Railway	4,826	4,911
Road Freight	247	286
Rosslare Harbour	74	74
Catering	265	268
Total	5,412	5,539

4. Exceptional Operating Costs

	1994 IRE000	1993 IRE000
Voluntary Severance	(4,828)	(2,321)
Third Party Rail Accident Claims (Note)	(3,853)	–
	(8,681)	(2,321)

Note:

This charge arises in respect of a rail accident in 1989 and related litigation. The amount of IRE3,853,000 is additional to a charge of IRE2,500,000 which had been included in the 1992 accounts in respect of the same accident. The additional charge is necessary because the co-defendant, on whom a substantial proportion of the total liability was assessed, has been adjudged by the courts in 1994 as having no assets. Iarnród Éireann – Irish Rail, being jointly and severally liable for the total costs, including legal costs, of the rail accident under the law, will be obliged to discharge the whole of the costs and will be unable to recover any of these costs from the co-defendant.

5. Profit On Disposal Of Tangible Assets

	1994 IRE000	1993 IRE000
Net profit on disposal of surplus assets	77	107

6. Interest Payable

	1994 IRE000	1993 IRE000
On Loan from Holding Company	11,041	16,368
On Finance Leases	454	–
	11,495	16,368
Interest apportioned:-		
Operational Costs	5,902	8,615
Railway Infrastructure Costs (Note 27)	5,593	7,753
	11,495	16,368

Notes to the Financial Statements

7. *State Grants*

The Grants payable to the company via the Holding Company, Córas 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 deficits 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 deficits 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 due to 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 IRE93,180,000 received in 1994 are given in the following table, showing the relevant provision of the EU Regulations.

Notes to the Financial Statements

7. State Grants (continued)

	EU Regulation Number		1994 Total IRE000
	1191/69 IRE000	1107/70 (Article 4) IRE000	
Revenue Related			
Mainline Rail			
Operation of Passenger Services	46,064	–	46,064
Residual Deficit - State Grants	–	19,575	19,575
	46,064	19,575	65,639
Bray/Howth Services			
Operation of Passenger Services	5,340	–	5,340
	51,404	19,575	70,979
Expenditure Related			
Mainline Rail			
Normalisation of Accounts			
- Class 111 (Pensions)	5,627	–	5,627
- Class IV (Level Crossings)	2,079	–	2,079
Infrastructure Grant (Freight)	–	5,716	5,716
	7,706	5,716	13,422
Bray/Howth Services			
Normalisation of Accounts			
- Class 111 (Pensions)	568	–	568
- Class IV (Level Crossings)	31	–	31
	599	–	599
	8,305	5,716	14,021
Total			85,000
Add State Grant for DART Interest - EU Regulation No. 1191/69			8,180
Total State Grants Received			93,180

Notes to the Financial Statements

8. Result

The deficit incurred for the year to 31st December, 1994 amounts to IRE3,752,000 (1993 surplus – IRE1,159,000).

The financial results, after transfer to asset replacement reserve and interest payable, of the business sectors within the company for the year show the following surpluses/(deficits) after State Grants:-

	<i>1994</i> <i>IRE000</i>	1993 IRE000
Mainline Rail	(7,184)	(2,076)
Bray/Howth Suburban Rail	–	–
Road Freight	632	652
Rosslare Harbour	2,310	2,168
Catering Services	413	308
	(3,829)	1,052
Profit on disposal of Tangible Assets	77	107
Total	(3,752)	1,159

The Working Accounts for these business sectors are shown in Note 28.

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

Notes to the Financial Statements

9. Tangible Assets

	1st January 1994 IRE000	Additions IRE000	Scrappings and Disposals IRE000	31st December 1994 IRE000
Cost				
Railway Lines and Works	9,105	608	–	9,713
Railway Rolling Stock	153,903	32,313	(953)	185,263
Road Freight Vehicles	8,825	–	(2,977)	5,848
Plant and Machinery	88,686	5,520	–	94,206
Catering Equipment	352	18	–	370
Docks, Harbours and Wharves	24,492	2,060	–	26,552
Total	285,363	40,519	(3,930)	321,952

	1st January 1994 IRE000	Charge for Year IRE000	Scrappings and Disposals IRE000	31st December 1994 IRE000
Depreciation				
Railway Rolling Stock	41,449	3,968	(892)	44,525
Road Freight Vehicles	4,913	880	(2,977)	2,816
Plant and Machinery	34,187	3,748	–	37,935
Catering Equipment	248	33	–	281
Docks, Harbour and Wharves	2,224	490	–	2,714
Total	83,021	9,119	(3,869)	88,271

	31 December 1994 IRE000	31 December 1993 IRE000
Net Book Amounts		
Railway Lines and Works	9,713	9,105
Railway Rolling Stock	140,738	112,454
Road Freight Vehicles	3,032	3,912
Plant and Machinery	56,271	54,499
Catering Equipment	89	104
Docks, Harbours and Wharves	23,838	22,268
Total	233,681	202,342

Notes to the Financial Statements

9. Tangible Assets (continued)

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

	<i>Lives (Years)</i>
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 IRE27,142,000 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:-

	<i>1994</i> <i>IRE000</i>	<i>1993</i> <i>IRE000</i>
Railway Rolling Stock	8,457	14,672
Road Freight Vehicles	–	153
Plant and Machinery	–	4,112
	8,457	18,937

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

	<i>1994</i> <i>IRE000</i>	<i>1993</i> <i>IRE000</i>
Cost	81,030	79,136
Accumulated Depreciation	30,955	28,440
Net Book Amounts	50,075	50,696
Depreciation for Year (Note 27)	2,515	2,911

(f) Included in tangible assets are amounts, as stated below, in respect of railway rolling stock which are held under finance leases, but remain in the legal ownership of the lessor :-

	<i>1994</i> <i>IRE000</i>	<i>1993</i> <i>IRE000</i>
Cost	20,071	–
Accumulated Depreciation	–	–
Net Book Amounts	20,071	–
Depreciation for Year	–	–

Notes to the Financial Statements

10. Financial Assets

Trade Investments- Listed Shares

	<i>1994</i> <i>IRE000</i>	1993 IRE000
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	19	23

11. Stocks

	<i>1994</i> <i>IRE000</i>	1993 IRE000
Maintenance Materials and Spare Parts	16,349	16,371
Fuel, Lubricants and Other Sundry Stocks	3,922	4,147
	20,271	20,518

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)

	<i>1994</i> <i>IRE000</i>	1993 IRE000
Trade Debtors	11,791	10,299
Amounts owed by Holding and Fellow Subsidiary Companies	12,861	29,167
EU Grants Receivable	4,965	5,808
Other Debtors and accrued income	2,113	2,176
	31,730	47,450

Notes to the Financial Statements

13. Creditors (Amounts falling due within one year)

	1994 IR£000	1993 IR£000
Bank Overdraft	2,558	2,479
Trade Creditors	11,884	6,499
Loan from Holding Company (Note 15)	7,845	18,552
Finance Lease Obligations (Note 16)	751	-
Income Tax deducted under P.A.Y.E.	1,796	1,867
Pay Related Social Insurance	1,304	1,599
Value Added Tax and other taxes	475	80
Other Creditors	1,303	913
Accruals	7,684	7,075
Third Party and Employer's Liability Claims (Note 17)	7,605	3,650
	43,205	42,714
Creditors for taxation and social welfare included above	3,575	3,546

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

	1994 IR£000	1993 IR£000
Loan from Holding Company (Note 15)	122,155	140,588
Finance Lease Obligations (Note 16)	18,826	-
	140,981	140,588

15. Loan From Holding Company

	1994 IR£000	1993 IR£000
This loan is repayable as follows:-		
Within one year (Note 13)	7,845	18,552
Between one and two years	14,503	7,760
Between two and five years	80,802	48,241
After five years	26,850	84,587
	122,155	140,588
	130,000	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. Finance Leases

	1994 IRE000	1993 IRE000
Net obligations under finance leases fall due as follows:		
Within one year (Note 13)	751	-
Between one and five years	3,674	-
After five years	15,152	-
	18,826	-
	19,577	-

17. Provision For Liabilities And Charges

	1994 IRE000	1993 IRE000
Third Party and Employer's Liability Claims		
Balance at 1st January	19,848	16,575
Utilised during the year	(3,918)	(2,888)
Transfer from Profit and Loss Account	9,317	6,161
Balance carried forward	25,247	19,848
Less: Transfer to current liabilities (Note 13)	7,605	3,650
Balance at 31st December	17,642	16,198

The transfer from Profit and Loss Account includes the exceptional charge of IRE3,853,000 for the rail accident at Claremorris (Note 4).

Provision is made 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 IRE3,000,000 and up to IRE83,000,000 on any one occurrence or series of occurrences arising out of any one rail event;
- (ii) third party liability in excess of IRE1,000,000 and up to IRE81,000,000 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 US\$3,000,000;
- (iii) third party liability in excess of IRE50,000 and up to IRE80,050,000 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 US\$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 IRE6,615,000 in aggregate in a twelve month period, April 1995 to March 1996; and
- (v) fire and special perils, including storm damage, to Board's property in excess of IRE200,000 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

18. 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 tangible assets are depreciated (Accounting Policy E), includes the following:-

	<i>1st January 1994 IR£000</i>	<i>Received and Receivable IR£000</i>	<i>Profit and Loss A/c IR£000</i>	<i>31st December 1994 IR£000</i>
European Union Grants				
Revenue Grant				
Renewal of Railway Lines and Works	–	16,472	(16,472)	–
Capital Grants				
Railway Lines and Works	41	304	–	345
Railway Rolling Stock	3,064	6,352	–	9,416
Plant and Machinery	5,680	2,471	(47)	8,104
Docks, Harbours and Wharves	5,271	1,751	(107)	6,915
	14,056	10,878	(154)	24,780
Total EU Grants	14,056	27,350	(16,626)	24,780
Other Deferred Income	959	309	(27)	1,241
Total	15,015	27,659	(16,653)	26,021

19. Equity Share Capital

	<i>1994 IR£000</i>	<i>1993 IR£000</i>
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

20. Asset Replacement Reserve

	<i>1994 IR£000</i>	<i>1993 IR£000</i>
Balance at 1st January	23,247	18,890
Transfer from Profit and Loss Account	5,789	4,357
Balance at 31st December	29,036	23,247

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

Notes to the Financial Statements

21. Reconciliation Of Movement In Equity Shareholders' Funds

	1994 IR£000	1993 IR£000
Surplus for the Year after State Grants	2,037	5,516
Opening Equity Shareholders' Funds	55,859	50,343
Closing Equity Shareholders' Funds	57,896	55,859

22. Cash Flow Statement

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

	1994 IR£000	1993 IR£000
Deficit before State Grant and Servicing of Finance	(79,648)	(72,169)
State Grant	85,000	83,757
Surplus for the Year before Servicing of Finance	5,352	11,588
Profit on disposal of Tangible Assets	(77)	(107)
Depreciation	9,119	9,239
Amortisation of EU Capital Grants	(154)	(87)
Decrease in Stocks	247	10
Decrease/(Increase) in Debtors	16,876	(10,130)
Increase in Creditors and Provisions	9,357	5,471
Net Cash Inflow from Operating Activities before Servicing of Finance	40,720	15,984

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

	1994 IR£000	1993 IR£000
Balance at 1st January	(2,431)	(2,766)
Net Cash (Outflow)/Inflow	(80)	335
Balance at 31st December	(2,511)	(2,431)

Notes to the Financial Statements

22. Cash Flow Statement (continued)

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

	1994 IR£000	1993 IR£000	Change in 1994 IR£000	Change in 1993 IR£000
Cash at Bank and in Hand	47	48	(1)	4
Bank Overdraft	(2,558)	(2,479)	(79)	331
	(2,511)	(2,431)	(80)	335

(D) Analysis of Changes in Financing during the Year

	Share Capital IR£000	Loans and Finance Lease Obligations IR£000
Balance at 1st January, 1994	23,000	159,140
Cash Outflows from Financing	—	(9,563)
Balance at 31st December, 1994	23,000	149,577

23. Operating Leases

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

	1994 IR£000	1993 IR£000
Within one year	108	69
Between one and five years	622	172
	730	241

Notes to the Financial Statements

24. 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 pensions cost for the year was IRE9,382,000 (1993 - IRE9,051,000).

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

• C.I.E. Superannuation Scheme, 1951	31st December, 1993
• C.I.E. Pension Scheme for Regular Wages Staff	31st December, 1993
• G.N.R. Co. (Ireland) Pension Fund for Wages Staff	31st December, 1993
• C.I.E. Spouses' and Children's Superannuation Scheme	31st December, 1993
• C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme, 1977	31st December, 1993
• C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme	31st December, 1993

The actuarial valuations of the pension schemes show on a combined basis that the assets of the schemes represent 164% of the liabilities which had accrued up to the above date 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. There were shortfalls in the cash resources of the C.I.E. Salaried Officers' and Clerks' (G.S.R.) Superannuation Scheme in 1994 of IRE1,310,000 (1993 - IRE1,385,000), and in the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme, 1977 in 1994 of IRE389,000 (1993 - IRENil).

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

24. Pensions (continued)

(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 the other 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 the C.I.E. Salaried Officers' and Clerks' (G.N.R., C.D.R. and I.R.C.H.) Superannuation Scheme, 1977 and benefit amendments will be incorporated in the amalgamated schemes. In relation to the proposed scheme for regular wages grade employees, the employees and the Minister have accepted the proposed new arrangements, and the necessary Statutory Instrument is in the process of being drafted. In the case of the proposed scheme for salaried employees, the matter is still subject to discussion and negotiation with representatives of the members of the affected schemes, and then with the Minister.

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

25. Capital Commitments

	1994 IRE000	1993 IRE000
Contracted for	69,790	35,603
Authorised by the Directors but not contracted for	20,211	86,521
	90,001	122,124

26. Contingent Liabilities

(A) Pending Litigation

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.

(B) Finance Leases

Under the terms of the finance leases there are contingent liabilities whereby material taxation changes affecting the lessors' taxation liability on lease income will be offset by appropriate adjustments to lease rentals.

Notes to the Financial Statements

27. Railway Infrastructure Costs

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

	1994 IR£000	1993 IR£000
Maintenance of Railway Lines and Works	21,774	22,207
Renewal of Railway Lines and Works (Note 3)	8,865	10,867
Operating (Signalling) and Other Expenses	10,196	9,752
Depreciation (Note 9 (e))	2,515	2,911
Railway Operational Infrastructure Costs before Interest (Note 3)	43,350	45,737
Interest Payable (Note 6)	5,593	7,753
Total Railway Infrastructure Costs	48,943	53,490
Apportionment:-		
Mainline Railway Services	41,189	45,090
Bray/Howth (DART) Services	7,754	8,400
	48,943	53,490

28. Working Accounts

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

	1994 IR£000	1993 IR£000
Revenue		
Passenger Train Traffic	49,494	49,433
Goods Train Traffic	18,412	18,439
Miscellaneous	2,430	2,256
Total Revenue	70,336	70,128
Expenditure		
Infrastructure	41,189	45,090
Maintenance of Rolling Stock	28,505	28,781
Fuel	5,592	5,710
Operating and Other Expenses	71,701	61,567
Operating Depreciation	8,562	7,077
Amortisation of Capital Grants	(47)	-
Total Expenditure	155,502	148,225
Operating Deficit before Operating Interest Payable and State Grants	(85,166)	(78,097)
Interest Payable	(1,079)	(2,590)
Deficit before State Grants	(86,245)	(80,687)
State Grants	79,061	78,611
Deficit for the Year	(7,184)	(2,076)

Notes to the Financial Statements

28. Working Accounts (continued)

(b) Bray/Howth Suburban Rail Services Sector

	1994 IR£000	1993 IR£000
Revenue		
Passenger Traffic	11,780	11,594
Miscellaneous	269	195
Total Revenue	12,049	11,789
Expenditure		
Infrastructure	7,754	8,400
Maintenance of Rolling Stock	2,148	1,965
Fuel (including electricity for traction)	1,438	1,375
Operating and Other Expenses	8,259	7,665
Operating Depreciation	1,797	1,854
Total Expenditure	21,396	21,259
Operating Deficit before Operating Interest Payable and State Grants	(9,347)	(9,470)
Interest Payable	(4,772)	(5,972)
Deficit for Year before State Grants	(14,119)	(15,442)
State Grants	14,119	15,442
	-	-

(c) Road Freight Sector

	1994 IR£000	1993 IR£000
Revenue		
Goods Services	18,466	17,970
Miscellaneous	114	107
Total Revenue	18,580	18,077
Operating Costs		
Maintenance of Buildings	-	4
Maintenance of Vehicles and Equipment	1,364	1,139
Fuel	927	949
Road Tax and Licences	129	83
Operating and Other Expenses	14,646	14,563
Operating Depreciation	882	687
Total Expenditure	17,948	17,425
Net Surplus	632	652

Notes to the Financial Statements

28. Working Accounts (continued)

(d) Rosslare Harbour Sector

	1994 IR£000	1993 IR£000
Revenue		
Harbour Services	5,510	4,913
Operating Costs		
Maintenance, Operating and Other Expenses	2,752	2,316
Operating Depreciation	504	463
Amortisation of Capital Grants	(107)	(87)
Total Expenditure	3,149	2,692
Operating Surplus before Interest Payable	2,361	2,221
Interest Payable	(51)	(53)
Net Surplus	2,310	2,168

(e) Catering Services Sector

	1994 IR£000	1993 IR£000
Revenue		
Ground and Train catering	7,677	7,126
Operating Costs		
Maintenance of Buildings, Cars and Equipment	114	113
Provisions	3,264	3,034
Other Direct Expenses	2,693	2,518
Other Expenditure	1,193	1,153
Total Expenditure	7,264	6,818
Net Surplus	413	308

Total expenditure in the above working accounts for the business sectors of the company include the exceptional items for 1994 IR£8,681,000 (1993 – IR£2,321,000) and the transfer to asset replacement reserve for 1994 IR£5,789,000 (1993 – IR£4,357,000). Profit of IR£77,000 (1993 – IR£107,000) on disposal of tangible assets is not included in the above working accounts.

Notes to the Financial Statements

29. 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.

30. Approval of Financial Statements

The directors approved the financial statements on 23rd May, 1995.

Value Added Statement

	<i>Year ended 31st December</i>			
		1994		1993
	IRE000	IRE000	IRE000	IRE000
Value Added Generated				
Revenue (Note 2)		114,152		112,033
State Grants (Note 7)		93,180		94,053
Profit on Sale of Tangible Assets		77		107
Own Work Capitalised, Renewals and Engineering Work for Group Companies		13,052		10,905
Less: Cost of Materials and Services Utilised	(68,799)		(66,360)	
Exceptional Items	(8,681)	(77,480)	(2,321)	(68,681)
		142,981		148,417
Application of Value Added				
Net Compensation of Employees including pension costs		77,040		74,376
Government- Payroll Taxes		34,579		32,138
Providers of Capital (Note 6)		11,495		16,368
Provision for Future Investment (Note 3)				
– Depreciation		9,119		9,239
– Amortisation of Capital Grants		(154)		(87)
– Renewal of Railways Lines and Works		8,865		10,867
Surplus for the Year		2,037		5,516
		142,981		148,417

