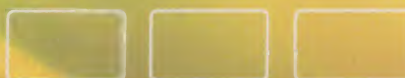


# Córas Iompair Éireann

Group Annual Report and Financial Statements 1999

Tuarascáil Bhliantúil agus Ráitis Airgeadais  
don Bhliain 1999





To the Minister for Public Enterprise

The Board of Córas Iompair Éireann herewith presents the Group Annual Report and Financial Statements for the year ended 31st December, 1999 in accordance with Section 34 of the Transport Act, 1950.

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# bridging the quality deficit ...

The year 1999 was one of solid business performance by the CIE group of companies. The group increased the surplus to IRE17.1 million. The fares increase approved in 1999 became effective in January 2000. Investment by the group on track renewal, trains, buses and facilities for our customers was IRE170 million, while group borrowings at 31st December, 1999 were almost IRE157 million.

The Board has pursued vigorously a policy of new investment to bridge the huge quality deficit in our rail and bus fleets and facilities, built up following years of gross under-investment in public transport in Ireland during the 1980s and early 1990s. This new investment has been financed from internal resources generated within the CIE group, along with substantial EU and Exchequer grants, of which a substantial portion was for investment in rail safety. All of this was done without any recourse to increased borrowings.

Net new investment by the CIE group over the past four years has amounted to IRE308 million. Most of this investment was concentrated on our rail businesses and was used to finance major projects such as:

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- 26 new units for the Dart service which are being delivered in 2000
- 47 new diesel rail cars
- The final phase of the investment in the Enterprise service on the Belfast to Dublin line which included the entire renewal of signalling, track and stations on the line as well as the purchase of 14 De Dietrich carriages
- The purchase of a nine carriage train set (C6 na Mara) for the Dublin to Galway line
- The redevelopment of our main terminal stations at Heuston and Connolly
- The refurbishment of InterCity stations, including major upgrades at Limerick, Kilkenny, Dundalk and Charleville
- Extensions and improvements to platforms at InterCity and suburban rail stations
- Commencement of the Heuston Station re-signalling project
- The relaying of 230 miles of track on the Galway, Sligo, Westport, Belfast, Waterford, Rosslare and Mallow/Tralee lines
- Commencement of the Maynooth suburban project including double line track, signalling and the development of 7 suburban stations
- The opening of new stations at Drumcondra, Clontarf Road and Kilcock
- The refurbishment of existing suburban rail stations with a major upgrade at Dun Laoghaire
- The Dart extensions to Malahide and Greystones
- Park and Ride facilities at suburban rail stations
- New real time passenger information systems for our customers on Dublin Suburban services
- The construction of a double tier ramp and Berth Two at Rosslare Harbour.

Investment in new bus fleet during the past four years included the following:

- The acquisition of 440 new buses for Bus 6tha Cliath.
- The purchase of 276 new buses for Bus 6ireann.



It is CIE policy that all new rolling stock and buses purchased, where possible, will be accessible for our mobility impaired customers.

There is a need for further substantial expenditure to clear the investment backlog and to bring public transport services throughout Ireland up to a quality level which will attract more private motorists to use public transport. In this regard, the Board welcomes the Government's commitment to invest IR£2.2 billion in public transport, as outlined in the National Development Plan.

While we will continue to benefit from significant Exchequer and EU grants, a considerable amount of the extra expenditure in the future will have to be generated internally by the CIE group. It is the Board's view that public transport customers should pay a reasonable proportion of the cost of providing the public transport services. This is now becoming the norm throughout the industrialised world where public transport prices are adjusted annually in line with inflation. The Board advocates that this policy be followed in Ireland.

We fully accept, however, that the alternative policy choice of increased subventions instead of commercial freedom to increase prices in line with inflation is one for decision by Government.

A comprehensive review of all property assets has been undertaken. This was done with a view to generating new income streams from them or alternatively their disposal, after having captured the full potential added value, to finance the capital development programmes of each of the operating companies within the group.

The success of the Stillorgan Quality Bus Corridor, where customer carryings have increased by almost 150%, of whom two thirds formerly travelled by car, clearly demonstrates that bus based solutions can help to solve Dublin's gridlock problems and those of other cities. This model of new modern buses, arriving at frequent intervals with dedicated road space to ensure time certainty for journeys, is clearly a winning formula for beating gridlock. It should be replicated as quickly as possible along all main corridors in Dublin and in the provincial cities.

The Board has decided to accelerate purchases of rolling stock for Iarnród Éireann and Bus Éireann for the commuter services in the greater Dublin area.

Gridlock and fleet quality problems are not unique to the Dublin area. Other provincial cities and their hinterlands have been similarly afflicted. The Board has therefore decided to accelerate fleet replacement and other investment programmes for these areas also.

Traffic delays of over 30 minutes due to congestion are now becoming the norm. It is extremely disappointing for CIE that the introduction of Quality Bus Corridors, as envisaged by the Dublin Transportation Office, is now years behind schedule and new target dates are consistently slipping. Without dedicated road space, with the speed and time certainty for journeys it guarantees, car owners will not switch to public transport no matter how modern the bus fleet nor will CIE get optimum use from its new bus investments if they continue to be caught in gridlock.

#### Board changes

Mr. Brian Joyce resigned as chairman and member of the Board on 6th March, 2000. I wish to thank him for the valued and substantial contribution he made to CIE during his term on the Board.

Mr. Jim Cullen and Mr. Michael McDonnell retired from the Board in November 1999 and were reappointed in February 2000.

I was appointed as chairman and member of the Board on 28th March, 2000.

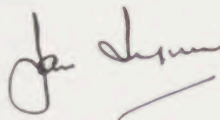
#### Acknowledgements

I would like to thank all our customers for their patronage during 1999 and assure them that we will try even harder during the coming year to make their travels with us more enjoyable.

I thank all the staff of CIE for their efforts, often in adverse circumstances beyond their control, in delivering improved services to our customers and also for the commercial manner in which this was done.

I thank the Minister for Public Enterprise, Mrs. Mary O'Rourke, T.D., the Minister for Finance, Mr. Charlie McCreevy, T.D. and their officials for their support to Córas Iompair Éireann during 1999.

Finally, I thank the officials of the European Union for their support, particularly for the group's investment programmes.



Dr. John Lynch

Chairman



# improved service - increased volumes

## Group results

The overall surplus on the group's operations in 1999 was IRE17.1 million compared to a surplus of IRE11.7 million in 1998.

The following table compares the 1999 results with the 1998 results :

	1999	1998	Variance
	IR�m	IR�m	IR�m
Revenue	375.2	358.3	16.9
State grants	142.1	107.0	35.1
<b>Total</b>	<b>517.3</b>	<b>465.3</b>	<b>52.0</b>
Payroll and related costs	248.3	228.6	(19.7)
Other operating costs	227.0	201.7	(25.3)
Financial costs	10.7	10.8	0.1
Transfer to reserve	14.2	12.5	(1.7)
<b>Total</b>	<b>500.2</b>	<b>453.6</b>	<b>(46.6)</b>
<b>Surplus for the year</b>	<b>17.1</b>	<b>11.7</b>	<b>5.4</b>



04.25



## Revenue

Customer revenue increased by IRE16.9 million with Iarnr d  ireann showing an increase of IRE5.7 million, Bus  ireann IRE6.2 million, Bus  tha Cliath IRE2.3 million and the holding company IRE2.7 million.

The increase in revenue is attributable to increased volumes of traffic carried and improved service levels as the group did not get a fares increase during the year.



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### State grants

The State grant payment in the year of IRE108.9 million was IRE1.9 million higher than 1998.

In addition, a Supplementary Government Estimate provided additional State grants of IRE80 million in 1999, of which IRE76 million was allocated to Iarnród Éireann and IRE4 million to Bus Átha Cliath. The Iarnród Éireann funding was the first instalment of the Government commitment to fund the Railway Safety Investment Programme (1999-2003). IRE29.2 million of the IRE76 million was allocated to revenue expenditure with the balance funding capital expenditure.

# major safety investment programme

## Operating costs

Operating costs increased by IRE25.3 million. This increase was largely due to increased expenditure on infrastructure maintenance and renewal arising from implementing the first phase of the Railway Safety Investment Programme and was financed by an increase in State grants for the Railway Safety Investment Programme.



## Payroll and related costs

These costs increased by IRE19.7 million (8.6%) in the year due to:

- (i) a higher level of activity in Iarnr d  ireann to resource the Railway Safety Investment Programme which benefited from additional State grants for this purpose; and
- (ii) payments due under the Partnership 2000 Agreement.

## Financial charges

Financial charges decreased by IRE1.5 million to IRE9.8 million, mainly reflecting the lower interest rates regime following the introduction of the Euro.

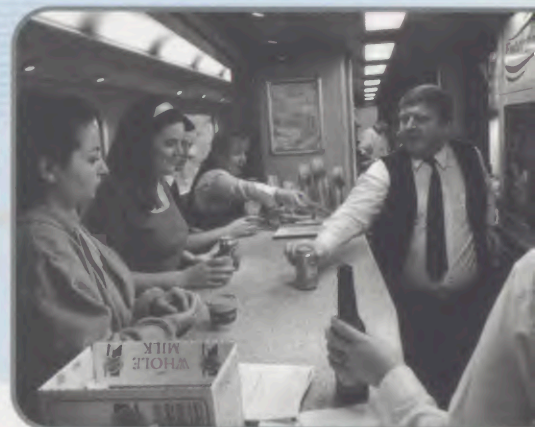
## Transfer to reserve

This is a special provision to cover the anticipated increase in the capital cost of assets when replaced in the future.





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### Cash generation

The group generated from operations a cash flow of IRE65 million during the year (1998 - IRE55 million), all of which was used in meeting the group's capital investment programme.

Capital expenditure on tangible fixed assets in the year amounted to IRE124 million. Bank borrowings at the year end stood at IRE157 million.



# record 32.8m travel by train as we build tomorrow's railway



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## Iarnród Éireann

Iarnród Éireann's principal activities are the provision of national rail passenger and freight services, the operation of road freight and catering businesses and the management of Rosslare Harbour.

## Results

The surplus earned for the year amounted to IRE10.4 million compared to IRE4.4 million for the preceding year. This 136% increase in profitability was achieved through continued growth in all business sectors and additional Exchequer support for the five year Railway Safety Investment Programme.

Total customer revenue amounted to IRE142.3 million, of which the mainline rail (passenger, fasttrack and freight) and suburban rail divisions generated IRE106.6 million (75%).

Year on year revenue growth amounted to 4.2% compared to 5.9% for the previous year. The slower growth rate is indicative of capacity constraints for rolling stock, track and signalling at critical high demand periods of operation.

## Exchequer funding

The Exchequer contribution for the maintenance of the rail infrastructure system and the provision of socially necessary but non-commercial services increased by 1.6% from IRE92.5 million to IRE93.95 million. This annual Exchequer Public Service Obligation Payment was supplemented by a further payment of IRE76 million, of which IRE29.2 million was allocated to current expenditure on safety and the balance to capital expenditure.

## Safety

This supplementary State grant represents the first instalment of the Government commitment to fund the IRE430 million Railway Safety Investment Programme (1999-2003), prepared by Iarnród Éireann and supported by the IRMS and A.D. Little safety studies. The measures being implemented will ensure that Iarnród Éireann's train operations, railway infrastructure and safety management systems are comparable to the best in Europe.



## Rail passenger services

### Passenger carryings

A record 32.8 million passengers travelled on Iarnród Éireann services during the year, of which 22.6 million travelled on suburban services and 10.2 million travelled on InterCity services. Volume growth on InterCity services during the year was 3.9% compared to 10.4% for the previous year while growth on suburban services slowed to 1% compared to 8.8% for the previous year.

As previously referred to, this slowing of the rate of growth reflects capacity constraints in the business and is being addressed through a major investment programme which is discussed below.

**Revenue**

Customer revenue on mainline rail services increased by 4.1% to IR£90.1 million and on Bray/Howth suburban services by 2.7% to IR£16.5 million.



A geographical analysis of revenue from rail passenger services is set out in the following table:

Region	1999 IR£m	1998 IR£m
South/West	32.5	30.6
West	14.4	14.0
South/East	5.6	5.3
Belfast	6.7	6.1
Branch Lines	0.8	0.7
DART	16.5	16.1
Other suburban	7.4	6.9
<b>Total</b>	<b>83.9</b>	<b>79.7</b>

**National Development Plan 2000-2006**

The National Development Plan 2000-2006 provides for expenditure to meet the objectives of the mainline rail programme and to upgrade the infrastructure, rolling stock and facilities. In addition urban rail transport needs in the greater Dublin area will be a major priority for the 2000-2006 period.

Projects currently in progress include the safety programme and the purchase of rolling stock for Dart, suburban and InterCity services. Projects to increase track capacity in both the central area and on the Kildare line are also included in this plan.

These projects will be funded from internal resources supplemented by EU and Exchequer grants.

**Rail freight**

A marginal increase in freight revenue during the year represented a reversal of recent trends. Significant growth was experienced in key traffics but both cement and fertilizer traffics under-performed due to technical factors affecting the availability of products for distribution by rail. It is expected that revenue generated by both of these traffics will recover during 2000.

**Road freight**

Profits in the road freight business grew by 14% to a record level of IR£1.37 million for the year. The ongoing improvement in profitability is attributable to lower operating costs for new business.

**Rosslare Harbour**

Throughput trends in the port during the year were mixed, with strong growth achieved in freight units (9.2%), marginal growth in passenger cars and trade cars (1.7%), no growth in foot passengers and reductions in passenger coaches (12%). The reduction in passenger throughput is attributable to the combination of the abolition of duty free sales during the year and increased ferry capacity on the Irish Sea corridors. The net profit of IR£2.8 million represents a 0.7% increase on the previous year.

**Network Catering**

The 25% increase in Network Catering profits from IR£0.4m to IR£0.5m reflected the buoyant economy and rail passenger volume growth. Growth in train catering business compensated for the temporary closure of the Connolly Station and Busáras ground catering outlets during the redevelopment of these premises. In December 1999 a new bar/restaurant was opened in Connolly Station with the assistance of the International Financial Services tax incentives.

**Equality Programme**

Iarnród Éireann is committed to a policy of equal opportunities in all employment practices and seeks to develop all employees so that they can contribute to the best of their ability to the organisation. All employees have a role to play in ensuring the effective implementation of the equality policy.

In line with the recommendations made in the Iarnród Éireann Equality Report 1998, the first Equality Officer was appointed in June 1999. The business plan outlined in the report focuses on a number of key recommendations and the intention is to make progress on these and thereby effect improvement in the area of equality.



# passenger numbers soared by 150% on the Stillorgan QBC



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## Bus Átha Cliath

The principal activity of the company is the provision of a comprehensive bus service for the city of Dublin and its hinterland.

## Results

Bus Átha Cliath returned a surplus of IRE1.3 million for 1999, marginally up on 1998. Customer revenue grew by 2.2%, while the State grant of IRE13.2 million reflected an increase of IRE4.3 million over 1998. Operating expenditure increased by 5.2% due to the increased level of service and the cost of recruiting and training additional staff.

The number of customers carried across the whole service network increased by 1.9% to 193 million.

## Customer Focus 2000

The Customer Focus 2000 Project continued during the year, with its objective of improving quality of service with greater focus on the customer. Eleven routes were selected, embracing all depots, and specific staff training was provided for employees involved with the services concerned. The experience from this project helped in developing an emphasis upon quality of service throughout the company as the Customer Charter was introduced in November.

Work continued on raising the profile of the company through a range of marketing and promotional activities. Following new provisions in the Finance Act, 1999, which allow employees to receive prepaid bus/rail tickets from their employer which are exempt from benefit-in-kind taxation, a campaign promoting this facility has given rise to buoyancy in sales of the prepaid ticket range.

### Service development

A major development during the year was the delivery of the 150 new double deck buses jointly funded by the EU and the Exchequer. The vehicles were part of the Dublin Transportation Office Short Term Action Plan requiring Bus Átha Cliath to increase the bus capacity at peak periods with the objective of improving market share in favour of public transport.

The majority of the new buses were deployed to provide additional capacity on the Lucan and Malahide Quality Bus Corridors (QBCs) in response to customer demand. There was also a large allocation of the new vehicles onto the third QBC which was launched on the Stillorgan Corridor in August and which proved to be an outstanding success.

Following a very successful marketing campaign in advance of the launch of this QBC and the repackaging of the bus services feeding into and operating along the corridor, a significant increase of over 150% in the number of customers using the upgraded service was recorded.

Research has indicated that a very high proportion (approximately two thirds) of the new users were formerly car drivers on the corridor. This experience shows that dedicated road space and good quality buses operating on a frequent basis will attract customers and enable the bus services to operate at their optimum.

The innovative brand of XRESSO launched during the year, in response to customer demand for cross-city journeys during the peak period, extended direct to Belfield to meet the requirements of students. By the end of the year this concept had been expanded to involve 44 buses at peak periods.



11.00

### Traffic congestion

In contrast to the improved bus performance operating on the three QBCs, bus speeds across the rest of the service network continue to deteriorate on all routes. Delays of up to 30 and 40 minutes were being experienced on most routes during the month of September and improvement was only achieved during the weeks of December when the Freeflow policy was in operation. Progress on implementing the remaining QBCs has been too slow, which in turn inhibits the performance of the bus service.



# fleet upgrading continues with 108 new state-of-the-art buses

## Bus  ireann

The company's principal activities are the operation of its network of Expressway scheduled inter-urban coach services, running city bus services in Cork, Limerick, Galway and Waterford, providing local stage carriage bus services throughout the country and nationwide school transport services on behalf of the Department of Education and Science. Total passenger numbers in 1999 were 84 million.

## Results

Bus  ireann's surplus fell by 14% from IRE3.6 million in 1998 to IRE3.1 million in 1999. Revenue for the year increased by 6% from IRE106 million in 1998 to IRE112 million in 1999. Total expenditure for the year increased by 6% from IRE107 million in 1998 to IRE114 million in 1999. The company is continuing to work in a worsening traffic congestion situation with the resultant increase in operating costs.

Passenger numbers on Expressway and stage carriage services showed a healthy growth of almost 5%. Passenger numbers on provincial city services declined by 1% compared to 1998. However, the second half of 1999 showed an increase of 1% compared to the same period in 1998 and this coincides with the introduction of new buses into the fleet and improved services. Passenger numbers on the School Transport Scheme continue to decline in line with the fall in the school going population.



### Commuter

15% extra services have been provided in the Dublin area for peak hour departures.

### Services

The company has introduced or provided additional services on 60 routes in the year.

### Expressway

The company continued its programme to provide high frequency quality services to and from key cities. A new hourly service was introduced between Dublin and Limerick with onward services to Tralee and Killarney being increased to a two hourly frequency. Higher frequencies have also been introduced on the Cork/Waterford, Sligo/Galway, Clare/Limerick-Dublin, Clonmel/Dublin, Sligo/Dublin, Ballina/Dublin and Donegal/Dublin routes. This business has grown three fold since Bus Éireann was formed in 1987.

### Cities

Significant improvements in the level and frequency of service were introduced on the Salthill/Galway and the Waterford/Farran Park/Hillview routes. The Number 5 route in Cork has been revamped.



### Town services

The successful Athlone town service completed its first year in operation. Town services have been introduced in Navan and Sligo.

### Rural

In support of the Government's policy of rural renewal and development, Bus Éireann, in association with local communities, introduced a further nine innovative services in rural areas through the greater use of school bus resources.

### Facilities

A new bus station was opened in Dundalk. Cavan Bus Station has been expanded. A new bus station in Waterford is approaching operational readiness.

### New Fleet

During 1999 the company continued its policy of investing in its fleet, putting into service 68 new Expressway coaches. In the provincial cities 40 new low-floor single deck buses were introduced (including 20 on loan pending delivery of new specification vehicles in 2000).



# other services



## CIE Tours International

CIE Tours International continues to play an important role in the development of Irish tourism. It generated net revenues of IR 37.9 million in 1999, of which 93% came from its international activities, especially from North America and Continental Europe. Its major product, escorted coach tours, significantly benefited tourism related activities in all parts of Ireland covering hotels, coach companies and special events. In all, the business handled over 70,000 visitors and earned a profit of IR 1.2 million.

## CIE Property

The property division had another successful year with the completion of and trading at the Heuston Phase 1, the Connolly Phase 1 and the Killarney Outlet Centre developments. Further developments currently going through the planning process include those at the North Wall Freight Depot, Tara Street redevelopment, Barrow Street rail station, Cork Kent rail station and Cork Parnell bus station. Preparatory work for a major redevelopment project in Galway has also commenced.

Rental income increased by IR 1.3 million to IR 4.5 million in 1999 and the division recorded a profit of IR 2.9 million as compared to IR 1.7 million in 1998.

## Luas (Light Rail Transport)

CIE is implementing the Luas Project on behalf of the Government. During 1999 the Light Rail Project Office continued to work on the design of the revised light rail network in accordance with the Government decision of May 1998. Detailed final design work on Line A (Tallaght to Abbey St.), Line B (Sandyford to St. Stephen's Green) and Line C (Abbey St. to Connolly Station) was carried out. Preliminary studies and public consultation progressed on Line E (City Centre to Broadstone, underground section) and Line D (Broadstone to Dublin Airport) respectively.

During 1999 the Minister for Public Enterprise made Light Rail Orders for Line A (Tallaght to Abbey St.) and Line B (Sandyford to St Stephen's Green). An application for a Light Rail Order in respect of Line C (Abbey St. to Connolly Station) was made in September 1999 and the Public Inquiry was held in December 1999. The Inspector's report to the Minister was issued in January 2000. This report recommended that an element of the alignment at Connolly Station be redesigned.

A contract was signed in 1999 for the delivery of 20 thirty metre trams for Line A. Construction activities on Line A, including the diversion of utility services, commenced in quarter 4 of 1999.

At the end of 1999 the project was on target to meet the revised Government Programme of May 1998.





#### CIE Consult

CIE Consult generated profits of IRE19,000 on a turnover of IRE2.5 million in the year, a reduction on the results of last year.

The highlight of 1999 for the consulting business was the securing, against strong competition, of the contract for the privatisation of Tanzania Railways Corporation, financed by the World Bank, a contract with a value of US\$1.8 million. Work there commenced in September. This is very significant in the light of the increasing momentum of railway privatisation in African countries.

#### Commuter Advertising Network

The growth in advertising rentals and new media business is reflected in the strong performance achieved by this division. The net profit for 1999 increased to IRE1.8 million as compared to IRE1.5 million for 1998.



15.00



# our company is our people

## Employment

The average number of staff employed by the group during 1999 was 11,014 which was an increase of 306 as compared to 1998.



## Employee pensions

Reorganisation of the Board's six pension schemes into two schemes is almost finalised. The three wages schemes have been merged into the CIE Pension Scheme for Regular Wages Staff (Amendment) Scheme 1996. Consolidation of the other schemes into the CIE Superannuation Scheme 1951 (Amendment) Scheme is completed subject to Ministerial Order.

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## Staff participation

CIE's main asset is its staff. It is group policy to utilise this asset to the fullest extent by progressively developing a teamwork and participative culture throughout the group. Staff are encouraged to participate in the running of the group through active involvement in project teams, working parties and customer focused service improvement initiatives. There are four worker directors on the Board.

## Equal opportunities

The group keeps under review opportunities for enhancing equality of opportunities. It is a member of the partnership in the Employment of Disabled Persons Scheme, which was established under the aegis of the Department of Equality and Law Reform. It also has regular consultations with representatives of organisations for the mobility impaired to establish priorities for investments in facilities for such groups.

## Safety, health and welfare

The safety of customers and employees is paramount in all CIE businesses. The Board Safety Committee monitors the safety performance of each operating company against formal annual safety plans. It actively supports the safety programmes of each company and encourages the widest possible involvement in safety promotion and accident prevention.

### Payment practices

CIE acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act, 1997. Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Act. The payment policy throughout the group in 1999 was to comply with the requirements of the Act.

### Year 2000

A project was implemented in 1999 to ensure that all computer systems and other equipment were Year 2000 compliant. Areas of non-compliance were specifically addressed and major suppliers and customers contacted to assess their preparedness in relation to Year 2000. While, given the complexity of the issue, it was not possible for any organisation to be absolutely certain that no problems would occur, the group made every effort to avoid the possibility of business disruption. Since 1st January, 2000 there has been no indication of difficulties arising from the Year 2000 issue.

17.00



### Euro compliance

The group euro changeover programme manager liaises with the operating companies' euro programme managers in reviewing all business systems, functions and activities affected by the euro changeover 1999-2002. Euro changeover procedures and routines will be synchronised as much as possible within the group. Progress to date and the ongoing project commitments indicate achievement of a successful euro changeover exercise.

### Procurement

A group procurement policy is in place to ensure compliance with the EU Public Procurement and Utilities Directives, as well as Board and Government policies. All procurement over the qualifying thresholds were put to open tender and inserted in the EU Journal where appropriate.



18.25



18.50



C oras Iompair  ireann is the national statutory authority providing land public transport within the Republic of Ireland. It is wholly owned by the Government of Ireland and reports to the Minister for Public Enterprise.

The group holding company is organised into five subsidiary operating companies, three business units and other ancillary service providers. Between them they provide services for:

- Rail passenger travel
- Rail freight haulage
- Train and ground catering
- City, InterCity, rural and school bus travel
- Road freight haulage
- Harbour management
- Event/holiday tours
- International consultancy
- Ancillary services:
  - Project management; Property; Legal; Insurance/Liability management.

Strategic direction, control and overall co-ordination is provided by the holding company whilst each subsidiary and business unit has a high degree of operating autonomy.



## Córas Iompair Éireann

CIE Tours International Inc.  
 CIE Consult  
 CIE Group Property  
 Commuter Advertising (CAN)  
 Insurance/Liability Management  
 Legal Services



19.00

InterCity  
 Suburban  
 Long Distance Commuter  
 Rail Freight  
 Road Freight  
 Rosslare Harbour  
 Network Catering (Dubel Ltd.)

 **Iarnród Éireann**

Expressway  
 Rural Services  
 Provincial City Services  
 School Bus Services  
 Commercial Vehicle Testing  
 Private Hire

 **Bus Éireann**

City Services  
 Cityswift  
 City Speed  
 City Imp  
 Nitelink  
 Airlink  
 Private Hire

 **Bus Átha Cliath**

### Members of the Board

The names of the persons who were board members at any time during the year ended 31st December, 1999, are set out here. Except where indicated they served as board members for the whole year.

- |                          |  |
|--------------------------|--|
| • Brian A. Joyce         | Chairman<br>(Resigned 6th March, 2000)   |
| • John Lynch             | Chairman<br>(Appointed 28th March, 2000)   |
| • Jim Cullen             | Chief Financial Officer<br>(Retired 27th November, 1999; reappointed 1st February, 2000) |
| • Paul Cullen            |  |
| • Gerry Duggan           |  |
| • David Egan             |  |
| • Michael Faherty        |  |
| • Tras Honan             | Deputy Chairperson   |
| • Paul Kiely             |  |
| • Anne Marie Mannix      |  |
| • Bill McCamley          |  |
| • Michael P. McDonnell   | Group Chief Executive<br>(Retired 27th November, 1999; reappointed 1st February, 2000)   |
| • Susan Spence           |  |
| • Worker director        |  |
| • Executive board member |  |

### Secretary of the Board

Geraldine Finucane  
Heuston Station  
Dublin 8  
Telephone +353 1 703 2008  
Facsimile +353 1 703 2276

## Board Committees

### Audit Committee

Brian A. Joyce                      Chairman  
 (Resigned 6th March, 2000)

Paul Kiely  
 Anne Marie Mannix  
 Bill McCamley

### Finance Committee

Paul Kiely                              Chairman  
 Jim Cullen  
 David Egan  
 Brian A. Joyce                      (Resigned 6th March, 2000)  
 Bill McCamley  
 Michael P. McDonnell

### Group Management

Michael P. McDonnell              Group Chief Executive  
 Jim Cullen                              Chief Financial Officer  
 Brian Dowling                      Managing Director, CIE Tours International  
 Bill Lilley                                Managing Director, Bus Éireann  
 Joe Meagher                          Managing Director, Iarnród Éireann  
 Alan Westwell (UK)                Managing Director, Bus Átha Cliath

### Remuneration Committee

Brian A. Joyce                      Chairman  
 (Resigned 6th March, 2000)

John Lynch                              Chairman  
 (Appointed 5th April, 2000)

Tras Honan  
 Paul Kiely

### Auditors

PricewaterhouseCoopers,  
 Chartered Accountants and  
 Registered Auditors,  
 Wilton Place,  
 Dublin 2.

### Solicitor

Michael Carroll,  
 Bridgewater House,  
 Islandbridge,  
 Dublin 8.

### Safety Committee

Gerry Duggan                      Chairman  
 Paul Cullen  
 David Egan  
 Michael Faherty

### Principal Banker

Bank of Ireland,  
 College Green,  
 Dublin 2.

The responsibilities of the members of the Board of C ras Iompair  ireann are determined by the Transport Act, 1950 and subsequent amendments. The responsibilities of the directors of its subsidiaries are determined by company law and the Transport (Re-organisation of C ras Iompair  ireann) Act, 1986.

This legislation requires the members of the Board to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of C ras Iompair  ireann and of the surplus or deficit of C ras Iompair  ireann for that period.

In preparing those financial statements, the members of the Board are required to:

- ensure that suitable accounting policies are selected and consistently applied;
- ensure that any judgements or estimates made are reasonable and prudent; and
- ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that C ras Iompair  ireann will continue in business.

The members of the Board are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of C ras Iompair  ireann and enable them to ensure that the financial statements comply with the requirements of the Transport Act, 1950 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of C ras Iompair  ireann and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Corporate governance

It is the policy of the CIE group to comply as closely as possible with best practice in the area of corporate governance and financial disclosure. It is the Board's policy to align its practice with those recommendations of the Cadbury Report which the group considers appropriate for a State sponsored body. The group complies with the provisions of the Government Guidelines for commercial State companies.

C ras Iompair  ireann is a statutory company with a Board of twelve members. The Board consists of a non-executive chairman, a non-executive deputy chairperson, four non-executive members, two executive members and four worker directors.

The Board operates three subcommittees, Audit, Safety and Remuneration for which specific terms of reference for each committee are in place.

A Property Advisory Committee which is chaired by a board member advises the group chief executive on property matters.



**Auditors' Report to the Minister  
for Public Enterprise**

As auditors appointed by C ras Iompair  ireann under Section 34 (2) of the Transport Act, 1950 with your consent, we have audited the financial statements on pages 24 to 48 which have been prepared under the historical cost convention and the accounting policies set out on pages 24 to 25.

**Respective responsibilities of the  
members of the Board and the auditors**

As described on page 22 the members of the Board are responsible for the preparation of the financial statements in accordance with accounting standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs, results and cost flows of the group. We state whether we have obtained all the information and explanations we consider necessary for the purpose of our audit and whether the C ras Iompair  ireann balance sheet is in agreement with the books of account. We also report to you our opinion as to whether C ras Iompair  ireann has kept proper books of account.

We also report to you if, in our opinion, information specified by law regarding board members' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit 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 members of the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 affairs of C ras Iompair  ireann and of the group as at 31st December, 1999 and of the surplus and cash flows of the group for the year then ended.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of accounts have been kept by C ras Iompair  ireann. C ras Iompair  ireann's balance sheet is in agreement with the books of account.

**PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors  
Dublin**

3rd May, 2000.

**(A) Basis of consolidation**

The group financial statements are a consolidation of the financial statements of C oras Iompair  ireann and the following subsidiaries:

Iarnr d  ireann - Irish Rail and its subsidiary Dubel Ltd.

Bus  ireann - Irish Bus

Bus  tha Cliath - Dublin Bus

CIE Tours International Incorporated is treated as a branch of C oras Iompair  ireann for accounting purposes.

Dubel Limited is treated as a branch of Iarnr d  ireann - Irish Rail for accounting purposes.

**(B) 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.

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

**(C) Revenue**

Revenue comprises the gross value of services provided, except in the case of CIE Tours International Incorporated where the net value is included.

**(D) 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 consolidated 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 consolidated profit and loss account.

**(iii) Road passenger vehicles**

The historical cost of road passenger vehicles is depreciated over their expected useful lives on a reducing percentage basis which reflects the vehicles usage throughout their lives (*note 12*). In addition, the excess of depreciation based on the replacement cost of the vehicles (at the beginning of the year) over this historical cost depreciation is shown separately as a transfer to reserve from the consolidated profit and loss account.

School buses are depreciated, by equal annual instalments, on the basis of their written down value at that date spread over the remainder of their expected useful lives.

**(iv) 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.

**(v) Docks, harbours 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.

**(E) 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 in creditors. Finance charges are charged to the consolidated profit and loss account over the primary period of the lease.

**(ii) Operating leases**

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

**(F) Stocks**

Stocks of materials and spare parts are valued at the lower of average cost and net realisable value. Stocks which are known to be obsolete at the balance sheet date are written off and provision is made in respect of stocks which may become obsolete in the future.

**(G) Grants****(i) 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 consolidated 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.

**(ii) State grants**

State grants received during the year in respect of public service obligations are dealt with in the consolidated profit and loss account.

**(H) Foreign currency**

Transactions denominated in 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.

Long-term foreign currency borrowings, including that portion payable within one year of the balance sheet date, are translated at the rates of exchange ruling at the balance sheet date (closing rates) with the resulting gains or losses included in the consolidated profit and loss account.

**(I) Pensions**

The expected cost of providing pensions to employees is charged to the consolidated profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from independent actuaries, at what is expected to be a stable percentage of pensionable pay. Variations from regular pension costs, identified by periodic actuarial valuations, are spread over the expected average remaining service lives of the members of the schemes.

Differences between the amounts funded and the amounts charged to the consolidated profit and loss account are treated as either provisions or prepayments in the balance sheet. The capital cost of *ex gratia* pensions is provided for and charged to the consolidated profit and loss account in the year that the related employee severance is recognised and is included in the cost of severance.

**(J) 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 the railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70.

Year ended 31st December	Notes	1999 IR�000	1998 IR�000	1999 �000	1998 �000
<b>Revenue</b>	1	<b>375,256</b>	358,250	<b>476,477</b>	454,884
<b>Costs</b>					
Payroll and related costs	3	(248,282)	(228,597)	(315,253)	(290,258)
Materials and services	4	(167,973)	(157,279)	(213,282)	(199,703)
Depreciation and railway lines renewals	5	(57,068)	(42,566)	(72,461)	(54,048)
Exceptional operating costs (net)	6	(2,000)	(2,303)	(2,540)	(2,924)
<b>Total operating costs</b>		<b>(475,323)</b>	(430,745)	<b>(603,536)</b>	(546,933)
<b>Deficit before (Loss)/profit on disposal of tangible assets, interest and State grants</b>		<b>(100,067)</b>	(72,495)	<b>(127,059)</b>	(92,049)
(Loss)/profit on disposal of tangible assets	7	(41)	411	(52)	522
<b>Deficit before interest and State grants</b>		<b>(100,108)</b>	(72,084)	<b>(127,111)</b>	(91,527)
Interest receivable	8	488	531	619	674
Interest payable - operational	9	(6,793)	(7,739)	(8,625)	(9,827)
- railway infrastructure	9	(3,514)	(4,120)	(4,462)	(5,231)
(Losses)/gains on foreign currency loans		(846)	549	(1,074)	697
<b>Deficit for the year before State grants</b>		<b>(110,773)</b>	(82,863)	<b>(140,653)</b>	(105,214)
State grants	10	142,145	107,000	180,487	135,862
<b>Surplus for the year after State grants</b>		<b>31,372</b>	24,137	<b>39,834</b>	30,648
Transfer to reserve	24	(14,229)	(12,483)	(18,067)	(15,850)
<b>Change in the profit and loss account for the year</b>		<b>17,143</b>	11,654	<b>21,767</b>	14,798
Accumulated deficit at beginning of the year		(94,393)	(106,047)	(119,854)	(134,652)
<b>Accumulated deficit at end of the year</b>		<b>(77,250)</b>	(94,393)	<b>(98,087)</b>	(119,854)

Movements in reserves are shown in Notes 22 and 24 to the financial statements.

All figures relate to the continuing activities of the group.

There were no recognised gains or losses other than those included in the consolidated profit and loss account.

On behalf of the Board

**Dr. John Lynch**  
**Michael P. McDonnell**

Chairman  
Board Member

As at 31st December	Notes	1999 IR�000	1998 IR�000	1999 �000	1998 �000
<b>Fixed assets</b>					
Tangible assets	12	580,635	490,629	737,254	622,970
Financial assets	13	17	19	22	24
		<b>580,652</b>	<b>490,648</b>	<b>737,276</b>	<b>622,994</b>
<b>Current assets</b>					
Stocks	14	27,132	22,572	34,451	28,661
Debtors	15	116,592	50,819	148,041	64,527
Bank deposits	16	974	654	1,237	830
Cash at bank and in hand		2,033	1,506	2,581	1,912
		<b>146,731</b>	<b>75,551</b>	<b>186,310</b>	<b>95,930</b>
Creditors (amounts falling due within one year)	17	(193,210)	(199,106)	(245,326)	(252,812)
<b>Net current liabilities</b>		<b>(46,479)</b>	<b>(123,555)</b>	<b>(59,016)</b>	<b>(156,882)</b>
<b>Total assets less current liabilities</b>		<b>534,173</b>	<b>367,093</b>	<b>678,260</b>	<b>466,112</b>
<b>Financed by:</b>					
Creditors (amounts falling due after more than one year)	18	78,090	93,193	99,154	118,331
Provisions for liabilities and charges	20	114,643	84,335	145,567	107,083
Deferred income	21	198,333	77,830	251,831	98,824
		<b>391,066</b>	<b>255,358</b>	<b>496,552</b>	<b>324,238</b>
<b>Reserves</b>					
Insurance reserve	23	1,117	1,117	1,418	1,418
Asset replacement reserve	24	186,897	172,668	237,310	219,243
Capital reserve	25	22,490	22,490	28,556	28,556
Profit and loss account deficit		(77,250)	(94,393)	(98,087)	(119,854)
Non-repayable State advances		9,853	9,853	12,511	12,511
	22	<b>143,107</b>	<b>111,735</b>	<b>181,708</b>	<b>141,874</b>
		<b>534,173</b>	<b>367,093</b>	<b>678,260</b>	<b>466,112</b>

On behalf of the Board

Dr. John Lynch  
Michael P. McDonnell

Chairman  
Board Member

As at 31st December	Notes	1999 IR�000	1998 IR�000	1999 �000	1998 �000
<b>Fixed assets</b>					
Tangible assets	12	97,904	76,921	124,312	97,670
Financial assets	13	258,237	261,668	327,859	332,250
		<b>356,141</b>	<b>338,589</b>	<b>452,171</b>	<b>429,920</b>
<b>Current assets</b>					
Debtors	15	24,943	24,578	31,671	31,208
Bank deposits	16	974	654	1,237	830
Cash at bank and in hand		976	1,327	1,239	1,685
		<b>26,893</b>	<b>26,559</b>	<b>34,147</b>	<b>33,723</b>
Creditors (amounts falling due within one year)	17	(191,836)	(169,993)	(243,547)	(215,847)
<b>Net current liabilities</b>		<b>(164,943)</b>	<b>(143,434)</b>	<b>(209,400)</b>	<b>(182,124)</b>
<b>Total assets less current liabilities</b>		<b>191,198</b>	<b>195,155</b>	<b>242,771</b>	<b>247,796</b>
<b>Financed by:</b>					
Creditors (amounts falling due after more than one year)	18	78,090	88,113	99,154	111,880
Deferred income	21	8,801	5,107	11,175	6,485
		<b>86,891</b>	<b>93,220</b>	<b>110,329</b>	<b>118,365</b>
<b>Reserves</b>					
Insurance reserve	23	1,117	1,117	1,418	1,418
Asset replacement reserve	24	85,563	85,563	108,643	108,643
Capital reserve	25	22,490	22,490	28,556	28,556
Profit and loss account deficit		(14,716)	(17,088)	(18,686)	(21,697)
Non-repayable State advances		9,853	9,853	12,511	12,511
	22	<b>104,307</b>	<b>101,935</b>	<b>132,442</b>	<b>129,431</b>
		<b>191,198</b>	<b>195,155</b>	<b>242,771</b>	<b>247,796</b>

On behalf of the Board

**Dr. John Lynch**  
**Michael P. McDonnell**

Chairman  
Board Member

Year ended 31st December	Notes	1999 IR€000	1998 IR€000	1999 €000	1998 €000
Net cash inflow from operating activities	26(A)	41,258	60,811	52,387	77,214
Return on investments and servicing of finance	26(B)	(10,095)	(11,950)	(12,818)	(15,173)
Acquisitions		(65)	(181)	(83)	(230)
Capital expenditure and financial investment	26(B)	(38,843)	(49,986)	(49,320)	(63,469)
Cash outflow before use of liquid resources and financing		(7,745)	(1,306)	(9,834)	(1,658)
Financing - increase/(decrease) in debt	26(B)	5,625	(979)	7,142	(1,243)
Decrease in cash in the year		(2,120)	(2,285)	(2,692)	(2,901)
<b>Reconciliation of net cash flow to movement in net debt (note 26(C))</b>					
Decrease in cash in the year		(2,120)	(2,285)	(2,692)	(2,901)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(5,625)	979	(7,142)	1,243
Change in net debt resulting from cash flows		(7,745)	(1,306)	(9,834)	(1,658)
Translation difference		(846)	549	(1,074)	697
Movement in net debt in the year		(8,591)	(757)	(10,908)	(961)
Net debt at 1st January		(148,162)	(147,405)	(188,127)	(187,166)
Net debt at 31st December		(156,753)	(148,162)	(199,035)	(188,127)

## 1 PROFIT AND LOSS FOR YEAR ENDED 31ST DECEMBER

	CIE	Iarnr�d �ireann -Irish Rail	Bus �ireann -Irish Bus	Bus �tha Cliath -Dublin Bus	Total 1999	Total 1998
	IR�000	IR�000	IR�000	IR�000	IR�000	IR�000
<b>Revenue</b>						
<b>Railway</b>						
- Bray/Howth		16,493			16,493	16,062
- Other than Bray/Howth		90,070			90,070	86,494
		106,563			106,563	102,556
<b>Road freight</b>		18,741			18,741	17,577
<b>Rosslare Harbour</b>		7,316			7,316	7,213
<b>Catering services</b>		9,663			9,663	9,266
<b>Road passenger services</b>						
- Dublin city				107,415	107,415	105,127
- Provincial cities			11,675		11,675	11,652
- Other services			100,101		100,101	93,871
<b>Tours (net)</b>	7,407				7,407	6,799
<b>Consultancy</b>	2,534				2,534	4,189
<b>Central business activities</b>	3,841				3,841	-
<b>Total revenue</b>	13,782	142,283	111,776	107,415	375,256	358,250
<b>Expenditure</b>						
<b>Railway</b>						
- Bray/Howth						
Operational costs		17,486			17,486	17,132
Infrastructure costs		5,554			5,554	5,965
- Other than Bray/Howth						
Operational costs		113,346			113,346	107,639
Infrastructure costs		75,496			75,496	53,403
		211,882			211,882	184,139
<b>Road freight</b>		17,373			17,373	16,377
<b>Rosslare Harbour</b>		4,476			4,476	4,392
<b>Catering services</b>		9,196			9,196	8,897
<b>Road passenger services</b>						
- Dublin city				115,865	115,865	109,781
- Provincial cities			15,471		15,471	14,351
- Other services			98,232		98,232	92,236
<b>Tours</b>	6,236				6,236	5,761
<b>Consultancy</b>	2,515				2,515	3,836
<b>Central business activities</b>	1,896				1,896	-
<b>Total expenditure</b>	10,647	242,927	113,703	115,865	483,142	439,770



## 1 PROFIT AND LOSS FOR YEAR ENDED 31ST DECEMBER (continued)

	CI6	Iarnr6d 6ireann -Irish Rail	Bus 6ireann -Irish Bus	Bus 6tha Cliath -Dublin Bus	Total 1999	Total 1998
	IRE000	IRE000	IRE000	IRE000	IRE000	IRE000
<b>(Deficit)/surplus from</b>						
<b>Railway</b>						
- Bray/Howth		(6,547)			(6,547)	(7,035)
- Other than Bray/Howth		(98,772)			(98,772)	(74,548)
		(105,319)			(105,319)	(81,583)
<b>Road freight</b>		1,368			1,368	1,200
<b>RossLare Harbour</b>		2,840			2,840	2,821
<b>Catering services</b>		467			467	369
<b>Road passenger services</b>						
- Dublin city				(8,450)	(8,450)	(4,654)
- Provincial cities			(3,796)		(3,796)	(2,699)
- Other Services			1,869		1,869	1,635
<b>Tours</b>	1,171				1,171	1,038
<b>Consultancy</b>	19				19	353
<b>Central business activities</b>	1,945				1,945	-
<b>Surplus/(deficit) before exceptional items, (Loss)/profit on disposal of tangible assets and State grants</b>						
	3,135	(100,644)	(1,927)	(8,450)	(107,886)	(81,520)
Exceptional items ( <i>note 6</i> )				(2,000)	(2,000)	(2,303)
(Losses)/gains on foreign currency loans	(846)				(846)	549
(Loss)/profit on disposal of tangible assets ( <i>note 7</i> )	83	27	32	(183)	(41)	411
<b>Surplus/(deficit) before State grants</b>	2,372	(100,617)	(1,895)	(10,633)	(110,773)	(82,863)
<b>State grants</b>		123,091	5,810	13,244	142,145	107,000
<b>Surplus for the year after State grants</b>	2,372	22,474	3,915	2,611	31,372	24,137
<b>Transfer to reserve</b>		(12,110)	(842)	(1,277)	(14,229)	(12,483)
<b>Surplus for the year</b>	2,372	10,364	3,073	1,334	17,143	11,654

	1999 IR£000	1998 IR£000
<b>2 RAILWAY INFRASTRUCTURE COSTS</b>		
In compliance with EU Council Directive 91/440 these costs have been computed as follows:		
Maintenance of railway lines and works	36,650	28,840
Renewal of railway lines and works ( <i>note 5</i> )	45,922	25,523
Operating (signalling) and other expenses	11,105	10,064
Depreciation ( <i>note 12 (i)</i> )	3,546	3,238
Amortisation of capital grants	(390)	(390)
<b>Total railway infrastructure costs before interest</b>	<b>96,833</b>	<b>67,275</b>
Interest payable ( <i>note 9</i> )	3,514	4,120
<b>Total railway infrastructure costs before grants</b>	<b>100,347</b>	<b>71,395</b>
EU revenue grants	(19,297)	(12,027)
<b>Total railway infrastructure costs</b>	<b>81,050</b>	<b>59,368</b>
Apportionment:		
<b>Mainline railway services</b>	<b>75,496</b>	<b>53,403</b>
<b>Bray/Howth (DART) services</b>	<b>5,554</b>	<b>5,965</b>
	<b>81,050</b>	<b>59,368</b>
<b>3 PAYROLL AND RELATED COSTS</b>		
<b>Staff costs</b>		
Wages and salaries	234,068	212,371
Social welfare costs	20,792	19,045
Other pension costs	12,546	11,089
	<b>267,406</b>	<b>242,505</b>
Own work capitalised	(19,548)	(14,345)
<b>Net staff costs</b>	<b>247,858</b>	<b>228,160</b>
<b>Board members' remuneration</b>		
<b>Emoluments</b>		
- for services as board members	52	55
- for other services	372	382
<b>Total board members' remuneration and emoluments</b>	<b>424</b>	<b>437</b>
<b>Total payroll and related costs</b>	<b>248,282</b>	<b>228,597</b>
	<b>Staff Numbers</b>	
	<b>1999</b>	<b>1998</b>
The average number of employees by company was as follows:		
CIE	314	299
Iarnród Éireann - Irish Rail	5,234	4,985
Bus Éireann - Irish Bus	2,462	2,523
Bus Átha Cliath - Dublin Bus	3,004	2,901
	<b>11,014</b>	<b>10,708</b>

The CIE figure for 1999 includes those working on the Luas Project, which at 31st December, 1999, had a workforce of 76 and 43 in 1998.

	1999 IR€000	1998 IR€000
<b>4 MATERIALS AND SERVICES</b>		
Fuel and electric traction	15,393	16,138
Road tax and licences	652	760
Rates	2,425	2,238
Auditors' remuneration	142	139
Operating lease rentals	5,034	3,398
School contractors	22,612	20,790
Third party and employer's liability claims	19,062	23,489
Materials and other services	102,653	90,327
	<u>167,973</u>	<u>157,279</u>
<b>5 DEPRECIATION AND RAILWAY LINES RENEWALS</b>		
Depreciation (note 12)	33,844	31,314
Amortisation of EU capital grants (note 21)	(3,401)	(2,244)
	<u>30,443</u>	<u>29,070</u>
Renewal of railway lines and works	45,922	25,523
Less EU revenue grants (note 21)	(19,297)	(12,027)
Total depreciation and railway lines renewals	<u>57,068</u>	<u>42,566</u>
<b>6 EXCEPTIONAL OPERATING COSTS (net)</b>		
Restructuring Costs	<u>2,000</u>	<u>2,303</u>
<b>7 (LOSS)/PROFIT ON DISPOSAL OF TANGIBLE ASSETS</b>		
Net proceeds on sale of surplus land and buildings	83	437
(Loss)/profit on disposal of rolling stock, vehicles, plant and machinery	(124)	(26)
	<u>(41)</u>	<u>411</u>
<b>8 INTEREST RECEIVABLE</b>		
Short-term deposits	<u>488</u>	<u>531</u>

	1999 IR6000	1998 IR6000
<b>9 INTEREST PAYABLE</b>		
On loans and leases repayable wholly within five years:		
Loans	6,728	2,245
Leases	185	-
On other loans and leases not wholly repayable within five years:		
Loans	-	4,934
Leases	3,394	4,680
	<b>10,307</b>	<b>11,859</b>
Interest apportioned:		
<b>Group operational costs</b>	<b>6,793</b>	<b>7,739</b>
<b>Railway infrastructure costs (note 2)</b>	<b>3,514</b>	<b>4,120</b>
	<b>10,307</b>	<b>11,859</b>

#### 10 STATE GRANTS - ANALYSIS BY ACTIVITY

The grants payable to C6ras Iompair 6ireann are in accordance with the relevant EU regulations governing State aid to transport undertakings.

Particulars of the State grants of IR6142,145,000 received in 1999 under Sub-Head C1 of Vote 32 of D6il 6ireann of 1999 are given in the following table.

##### State grants relating to 1999 activities

	Total IR6000
<b>Iarnr6d 6ireann - Irish Rail</b>	
Passenger - mainline services	38,809
Passenger - DART	3,232
Railway Safety Investment Programme (1999-2003)	29,141
Infrastructure	51,909
<b>Total rail</b>	<b>123,091</b>
<b>Bus 6tha Cliath - Dublin Bus</b>	<b>13,244</b>
<b>Bus 6ireann - Irish Bus</b>	<b>5,810</b>
<b>Total</b>	<b>142,145</b>

An additional State grant of IR676 million was received in 1999 to augment internal funding for the Railway Safety Investment Programme (1999-2003). IR629 million was credited to the profit and loss account in 1999 and the balance of IR647 million was credited to deferred income (note 21) and will be amortised to the profit and loss on the same basis as the related assets are depreciated.

#### 11 NET SURPLUS FOR YEAR

A summary of the financial results of the holding company and its subsidiaries is shown in note 1.

The holding company's surplus for the year, after exceptional items and profit on disposal of tangible assets, amounted to IR62,372,000.

## 12 TANGIBLE FIXED ASSETS

Group	1st Jan IR€000	Additions IR€000	Scrappings & Disposals IR€000	31st Dec IR€000
<b>Cost</b>				
Railway lines and works	11,699	4,259	-	15,958
Railway rolling stock	266,945	28,532	(8)	295,469
Road passenger vehicles	218,514	39,015	(13,697)	243,832
Road freight vehicles	5,147	1,193	(569)	5,771
Land and buildings	72,652	16,723	-	89,375
Plant and machinery	153,540	33,702	(160)	187,082
Catering equipment	824	60	-	884
Docks, harbours and wharves	32,667	626	-	33,293
<b>Total 1999</b>	<b>761,988</b>	<b>124,110</b>	<b>(14,434)</b>	<b>871,664</b>
Total 1998	704,517	67,944	(10,473)	761,988

Group	1st Jan IR€000	Charge For Year IR€000	Scrappings & Disposals IR€000	31st Dec IR€000
<b>Depreciation</b>				
Railway rolling stock	69,005	7,177	(4)	76,178
Road passenger vehicles	122,596	16,923	(13,456)	126,063
Road freight vehicles	4,201	308	(554)	3,955
Plant and machinery	70,202	8,713	(160)	78,755
Catering equipment	492	67	-	559
Docks, harbours and wharves	4,863	656	-	5,519
<b>Total 1999</b>	<b>271,359</b>	<b>33,844</b>	<b>(14,174)</b>	<b>291,029</b>
Total 1998	250,406	31,314	(10,361)	271,359

Group	31st Dec 1999 IR€000	31st Dec 1998 IR€000
<b>Net book amounts</b>		
Railway lines and works	15,958	11,699
Railway rolling stock	219,291	197,940
Road passenger vehicles	117,769	95,918
Road freight vehicles	1,816	946
Land and buildings	89,375	72,652
Plant and machinery	108,327	83,338
Catering equipment	325	332
Docks, harbours and wharves	27,774	27,804
<b>Total</b>	<b>580,635</b>	<b>490,629</b>

## 12 TANGIBLE FIXED ASSETS (continued)

	1st Jan IR�000	Additions IR�000	31st Dec IR�000
<b>Company</b>			
<b>Cost</b>			
Land and buildings	72,652	16,723	89,375
Plant and machinery	8,759	5,363	14,122
<b>Total 1999</b>	<b>81,411</b>	<b>22,086</b>	<b>103,497</b>
Total 1998	62,102	19,309	81,411
<b>Depreciation</b>			
Plant and machinery			
<b>Total 1999</b>	<b>4,490</b>	<b>1,103</b>	<b>5,593</b>
Total 1998	3,929	561	4,490
<b>Net book amounts</b>			
Land and buildings		89,375	72,652
Plant and machinery		8,529	4,269
<b>Total</b>		<b>97,904</b>	<b>76,921</b>

(a) In the case of certain railway rolling stock and road passenger vehicles, the excess of depreciation based on replacement cost over historical cost depreciation is shown separately as a transfer to reserve (*note 24*).

(b) Road passenger vehicles at a cost of IR 22,613,000 (1998 - IR 15,510,000) were fully depreciated but still in use at the balance sheet date.

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

	Lives (Years)
Railway lines and works ((d) below)	-
Railway rolling stock	20 to 50
Road passenger vehicles	8 to 16
Road freight vehicles	6 to 10
Land and buildings ((e) below)	-
Plant and machinery	3 to 25
Docks, harbours and wharves	50
Catering equipment	4

## 12 TANGIBLE FIXED ASSETS (continued)

(d) Railway lines and works are not depreciated (*accounting policy D*).

(e) No depreciation has been charged on buildings. The amount involved is not material.

(f) Included in tangible fixed assets are amounts, as stated below, in respect of rail locomotives and road passenger vehicles, which are held under finance leases, whereby the company has substantially all the risks and rewards associated with the ownership of an asset, other than the legal title:

	Rail Locomotives IR€000	Road Passenger Vehicles IR€000	Total IR€000
<b>1999</b>			
Cost	67,010	7,942	74,952
Accumulated depreciation	(10,079)	(4,559)	(14,638)
Net book value at 31st December, 1999	<u>56,931</u>	<u>3,383</u>	<u>60,314</u>
Depreciation for 1999	(2,111)	(810)	(2,921)
<b>1998</b>			
Cost	66,746	7,942	74,688
Accumulated depreciation	(7,968)	(3,749)	(11,717)
Net book value at 31st December, 1998	<u>58,778</u>	<u>4,193</u>	<u>62,971</u>
Depreciation for 1998	(2,103)	(821)	(2,924)

(g) All tangible fixed assets, other than land and buildings, which related to its activity are vested in the relevant subsidiary company.

(h) Included in the additions above are payments on account and assets in the course of construction and assets not yet in service as follows:

	1999 IR€000	1998 IR€000
Railway rolling stock	30,848	20,674
Road passenger vehicles	7,779	8,303
	<u>38,627</u>	<u>28,977</u>

(i) Tangible fixed assets include railway infrastructure assets as follows:

Cost	134,394	112,773
Accumulated depreciation	(48,618)	(45,072)
Net book value at 31st December	<u>85,776</u>	<u>67,701</u>
Depreciation for year ( <i>note 2</i> )	3,546	3,238

## 13 FINANCIAL ASSETS

	Trade investments					
	Listed Shares		Unlisted Shares		Total	
	1999 IR�000	1998 IR�000	1999 IR�000	1998 IR�000	1999 IR�000	1998 IR�000
<b>Group</b>						
Cost or valuation	77	77	10	10	87	87
Provision for permanent diminution in value	(60)	(58)	(10)	(10)	(70)	(68)
<b>Net book amounts</b>						
At 31st December	17	19	-	-	17	19
<b>Market value</b>						
At 31st December	81	77			81	77

	Subsidiary companies			Trade investments		Total IR�000
	Unlisted Shares IR�000	Loan IR�000	Finance Leases IR�000	Listed Shares IR�000	Unlisted Shares IR�000	
<b>Company</b>						
<b>Cost or valuation</b>						
At 1st January, 1999	71,000	130,000	60,665	27	10	261,702
Less: Reduction in finance leases			(3,429)			(3,429)
At 31st December, 1999	71,000	130,000	57,236	27	10	258,273
Provision for permanent diminution in value						
At 31st December, 1999	-	-	-	(26)	(10)	(36)
<b>Net book amounts</b>						
At 31st December, 1999	71,000	130,000	57,236	1	-	258,237
At 31st December, 1998	71,000	130,000	60,665	3	-	261,668
<b>Market value</b>						
At 31st December, 1999				42		42
At 31st December, 1998				39		39

Loan to subsidiary company represents the net assets assigned to Iarnr d  ireann - Irish Rail by C oras Iompair  ireann less share capital issued on its establishment following the re-organisation of C oras Iompair  ireann in 1987.



		1999 IR6000	1998 IR6000
<b>14</b>	<b>STOCKS</b>		
	<b>Group</b>		
	Maintenance materials and spare parts	24,583	18,995
	Fuel, lubricants and other sundry stocks	2,549	3,577
		<u>27,132</u>	<u>22,572</u>
	<p>These amounts include parts and components necessarily held to meet long-term operational requirements. The replacement value of stocks is not materially different from the book values shown above.</p>		
<b>15</b>	<b>DEBTORS</b>		
	<b>Group</b>		
	Trade debtors	19,279	19,232
	LRT project	1,647	4,558
	EU grants receivable	62,328	4,551
	Other debtors and accrued income	33,338	22,478
		<u>116,592</u>	<u>50,819</u>
	<b>Company</b>		
	Trade debtors	2,439	2,894
	LRT project	1,647	4,558
	Other debtors and accrued income	20,857	17,126
		<u>24,943</u>	<u>24,578</u>
<b>16</b>	<b>BANK DEPOSITS</b>		
	<b>Group and Company</b>		
	Demand deposits	974	654

	1999 IR6000	1998 IR6000
<b>17 CREDITORS (amounts falling due within one year)</b>		
<b>Group</b>		
Bank overdraft	10,622	7,655
Bank loans ( <i>note 19</i> )	72,544	57,120
Finance lease obligations ( <i>note 30</i> )	3,386	2,749
Trade creditors	36,267	22,834
Income tax deducted under PAYE	4,015	5,671
Pay related social insurance	1,956	3,470
Value added tax and other taxes	2,099	5,095
Value added tax on finance leases	396	328
Other creditors	4,731	8,986
Restructuring provisions ( <i>note 20</i> )	18,039	41,344
Accruals	23,123	27,332
Third party and employer's liability claims ( <i>note 20</i> )	16,032	16,522
	<b>193,210</b>	<b>199,106</b>
Creditors for taxation and social welfare included above	8,466	14,564
<b>Company</b>		
Bank overdraft	4,137	3,224
Bank loans ( <i>note 19</i> )	72,544	57,120
Finance lease obligations ( <i>note 30</i> )	3,386	2,749
Trade creditors	2,171	2,979
Amounts owed to subsidiary companies	90,378	80,562
Income tax deducted under PAYE	733	546
Pay related social insurance	90	68
Value added tax and other taxes	713	2,246
Value added tax on finance leases	396	328
Other creditors	2,144	4,766
Restructuring provisions	3,460	2,492
Accruals	11,684	12,913
	<b>191,836</b>	<b>169,993</b>
Creditors for taxation and social welfare included above	1,932	3,188
<b>18 CREDITORS (amounts falling due after more than one year)</b>		
Bank loans ( <i>note 19</i> )	24,663	30,525
Finance lease obligations ( <i>note 30</i> )	48,545	52,273
Value added tax on finance leases	4,882	5,315
<b>Company</b>	<b>78,090</b>	<b>88,113</b>
Restructuring provisions	-	5,080
<b>Group</b>	<b>78,090</b>	<b>93,193</b>

## 19 BANK LOANS

**Group and Company**

These loans are repayable as follows:

	1999 IR�000	1998 IR�000
Within one year ( <i>note 17</i> )	72,544	57,120
Between one and two years	7,747	5,717
Between two and five years	11,916	14,808
After five years	5,000	10,000
	<u>24,663</u>	<u>30,525</u>
<b>Total</b>	<u>97,207</u>	<u>87,645</u>

The presentation of the maturity analysis of loans and other debt above complies with the provisions of FRS 4 Capital Instruments. The standard requires that the maturity of debt should be determined by reference to the earliest date on which the lender can require repayment. Included in amounts repayable within one year are amounts of IR 65,500,000 (1998 - IR 52,000,000) relating to Irish Commercial Paper which are backed by committed medium term facilities which effectively extends the maturity of these instruments.

The following table shows the amount and type of currency in which these loans are to be repaid:

		1999 '000	1998 '000
<b>Current liabilities</b>			
United States	USD	359	323
United Kingdom	GBP	1,912	1,713
Republic of Ireland	IR�	66,500	52,000
Germany	DEM	1,470	1,322
The Netherlands	NLC	6,456	5,778
European Investment Bank	EUR	668	594
<b>Loan capital</b>			
United States	USD	1,337	1,695
United Kingdom	GBP	4,715	6,628
Republic of Ireland	IR�	9,000	10,000
Germany	DEM	5,478	6,949
The Netherlands	NLC	12,954	19,410
European Investment Bank	EUR	2,544	3,212

The Minister for Finance has fully guaranteed the above loans.

	Restructuring Provisions IR�000	Third Party & Employer's Liability Claims IR�000	Total IR�000
<b>20 PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Balance at 1st January, 1999	46,424	100,857	147,281
Utilised during the year	(8,896)	(11,733)	(20,629)
Transfer from profit and loss account	3,000	19,062	22,062
Balance carried forward at 31st December, 1999	40,528	108,186	148,714
Less: Transfer to current liabilities ( <i>note 17</i> )	(18,039)	(16,032)	(34,071)
Balance at 31st December, 1999	22,489	92,154	114,643

The Board considers that it has a constructive obligation in respect of the costs of staff restructuring. The restructuring costs derive from the group's viability plans which are in the course of implementation in respect of some categories of staff and are at an advanced stage of negotiation with staff representatives for other categories. The amount of the provision is based on agreements reached and on the discussions to date with staff and their representative unions.

Provision is made by the Board 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 Board has had regard to the results of an independent actuarial review.

The Board has the following external insurance cover:

- (i) third party liability in excess of IR 3,000,000 and up to IR 113,000,000 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 111,000,000 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 IR 50,000 and up to IR 110,050,000 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 each of the subsidiary companies within the group has aggregate cover in a twelve month period, April 1999 to March 2000, for rail and road transport third party liabilities in excess of a self insured retention of:

Iarnr�d �ireann - Irish Rail	IR� 6,615,000
Bus �ireann - Irish Bus	IR� 4,410,000
Bus �tha Cliath - Dublin Bus	IR� 8,820,000

subject to an overall group self insured retention of IR 15,435,000; and

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

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

## 21 DEFERRED INCOME

This account, comprising non-repayable EU grants, State grants, and other deferred income, which will be credited to the consolidated profit and loss on the same basis as the related tangible assets are depreciated (*accounting policy G*), includes the following:

Group	1st Jan 1999 IR�000	Received & Receivable IR�000	Profit & Loss A/c IR�000	31st Dec 1999 IR�000
<b>European Union grants</b>				
<b>Revenue grants</b>				
Renewal of railway lines and works	-	19,297	(19,297)	-
	-	19,297	(19,297)	-
<b>Capital grants</b>				
Railway lines and works	650	1,819	-	2,469
Railway rolling stock	33,953	31,368	(1,148)	64,173
Plant and machinery	23,741	10,346	(1,076)	33,011
Docks, harbours and wharves	12,790	(5)	(248)	12,537
Land and buildings	5,107	3,694	-	8,801
Road passenger vehicles	431	29,823	(929)	29,325
	76,672	77,045	(3,401)	150,316
<b>Total European Union grants</b>	76,672	96,342	(22,698)	150,316
State grant for Railway Safety Investment Programme (1999-2003)	-	46,859	-	46,859
Other deferred income	1,158	-	-	1,158
<b>Total</b>	77,830	143,201	(22,698)	198,333
<b>Company</b>				
<b>European Union grants</b>				
<b>Capital grants</b>				
Land and buildings	5,107	3,694	-	8,801

An additional State grant of IR 76 million was received in 1999 to augment internal funding for the Railway Safety Investment Programme (1999-2003). IR 29 million was credited to the profit and loss account in 1999 (*note 10*) and the balance of IR 47 million was credited to deferred income and will be amortised to the profit and loss on the same basis as the related assets are depreciated.

## 22 RECONCILIATION OF MOVEMENTS IN RESERVES

Group	1999 IR�000	1998 IR�000
Surplus for the year after State grants	31,372	24,137
Opening reserves	111,735	87,598
Closing reserves	143,107	111,735
<b>Company</b>		
Surplus for the year	2,372	2,377
Opening reserves	101,935	99,558
Closing reserves	104,307	101,935

	1999 IR�000	1998 IR�000	
<b>23 INSURANCE RESERVES</b>			
<b>Group and company</b>			
Balance at 1st January and 31st December	1,117	1,117	
The group insurance fund was established to meet exceptional claims which may arise.			
<b>24 ASSET REPLACEMENT RESERVE</b>			
	<b>Railway Rolling Stock IR�000</b>	<b>Road Passenger Vehicles IR�000</b>	<b>Total IR�000</b>
<b>Group</b>			
Balance at 1st January, 1999	94,846	77,822	172,668
Transfer from profit and loss account	12,110	2,119	14,229
Balance at 31st December, 1999	106,956	79,941	186,897
<b>Company</b>			
Balance at 31st December, 1999 and 1998			85,563
This reserve represents the excess of depreciation based on replacement cost over that based on historical cost ( <i>accounting policy D</i> ).			
	1999 IR�000	1998 IR�000	
<b>25 CAPITAL RESERVE</b>			
<b>Group and company</b>			
Balance at 1st January and 31st December	22,490	22,490	
<b>26 CASH FLOW STATEMENT</b>			
<b>Year ended 31st December</b>			
<b>(A) Reconciliation of operating deficit to operating cash flows</b>			
Operating deficit before State grants	(100,108)	(72,084)	
State grants	142,145	107,000	
	42,037	34,916	
Exceptional operating costs	2,000	2,303	
Redundancy payments made	(4,393)	(5,946)	
Depreciation	33,844	31,314	
Amortisation of EU capital grants	(2,472)	(2,220)	
Profit on disposal of tangible assets	(142)	(411)	
Increase in stocks	(4,560)	(3,530)	
Increase in EU revenue grants	(15,098)	(3,256)	
Increase in debtors	(7,823)	(8,055)	
(Decrease)/increase in creditors and provisions	(2,135)	15,696	
<b>Net cash inflow from operating activities</b>	<b>41,258</b>	<b>60,811</b>	

## 26 CASH FLOW STATEMENT (continued)

## (B) Analysis of cash flows for headings netted in the cash flow statement

**Returns on investments and servicing of finance**

	1999 IR€000	1998 IR€000
Interest received	488	531
Interest paid	(6,930)	(7,801)
Interest element of finance lease rental payments	(3,653)	(4,680)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(10,095)</b>	<b>(11,950)</b>

**Capital expenditure and financial investment**

Purchase of tangible assets	(119,354)	(69,375)
Disposal of tangible assets	214	470
State capital grants	46,859	-
EU capital grants	33,438	18,919
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(38,843)</b>	<b>(49,986)</b>

**Financing**

Repayment of debt due within one year	(56,784)	(60,089)
New loans	65,500	62,000
Capital element of finance lease rental payments	(3,091)	(2,890)
<b>Net cash inflow/(outflow) from financing</b>	<b>5,625</b>	<b>(979)</b>

## (C) Analysis of net debt

	At 1st Jan 1999 IR€000	Cash Flow IR€000	Other Non-cash Changes IR€000	Exchange Movement IR€000	At 31st Dec 1999 IR€000
Cash at bank and in hand	2,160	847		-	3,007
Bank overdrafts	(7,655)	(2,967)		-	(10,622)
		(2,120)			
Debt due after one year	(30,525)	367	5,862	(367)	(24,663)
Debt due within one year	(57,120)	(9,083)	(5,862)	(479)	(72,544)
Finance leases	(55,022)	3,091		-	(51,931)
		(5,625)			
<b>Total</b>	<b>(148,162)</b>	<b>(7,745)</b>	<b>-</b>	<b>(846)</b>	<b>(156,753)</b>

	At 1st Jan 1998 IR€000	Cash Flow IR€000	Other Non-cash Changes IR€000	Exchange Movement IR€000	At 31st Dec 1998 IR€000
Cash at bank and in hand	1,206	954		-	2,160
Bank overdrafts	(4,416)	(3,239)		-	(7,655)
		(2,285)			
Debt due after one year	(39,276)	(208)	8,751	208	(30,525)
Debt due within one year	(47,007)	(1,703)	(8,751)	341	(57,120)
Finance leases	(57,912)	2,890		-	(55,022)
		979			
<b>Total</b>	<b>(147,405)</b>	<b>(1,306)</b>	<b>-</b>	<b>549</b>	<b>(148,162)</b>

## 27 PENSIONS

The majority of the group's employees participate in defined benefit pension schemes based on final pensionable pay. Contributions by the Board, its subsidiaries and the employees are invested in trustee administered funds. Proposals for the amalgamation of the Board's six pension schemes into two schemes have been accepted. Statutory Instrument No. 115 of 1996 confirmed the CIE Pension Scheme for Regular Wages Staff (Amendment) Scheme 1996. The CIE Superannuation Scheme 1951 (Amendment) Scheme is awaiting confirmation. Contributions to the schemes are charged to the consolidated profit and loss account so as to spread the cost of pensions as incurred over employees' working lives with the group as a stable percentage of expected future pay. Contributions to the amalgamated schemes are determined by independent actuaries on the basis of annual reviews using the projected unit method.

The market value of the schemes' assets at 31st December, 1999 was IR 1,070,900,000.

An actuarial review of the amalgamated schemes was carried out as at 31st December, 1996. The market value of the assets of the schemes at that date was IR 580,104,000 and this exceeded 100% of the benefits which had accrued to members based on service to and pensionable pay at the review date. After allowing for future pay and pension increases the level of funding was 94%. The principal assumption in this review was that investment returns would exceed the rate of increase in pensionable remuneration and of pensions in payment by 2.5% per annum. Actuarial reports are available to scheme members but are not provided for public inspection.

The pensions cost for 1999 was IR 12,546,000 (1998 - IR 10,876,000).

At 31st December, 1999 a provision for the capital cost of *ex gratia* pensions of IR 13,024,000 (1998 - IR 13,454,000) is included under restructuring costs in creditors.

Prepaid contributions of IR 17,025,000 are included in debtors at 31st December, 1999 (1998 - IR 13,489,000).

1999	1998
IR�000	IR�000

## 28 CAPITAL COMMITMENTS

Contracted for	108,571	77,853
Authorised by Board but not contracted for	47,169	11,446
	<u>155,740</u>	<u>89,299</u>

EU grants totalling IR 71 million have been approved in respect of IR 110 million of the above expenditure (1998 - IR 16.1 million on IR 26.8 million).

## 29 CONTINGENT LIABILITIES

Iarnr d  ireann has received claims from contractors in relation to a project to install a new signalling system on certain railway lines. Provision has been made for the amount which, in the opinion of the directors, is payable in respect of work done at the balance sheet date. The claims are under discussion with the contractors and the resolution of them may result in amounts payable exceeding the amount provided in the financial statements.

**Pending litigation**

The group, from time to time, is party to various legal proceedings. It is the opinion of the Board that losses, if any, arising in connection with these matters will not be materially in excess of provisions in the financial statements.



## 29 CONTINGENT LIABILITIES (continued)

**Finance leases**

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

**Letters of credit**

Under lease agreements relating to railway rolling stock the company has certain obligations to the lessor which could arise in the event of early termination of the agreements. These obligations are covered by letters of credit which are indemnified by the company. No liability is expected to arise in respect of this indemnity.

1999	1998
IR6000	IR6000

## 30 LEASE OBLIGATIONS

**(A) Finance leases**

Net obligations under finance leases fall due as follows:

Within one year ( <i>note 17</i> )	3,386	2,749
Between one and five years	14,467	13,260
After five years	34,078	39,013
	48,545	52,273
<b>Total</b>	<b>51,931</b>	<b>55,022</b>

The Minister for Finance has fully guaranteed the above finance leases.

**(B) Operating leases**

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

	<b>On other than Land and Buildings</b>
	<b>IR6000</b>
Within one year	1,501
Between one and five years	4,195
	5,696

## 31 RELATED PARTY TRANSACTIONS

**(A) The ownership of the company**

CIE is a statutory body set up under the Transport Act 1950.

The members of the Board are appointed by the Minister for Public Enterprise.

**(B) Provision of services to entities owned by the Irish Government**

The group provides rail and road transport services in the ordinary course of its business to Government departments and to entities controlled by the Irish Government, the principal of these being the Department of Education and Science and the Department of Social, Community and Family Affairs, Telecom 6ireann (up to July 1999), Coillte, Aer Lingus and An Post. Revenue from these services amounted to IR679.8 million in 1999 and amounts due from these entities to the group at 31st December, 1999 for these services totalled IR66.6 million.

## 31 RELATED PARTY TRANSACTIONS (continued)

## (C) Purchase of services from entities owned by the Irish Government

In the ordinary course of its business the group purchases services from entities controlled by the Irish Government, the principal of these being Aer Lingus, the ESB, Great Southern Hotels and Telecom   ireann (up to July 1999). Expenditure on these services amounted to IRE7.5 million in 1999 and amounts due to these entities by the group at 31 December, 1999 for these services totalled IRE0.5 million.

(D) In the ordinary course of its business the group has finance leases for equipment with ACC Bank plc.

## 32 GROUP MEMBERSHIP

## Name Principal activity

## Holding company

C  ras Iompair   ireann - Public transport services

## Subsidiary Companies (all wholly owned)

Iarnr��d ��ireann - Irish Rail	- Public rail (passenger and freight) and road freight services
Bus ��ireann - Irish Bus	- Public bus passenger services
Bus ��tha Cliath - Dublin Bus	- Public bus passenger services
CIE Tours International Incorporated	- Tours
Dubel Limited	- Catering services

Iarnr  d   ireann - Irish Rail, Bus   ireann - Irish Bus and Bus   tha Cliath - Dublin Bus are incorporated and operate principally in the Republic of Ireland. These three companies are incorporated under the provisions of the Companies Acts 1963-1999, as wholly owned subsidiaries of C  ras Iompair   ireann in accordance with Section 6 of the Transport (Re-organisation of C  ras Iompair   ireann) Act, 1986. All of the group's interests in the subsidiary companies consist of ordinary share capital.

CIE Tours International is incorporated in New York and operates in North America.

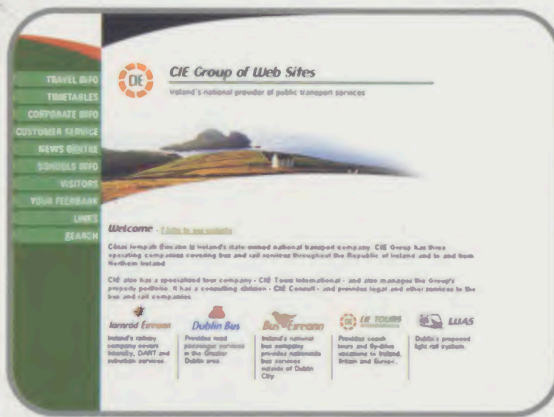
Dubel Limited is incorporated in Northern Ireland where it provides catering services for Northern Ireland Railways including their cross-border trains.

The registered offices of the subsidiary companies are as follows:

Iarnr��d ��ireann - Irish Rail	Connolly Station, Dublin 1.
Bus ��ireann - Irish Bus	Broadstone, Dublin 7.
Bus ��tha Cliath - Dublin Bus	59, Upper O'Connell Street, Dublin 1.
CIE Tours International Incorporated	100, Hanover Avenue, PO Box 501, Cedar Knolls, New Jersey.
Dubel Limited	Central Station, East Bridge Street, Belfast.

## 33 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements on 3rd May, 2000.



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