



 *Iarnród Éireann*

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2002**  
Tuarascáil Bhliantúil agus Ráitis Airgeadais don Bhliain 2002

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Iarnród Éireann would like to acknowledge funding on major projects by the Irish Government under the National Development Plan 2000 - 2006 as well as co-funding by the European Union.

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## Directors and Other Information

### Directors at 29th April, 2003

<b>Chairman</b>	Dr. J. J. Lynch
<b>Managing Director</b>	Mr. J. Meagher
<b>Directors</b>	Mr. P. Cullen, Mr. G. Duggan, Mr. P. Ellis, Mrs. T. Honan, Ms. A. M. Mannix, Mr. W. McCamley, Dr. P. Prescott

<b>Secretary</b>	Mr. R. O'Farrell
<b>Registered Office</b>	Connolly Station, Dublin 1.
<b>Telephone</b>	+353 1 836 3333
<b>Facsimile</b>	+353 1 836 4760
<b>Website</b>	<a href="http://www.irishrail.ie">www.irishrail.ie</a>
<b>Registered Number</b>	119571

<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants and Registered Auditors Wilton Place, Dublin 2
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# Report of the Directors

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2002.

## Principal Activities

The principal activities of the company are the provision of national rail intercity and commuter passenger services, freight services, catering services and the management of Rosslare Europort.

## Results for the Year and State of Affairs as at 31st December, 2002

Iarnród Éireann – Irish Rail is a member of the Córas Iompair Éireann group of companies. The Chairman's statement and operations review in the financial statements of Córas Iompair Éireann contain a more detailed review of Iarnród Éireann's business during 2002 and plans for the future.

During 2002 record passenger numbers were achieved, with InterCity passenger journeys at 11.3 million (up from 10.8 million), and DART and Suburban rail at 24.1 million (up from 23.4 million) resulting from the increase in train services and capacity generated by the investment programme. Revenue earned totalled €198.8 million compared to €197.1 million in 2001 with passenger revenue showing an increase of €5.7 million and freight revenue declining by €4.2 million. Other activities recorded an increase of €0.2 million.

Despite this welcome increase in passenger revenue the company's financial situation continued to worsen due to additional costs of introducing an expanded range of services and additional costs arising from the implementation of a five-day week for operations staff. Furthermore, an increase in labour costs, general inflation and rising costs such as fuel and insurance has also impacted on Iarnród Éireann's financial performance. The first Government approved fares increase in three years was implemented in December 2002 but more regular market related fares increases are required to assist in the improvement of the company's financial situation.

The financial statements for the year ended 31st December, 2002 are set out in detail on pages 6 to 27. The movement on the profit and loss account for the year is as follows;

	€000
Balance 31st December, 2001	(43,958)
Deficit for the year	(22,454)
Balance 31st December, 2002	<u>(66,412)</u>

## Future Developments

With the support of the Irish Government under the National Development Plan and the European Union, Iarnród Éireann's investment programme is continuing to yield benefits in safety, and in upgrading and expanding DART, Commuter and InterCity services.

The recently published Strategic Rail Review makes a range of proposals for railway services in various parts of the country and represents a 20 year blueprint for the future of the network to meet increasing demand for public transport. Iarnród Éireann welcomes this initiative and looks forward to working with the Minister for Transport and his officials in building a strong rail service, which can thrive in the future. The report presents challenges for Iarnród Éireann, which the company is ready to meet.

The coming year will see the successor to the 1999-2003 Safety Investment Programme agreed with the Department of Transport.

## Change Process Negotiations

The corporate change process programme advanced during the year with the completion of further agreements on new work practices and conditions of employment designed to deal with the structural defects of low basic pay and long working hours. The benefits include increases in productivity and readiness for the new EU Directive and domestic statute on Working Time.

## Employee Participation

In consort with the National Centre for Partnership, Iarnród Éireann has set up a high level steering group to oversee the development of stronger employee/management/trade union relationships built on an active Partnership model. The year 2002 saw the reactivation of Joint Participation Councils. These Councils have now been assigned a dedicated administrative officer within the Iarnród Éireann Human Resources Department.

## Equal Opportunities

Iarnród Éireann continued its equality awareness programmes during the year with 2,580 employees participating in workshops.

A programme of Diversity Awareness was initiated against the background of greater and growing participation of people from other nationalities in our workforce. Thirty nationalities are represented at present.

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## Report of the Directors

### Health and Safety

The Iarnród Éireann safety management system was strengthened and staff training days were again increased to ensure that employees are appropriately equipped in all aspects of safety, technical and professional skills.

### Books of Account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at the company's head office Connolly Station, Amiens Street, Dublin 1.

### Code of Practice for the Governance of State Bodies

Details of the policies and procedures implemented by the company following publication of the Code of Practice for the Governance of State Bodies are provided in the Córás Iompair Éireann Group accounts.

### Directors

The directors of the company are appointed by the Chairman of Córás Iompair Éireann with the consent of the Minister for Transport. The names of the persons who were directors at any time during the year ended 31st December, 2002 are as set out below. Except where indicated they served as directors for the whole year.

Dr. J. J. Lynch	Chairman (Reappointed 29th April, 2003)
Mr. J. Meagher	Managing Director (Reappointed 1st March, 2003)
Mr. P. Cullen	
Mr. G. Duggan	(Reappointed 1st March, 2003)
Mr. P. Ellis	
Mrs. T. Honan	
Ms. A. M. Mannix	
Mr. W. McCamley	(Reappointed 29th April, 2003)
Dr. P. Prescott	(Appointed 1st May, 2002)

None of the directors or the secretary held any interest or any shares or debentures of the company, its holding company or its fellow subsidiaries at any time during the year.

There were no contracts or arrangements entered into during the year in which a director was materially interested in relation to the Group's business.

### Auditors

The auditors, PricewaterhouseCoopers, 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

J. J. Lynch  
J. Meagher

Chairman  
Managing Director

29th April, 2003

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## Statement of Directors' Responsibilities

Irish 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; and
- 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 are prepared in accordance with accounting standards generally accepted in Ireland and comply with the requirements of the Companies Acts, 1963 to 2001. 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.

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# Report of the Auditors

## Independent auditors report to the members of Iarnród Éireann-Irish Rail

We have audited the financial statements on pages 6 to 27 and the accounting policies set out in the statement of accounting policies on page 6 and 7.

### Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 4 in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

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

### 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st December, 2002 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

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

In our opinion, the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

The net assets of the company as stated in the balance sheet on page 9 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31st December, 2002 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.

**PricewaterhouseCoopers,**  
Chartered Accountants and Registered Auditors,  
Dublin.

29th April, 2003

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## Principal Accounting Policies

The significant accounting policies and estimation techniques adopted by the company, are as follows:

### (A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. 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.

The financial statements are prepared under the historical cost convention.

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

The prior year comparatives have been revised to conform with the current year presentation.

### (B) TANGIBLE ASSETS AND DEPRECIATION

The bases of calculation of depreciation are as follows:

#### (i) Railway lines and works

Railway lines and works comprise a network of systems. Expenditure on the existing network, which maintains the operating capability in accordance with defined standards of service is treated as an addition to tangible fixed assets and included at cost after deducting grants.

The depreciation charge for existing railway lines and works is the estimated level of annual expenditure required to maintain the operating capability of the network which is based on the company's asset management plan.

Expenditure on the network, which increases its capacity or enhances its operating capability is treated as an addition to tangible fixed assets at cost and depreciated over its useful life.

#### (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.

#### (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, harbours and wharves; plant and machinery; catering services equipment

The above class of assets are depreciated by equal annual instalments, based on the 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 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.

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## Principal Accounting Policies

### (E) EUROPEAN UNION AND STATE GRANTS

#### (i) Grants for existing railway lines and works

Grants received for existing railway lines and works are deducted from the cost of the related assets.

This policy is not in accordance with the Companies (Amendment) Act 1986, which requires tangible fixed assets to be shown at cost and hence grants and contributions as deferred income. This departure from the requirements of the Companies (Amendment) Act 1986 is, in the opinion of the directors, necessary for the financial statements to show a true and fair view as these railway lines and works do not have determinable lives and therefore no basis exists on which to recognise grants and contributions as deferred income.

#### (ii) Grants for other capital expenditure

Grants for other capital expenditure 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.

#### (iii) Revenue grants

Revenue grants are taken to the profit and loss account in the year in which they become receivable.

#### (iv) Safety investment grants

Safety investment grants are amortised to the profit and loss account by reference to the Safety Investment Programme.

### (F) FOREIGN CURRENCY

Transactions denominated in foreign currency are translated into euro 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) PENSIONS

The expected cost of providing pensions to employees is charged to the 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 scheme.

The capital cost of supplementary pension benefits is provided for and charged to the profit and loss account in the year that the enhanced benefits are granted.

### (H) 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 I.A. to EU Regulation No. 2598/70.

## Profit and Loss Account

Year ended 31st December	Notes	2002 €000	2001 €000
<b>Revenue</b>		<b>198,780</b>	<b>197,088</b>
<b>Costs</b>			
Payroll and related costs	3	(212,842)	(188,754)
Materials and services	4	(145,960)	(148,240)
Depreciation less amortisation of capital grants	5	(26,223)	(30,842)
<b>Total operating costs</b>		<b>(385,025)</b>	<b>(367,836)</b>
<b>Profit on disposal of tangible assets</b>	6	-	5,632
<b>Deficit before interest and State grants</b>		<b>(186,245)</b>	<b>(165,116)</b>
Interest Payable – operational	7	(7,054)	(6,997)
– railway infrastructure	7	(4,048)	(4,010)
<b>Total interest</b>		<b>(11,102)</b>	<b>(11,007)</b>
<b>Deficit for the year before State grants</b>		<b>(197,347)</b>	<b>(176,123)</b>
State grants-subvention	8	155,483	146,020
State grants-railway safety grant	8	19,410	22,917
<b>Change in the profit and loss account for the year</b>	2(G)	<b>(22,454)</b>	<b>(7,186)</b>
Accumulated deficit at beginning of the year		(43,958)	(36,772)
<b>Accumulated deficit at end of the year</b>		<b>(66,412)</b>	<b>(43,958)</b>

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.

On behalf of the board

J. J. Lynch                      Chairman  
J. Meagher                      Managing Director

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## Balance Sheet

Year ended 31st December	Notes	2002 €000	2001 €000
<b>Fixed assets</b>			
Tangible fixed assets	9	634,448	531,417
Financial assets	10	20	20
		<u>634,468</u>	<u>531,437</u>
<b>Current assets</b>			
Stocks	11	42,576	53,600
Debtors	12	153,740	176,775
Cash at bank and in hand		131	97
		<u>196,447</u>	<u>230,472</u>
<b>Creditors (amounts falling due within one year)</b>	13	<u>(287,184)</u>	<u>(271,446)</u>
<b>Net current liabilities</b>		<u>(90,737)</u>	<u>(40,974)</u>
<b>Total assets less current liabilities</b>		<u>543,731</u>	<u>490,463</u>
<b>Creditors (amounts falling due after more than one year)</b>	14	(64,055)	(70,824)
<b>Provisions for liabilities and charges</b>	17	(52,710)	(51,474)
<b>Deferred income</b>	18	<u>(363,488)</u>	<u>(282,233)</u>
		<u>63,478</u>	<u>85,932</u>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Called up share capital	19	29,204	29,204
Asset replacement reserve	20	100,686	100,686
Profit and loss account		<u>(66,412)</u>	<u>(43,958)</u>
<b>Shareholders funds</b>	21	<u>63,478</u>	<u>85,932</u>

On behalf of the board

J. J. Lynch                      Chairman  
J. Meagher                      Managing Director

## Cash Flow Statement

Year ended 31st December	Notes	2002 €000	2001 €000
<b>Net cash inflow from operating activities</b>	22(A)	<u>26,429</u>	<u>9,820</u>
<b>Servicing of finance</b>			
Interest paid	7	(7,396)	(7,606)
Interest element of finance lease rentals	7	(3,706)	(3,401)
State grant - DART Interest	8	<u>3,555</u>	<u>4,819</u>
<b>Net cash outflow from servicing of finance</b>		<u>(7,547)</u>	<u>(6,188)</u>
<b>Investing activities</b>			
Purchase of tangible assets		(283,905)	(201,385)
Sale of tangible assets		6,684	-
Capital grants		<u>214,172</u>	<u>148,485</u>
<b>Net cash outflow from investing activities</b>		<u>(63,049)</u>	<u>(52,900)</u>
<b>Net cash outflow before management of liquid resources and financing</b>	22(B)	<u>(44,167)</u>	<u>(49,268)</u>
<b>Management of liquid resources</b>	22(B)	<u>41,799</u>	<u>46,230</u>
<b>Financing</b>			
Capital element of finance lease rentals		(2,218)	(3,891)
<b>Net cash outflow from Financing</b>	22(B)	<u>(2,218)</u>	<u>(3,891)</u>
<b>Decrease in cash in the year</b>	22(B)	<u>(4,586)</u>	<u>(6,929)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash in the year		(4,586)	(6,929)
Cash outflow from holding company balance and lease financing		<u>(39,581)</u>	<u>(42,339)</u>
<b>Movement in net debt in the year</b>		<u>(44,167)</u>	<u>(49,268)</u>
Net debt at 1st January		<u>(170,617)</u>	<u>(121,349)</u>
<b>Net debt at 31st December</b>		<u>(214,784)</u>	<u>(170,617)</u>

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# Notes to the Financial Statements

## 1. ADOPTION OF GOING CONCERN BASIS

After a number of years of satisfactory financial performance evidenced by a stable level of borrowings and adequate cash flow, the financial situation of the company has deteriorated in 2002.

Iarnród Éireann recorded a profit of €2.7 million in 2000. This was followed by a loss of €7.2 million in 2001 and this has now further declined to a loss of €22.5 million in 2002.

This downturn in trading performance is due to a combination of factors:

- The cost of changed work practices under the Change Management Programme.
- The expansion and quality of rail passenger services.
- The extensive investment programme to renew rolling stock and infrastructure.
- Erosion of the competitiveness of our Rail Freight business.
- Significant investment in Safety, Project Management, Financial and Human Resources systems and controls.
- Continued erosion in real fare levels on passenger rail businesses.
- Increases in real costs of purchasing materials and fuel.

Iarnród Éireann management has prepared a financial plan to meet these difficulties and return Iarnród Éireann to profitability.

The main points of this plan are:

- Implementation of measures to increase productivity and cost efficiency.
- Rationalisation of Rail Freight business.
- Introduction of significant fares increases.
- Placing lightly used lines on a care and maintenance basis.
- Reduction in stock holdings.
- Contraction of own-funded capital expenditure programme.

These measures are designed to reduce costs and conserve cash while maintaining the quality and quantity of existing services and securing the resources necessary to support the development of projects which will deliver increased peak-time capacity.

The Financial Plan was endorsed by the board and is being implemented with the exception of the measures relating to the Freight rationalisation and Lightly Used Lines which were deferred at the request of the Minister for Transport pending the publication of the Strategic Rail Review. This review was published at end March 2003 and the Financial Plan is now being reviewed in light of its recommendations and the views of the Minister for Transport.

The Board of Córas Iompair Éireann have decided that Córas Iompair Éireann has sufficient financial resources available to fund the borrowing requirements of Iarnród Éireann for 2003 and 2004. This decision was arrived at having taken into consideration current funded and unfunded capital commitments, Exchequer and EU funding, progress to date in implementing the cost reduction programme and the current level of borrowings.

Based on a review of the foregoing and the projected cash flow covering the twelve month period from the date of the approval of these accounts, the directors are satisfied that adequate financial facilities will be available and accordingly, the directors consider it appropriate to prepare these accounts on a going concern basis.

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>2. DIVISIONAL ANALYSIS OF PROFIT AND LOSS ACCOUNT</b>		
<b>(A) Mainline rail division</b>		
Revenue	116,216	115,016
<b>Expenditure</b>		
Maintenance of rolling stock	(42,383)	(40,232)
Fuel	(14,737)	(13,852)
Operating and other expenses	(110,038)	(104,605)
Operating depreciation	(15,513)	(15,521)
Amortisation of capital grants	9,388	5,379
<b>Total expenditure</b>	<b>(173,283)</b>	<b>(168,831)</b>
<b>Operating deficit before operating interest payable and State grants</b>	<b>(57,067)</b>	<b>(53,815)</b>
Interest payable	(4,888)	(4,842)
<b>Deficit for the year before State grants</b>	<b>(61,955)</b>	<b>(58,657)</b>
<b>(B) Suburban rail division</b>		
Revenue	34,074	32,837
<b>Expenditure</b>		
Maintenance of rolling stock	(12,848)	(12,366)
Fuel (including electricity for traction)	(3,934)	(3,508)
Operating and other expenses	(35,310)	(29,727)
Operating depreciation	(16,430)	(14,415)
Amortisation of capital grants	5,629	3,086
<b>Total expenditure</b>	<b>(62,893)</b>	<b>(56,930)</b>
<b>Operating deficit before operating interest payable and State grants</b>	<b>(28,819)</b>	<b>(24,093)</b>
Interest payable	(2,095)	(2,075)
<b>Deficit for the year before State grants</b>	<b>(30,914)</b>	<b>(26,168)</b>
Included in the Maintenance of rolling stock figures in Mainline rail note 2(A) and Suburban rail note 2(B) are		
Depreciation charge of	1,350	724
Amortisation of grants	616	130

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>2. DIVISIONAL ANALYSIS OF PROFIT AND LOSS ACCOUNT (continued)</b>		
<b>(C) Railway infrastructure</b>		
In compliance with EU Council Directive 91/440 the costs of the railway infrastructure division have been computed as follows:		
Maintenance of railway lines and works	(72,773)	(68,445)
Renewal of railway lines and works	(137,492)	(121,868)
Operating (signalling) and other expenses	(24,537)	(21,786)
Depreciation ( <i>note 9 (d)</i> )	(10,622)	(9,499)
Amortisation of capital grants	3,769	2,433
<b>Total expenditure</b>	<b>(241,655)</b>	<b>(219,165)</b>
<b>Operating deficit before operating interest payable and grants</b>	<b>(241,655)</b>	<b>(219,165)</b>
Interest payable ( <i>note 7</i> )	(4,048)	(4,010)
Deficit for year before grants	(245,703)	(223,175)
State grants, EU and Exchequer Funding	238,976	220,379
<b>Deficit for the year</b>	<b>(6,727)</b>	<b>(2,796)</b>
Apportionment of costs:		
<b>Mainline rail division</b>	<b>204,318</b>	<b>190,661</b>
<b>Suburban rail division</b>	<b>41,385</b>	<b>32,514</b>
<b>Total costs infrastructure</b>	<b>245,703</b>	<b>223,175</b>
<b>(D) Road freight division</b>		
<b>Revenue</b>		
Goods services	25,329	26,049
Miscellaneous	62	59
<b>Total revenue</b>	<b>25,391</b>	<b>26,108</b>
<b>Operating costs</b>		
Maintenance of vehicles and equipment	(1,658)	(1,534)
Fuel	(498)	(332)
Road tax and licences	(85)	(85)
Operating and other expenses	(21,673)	(21,692)
Operating depreciation	(497)	(523)
<b>Total expenditure</b>	<b>(24,411)</b>	<b>(24,166)</b>
<b>Net surplus for the year</b>	<b>980</b>	<b>1,942</b>
<b>(E) Rosslare Harbour division</b>		
<b>Revenue</b>		
Harbour services	9,783	9,719
<b>Operating costs</b>		
Maintenance, operating and other expenses	(6,078)	(5,889)
Operating depreciation	(1,842)	(1,806)
Amortisation of capital grants	739	738
<b>Total expenditure</b>	<b>(7,181)</b>	<b>(6,957)</b>
<b>Operating surplus before interest payable</b>	<b>2,602</b>	<b>2,762</b>
Interest payable	(71)	(80)
<b>Net surplus for the year</b>	<b>2,531</b>	<b>2,682</b>

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>2. DIVISIONAL ANALYSIS OF PROFIT AND LOSS ACCOUNT (continued)</b>		
<b>(F) Catering services division</b>		
Revenue		
Ground and train catering	13,316	13,408
Operating costs		
Maintenance of buildings, cars and equipment	(101)	(246)
Provisions	(5,066)	(5,055)
Other direct expenses	(5,818)	(5,692)
Depreciation	(110)	(120)
Other expenditure	(1,999)	(2,541)
<b>Total expenditure</b>	<b>(13,094)</b>	<b>(13,654)</b>
<b>Net surplus/ (deficit) for the year</b>	<b>222</b>	<b>(246)</b>
<b>(G) Company result</b>		
Mainline rail	(61,955)	(58,657)
Suburban rail	(30,914)	(26,168)
Infrastructure	(6,727)	(2,796)
Road freight	980	1,942
Rosslare Harbour	2,531	2,682
Catering services	222	(246)
	<b>(95,863)</b>	<b>(83,243)</b>
Profit on disposal of tangible assets	-	5,632
<b>Deficit for the year before grants</b>	<b>(95,863)</b>	<b>(77,611)</b>
Grants	73,409	70,425
<b>Change in the profit and loss account for the year</b>	<b>(22,454)</b>	<b>(7,186)</b>

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

<b>(H) Net surplus/(deficit) by activity</b>	<b>Commercial</b>	<b>Social</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>2002</b>			
Revenue	48,490	150,290	198,780
Costs	(44,757)	(488,862)	(533,619)
State grants, EU and Exchequer funding	-	312,385	312,385
<b>Net result</b>	<b>3,733</b>	<b>(26,187)</b>	<b>(22,454)</b>
<b>2001</b>			
Net result	4,378	(11,564)	(7,186)

Commercial activities included in the above are Road freight division, Catering services division and Rosslare Harbour division.

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>3. PAYROLL AND RELATED COSTS</b>		
<b>Staff costs</b>		
Wages and salaries	216,452	193,061
Social welfare costs	19,684	19,178
Other pension costs	9,844	7,626
	<u>245,980</u>	<u>219,865</u>
<b>Own work capitalised, renewals and engineering work for group companies</b>	(33,446)	(31,332)
<b>Net staff costs</b>	<u>212,534</u>	<u>188,533</u>
<b>Directors' remuneration</b>		
<b>Emoluments</b>		
- for services as directors	17	10
- for salary including pension costs	245	211
- for other services	46	-
<b>Total directors' remuneration and emoluments</b>	<u>308</u>	<u>221</u>
<b>Total payroll and related costs</b>	<u>212,842</u>	<u>188,754</u>
	<b>Staff</b>	<b>Numbers</b>
	2002	2001
The average number of employees by activity, was		
· Railway operations	3,393	3,169
· Infrastructure	2,022	1,983
· Road Freight	177	174
· Rosslare Harbour	95	89
· Catering	289	309
<b>Total</b>	<u>5,976</u>	<u>5,724</u>
<b>4. MATERIALS AND SERVICES</b>	2002	2001
	€000	€000
The loss on ordinary activities is stated after charging:		
Fuel and electric traction	15,252	14,217
Third party and employer's liability claims	7,816	6,999
Rates	2,546	2,344
Operating lease rentals	4,204	3,182
Road tax and licences	90	85
Auditors remuneration	70	69
	<u>30,278</u>	<u>27,906</u>
<b>5. DEPRECIATION</b>		
Depreciation	46,364	42,608
Amortisation of capital grants ( <i>note 18</i> )	(20,141)	(11,766)
<b>Total depreciation</b>	<u>26,223</u>	<u>30,842</u>

## Notes to the Financial Statements

	2002	2001
	€000	€000

### 6. PROFIT ON THE DISPOSAL OF TANGIBLE ASSETS

Profit on disposal of Dart carriages	-	5,632
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### 7. INTEREST PAYABLE

On loan from holding company	7,396	7,606
On finance leases	3,706	3,401
	<b>11,102</b>	<b>11,007</b>
Interest apportioned:		
Operational costs	7,054	6,997
Railway infrastructure costs (note 2 (c))	4,048	4,010
	<b>11,102</b>	<b>11,007</b>

### 8. STATE GRANTS

The grants payable to the company through the holding company, Córas Iompair Éireann, are in accordance with the relevant EU regulations governing State aid to transport undertakings.

Particulars of the State grants of €380 million received in 2002 are given in the following table, showing the relevant provision of EU regulations. A sum of €15.4 million in relation to grants received on buildings was passed back to the holding company.

	EU Regulation Number		Total
	1191/69	1107/70 (Article 4)	
	€000	€000	€000
<b>Revenue related</b>			
<b>Mainline rail</b>			
Operation of passenger services	124,863	-	124,863
Residual deficit - State grants	-	693	693
	<b>124,863</b>	<b>693</b>	<b>125,556</b>
<b>Suburban rail</b>			
Operation of passenger services	11,517	-	11,517
<b>Sub total</b>	<b>136,380</b>	<b>693</b>	<b>137,073</b>

## Notes to the Financial Statements

### 8. STATE GRANTS (continued)

	EU Regulation Number		Total €000
	1192/69 €000	1107/70 Article (3.1 [b]) €000	
<b>Expenditure related</b>			
<b>Mainline rail</b>			
Normalisation of accounts			
- Class III (pensions)	5,715		5,715
- Class IV (level crossings)	6,557		6,557
- Infrastructure grant (freight)	-	1,715	1,715
	<u>12,272</u>	<u>1,715</u>	<u>13,987</u>
<b>Suburban rail</b>			
Normalisation of accounts			
- Class III (pensions)	840		840
- Class IV (level crossings)	28		28
	<u>868</u>		<u>868</u>
<b>Sub total</b>	<u>13,140</u>	<u>1,715</u>	<u>14,855</u>
<b>Total</b>			151,928
Add State grant for DART interest - EU regulation. 1191/69			3,555
<b>Sub total State subvention</b>			<u>155,483</u>
Add State grant for NDP			224,291
<b>Total State grants received</b>			<u>379,774</u>
<b>The total funding received was applied as follows:</b>			
<b>Profit &amp; Loss account</b>			
Subvention			155,483
Railway Safety Revenue Grant			19,410
Credit against the renewals of railway lines and works (note 9(a))			107,571
Deferred income (note 18)			81,927
Transferred to ClÉ			15,383
<b>Total</b>			<u>379,774</u>

## Notes to the Financial Statements

### 9. TANGIBLE FIXED ASSETS

	1st Jan 2002 €000	Reclass- ifications €000	Additions €000	Scrappings & Disposals €000	31st Dec 2002 €000
<b>Cost</b>					
Railway Lines and works	546,368	-	151,319	-	697,687
Railway rolling stock	440,745	-	85,636	-	526,381
Road freight vehicles	7,786	-	-	(537)	7,249
Plant and machinery	271,465	2,160	49,883	-	323,508
Catering equipment	1,130	-	-	-	1,130
Docks, harbours and wharves	42,457	-	9	-	42,466
Capital work in progress	2,581	(2,581)	461	-	461
<b>Sub total</b>	<b>1,312,532</b>	<b>(421)</b>	<b>287,308</b>	<b>(537)</b>	<b>1,598,882</b>
Funding received for railway lines and works	(337,798)	-	(137,492)	-	(475,290)
<b>Total</b>	<b>974,734</b>	<b>(421)</b>	<b>149,816</b>	<b>(537)</b>	<b>1,123,592</b>

	1st Jan 2002 €000	Reclass- ifications €000	Charge for year 2002 €000	Scrappings & Disposals €000	31st Dec 2002 €000
<b>Depreciation</b>					
Railway Lines and works	507,020	-	139,231	-	646,251
Railway rolling stock	155,473	-	28,623	-	184,096
Road freight vehicles	6,054	-	486	(537)	6,003
Plant and machinery	103,017	-	14,605	-	117,622
Catering equipment	860	-	62	-	922
Docks, harbours and wharves	8,691	-	849	-	9,540
<b>Sub total</b>	<b>781,115</b>	<b>-</b>	<b>183,856</b>	<b>(537)</b>	<b>964,434</b>
Funding received for railway lines and works	(337,798)	-	(137,492)	-	(475,290)
<b>Total</b>	<b>443,317</b>	<b>-</b>	<b>46,364</b>	<b>(537)</b>	<b>489,144</b>

	2002 €000	2001 €000
<b>Net book amounts</b>		
Railway lines and works	51,436	39,348
Railway rolling stock	342,285	285,272
Road freight vehicles	1,246	1,732
Plant and machinery	205,886	168,448
Catering equipment	208	270
Docks, harbours and wharves	32,926	33,766
Capital work in progress	461	2,581
<b>Total</b>	<b>634,448</b>	<b>531,417</b>

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>9. TANGIBLE FIXED ASSETS (continued)</b>		
(a) In compliance with FRS 15, tangible fixed assets, the basis of accounting for renewals of railway lines and works is to credit the grant against the cost of renewals to the railway network.		
<b>Renewals expenditure and related grants were as follows:</b>		
· Renewals expenditure	145,562	129,794
· State grants	107,571	118,311
· EU grants	29,921	3,557
(b) The expected useful lives of the various types of assets for depreciation purposes are as follows:		
	<b>Lives (Years)</b>	
Railway lines and works	40	
Railway rolling stock	15-20	
Road freight vehicles	6-10	
Plant and machinery	3-25	
Docks, harbours and wharves	50	
Catering equipment	5-10	
(c) The amounts included in the original cost of various tangible assets include €34,463,231 in capitalised interest charges relating to the Bray-Howth suburban railway electrification scheme which was completed in 1984.		
(d) Tangible assets include railway infrastructure assets as follows:		
Cost	471,452	407,516
Accumulated depreciation	(256,145)	(245,523)
Net book value	<u>215,307</u>	<u>161,993</u>
Depreciation for year ( <i>note 2(c)</i> )	<u>(10,622)</u>	<u>(9,499)</u>
(e) Included in the reclassification of tangible assets is €421,000, which was expensed to the profit and loss account during the year. The expenditure related to feasibility studies on projects, which it was decided not to proceed with.		
(f) Included in additions above are payments on account in respect of railway rolling stock which were not yet in service	<u>87,548</u>	<u>28,103</u>
(g) Included in tangible assets are amounts as stated below in respect of railway rolling stock and plant and machinery which are held under finance leases, whereby the company has beneficial ownership i.e. substantially all the risks and rewards associated with the ownership of an asset, other than the legal title:		
Cost	87,694	85,486
Accumulated depreciation	(27,236)	(22,410)
Net book value	<u>60,458</u>	<u>63,076</u>
Depreciation for year	<u>(4,825)</u>	<u>(4,812)</u>

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>10. FINANCIAL ASSETS</b>		
<b>Trade investments - Listed shares</b>		
Cost or valuation at 1st January	63	63
Provision for permanent diminution in value at 31st December	(43)	(43)
<b>Net book amounts at 31st December</b>	<b>20</b>	<b>20</b>
<b>Market value at 31st December</b>	<b>49</b>	<b>49</b>
<b>11. STOCKS</b>		
Rolling stock, spare parts and maintenance materials	16,848	14,433
Infrastructure stocks	22,683	33,315
Fuel, lubricants and other sundry stocks	3,045	5,852
	<b>42,576</b>	<b>53,600</b>
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.		
<b>12. DEBTORS</b>		
Trade debtors	12,005	15,688
Amounts owed by holding and fellow subsidiary companies	31,633	73,432
EU and State grants receivable	103,292	72,131
Other debtors and accrued income	6,810	15,524
	<b>153,740</b>	<b>176,775</b>
<b>13. CREDITORS (amounts falling due within one year)</b>		
Bank overdraft	23,673	19,053
Trade creditors	44,603	38,916
Loan from holding company ( <i>note 15</i> )	154,502	150,253
Finance lease obligations ( <i>note 16</i> )	4,318	4,016
Income tax deducted under PAYE	3,571	7,427
Pay related social insurance	2,549	4,610
Value added tax and other taxes	7,092	1,383
Other creditors	3,732	162
Accruals	5,395	13,653
Restructuring provision ( <i>note 17</i> )	7,300	10,179
Third party and employer's liability claims ( <i>note 17</i> )	5,095	3,901
Deferred income ( <i>note 18</i> )	25,354	17,893
	<b>287,184</b>	<b>271,446</b>
Creditors for taxation and social welfare included above	13,212	13,420

## Notes to the Financial Statements

	2002	2001
	€000	€000
<b>14. CREDITORS (amounts falling due after more than one year)</b>		
Loan from holding company ( <i>note 15</i> )	10,564	14,813
Finance lease obligations ( <i>note 16</i> )	53,491	56,011
	<b>64,055</b>	<b>70,824</b>

### 15. LOAN FROM HOLDING COMPANY

This loan is repayable as follows:

Within one year ( <i>note 13</i> )	154,502	150,253
Between one and two years ( <i>note 14</i> )	1,981	7,312
Between two and five years ( <i>note 14</i> )	8,583	7,501
After five years	-	-
	<b>10,564</b>	<b>14,813</b>
	<b>165,066</b>	<b>165,066</b>

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 is aged by reference to the bank loans held and managed by Córas Iompair Éireann on behalf of the operating companies.

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 €148,952,534 (2001 - €145,822,498) relating to Irish Commercial Paper which are backed by committed medium term facilities which effectively extend the maturity of these instruments.

### 16. LEASE OBLIGATIONS

#### (A) Finance leases

Net obligations under finance leases fall due as follows:

Within one year ( <i>note 13</i> )	4,318	4,016
Between one and five years ( <i>note 14</i> )	19,861	18,159
After five years ( <i>note 14</i> )	33,630	37,852
	<b>53,491</b>	<b>56,011</b>
	<b>57,809</b>	<b>60,027</b>

#### (B) Operating Leases

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

Within one year	2,337	2,279
Between one and five years	1,887	2,735
	<b>4,224</b>	<b>5,014</b>

## Notes to the Financial Statements

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring Provision €000	Third Party & Employer's Liability Claims €000	Total €000
Balance at 1st January, 2002	10,179	55,375	65,554
Utilised during the year	(7,625)	(5,384)	(13,009)
Transfer from profit and loss account	4,746	7,814	12,560
Balance carried forward	7,300	57,805	65,105
Less amount classified as current liability ( <i>note 13</i> )	(7,300)	(5,095)	(12,395)
Balance at 31st December, 2002	-	52,710	52,710

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.

#### (A) External Insurance Cover

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

- (i) third party liability in excess of €4,200,000 and up to €194,200,000 on any one occurrence or series of occurrences arising out of any one rail event;
- (ii) third party liability in excess of €1,400,000 and up to €191,400,000 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\$3,300,000;
- (iii) third party liability in excess of €140,000 and up to €190,140,000 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\$140,000;
- (iv) rail and road transport liabilities in excess of a self insured retention of €9,250,000 in aggregate in a twelve month period, April 2002 to March 2003; and
- (v) fire and special perils, including storm damage, property in excess of €1,000,000 on any one loss.

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# Notes to the Financial Statements

## 17. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

### (B) Third Party and Employer Liability Claims Provisions and Related Recoveries

Provision is made at the year-end for the estimated cost of liabilities incurred but not finalised at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company. The estimated cost of claims includes expenses to be incurred externally in managing claims but excludes the internal overhead of claims management fees. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of outstanding potential liabilities the company calculates individual file valuations to which contingency provisions are added with the assistance of external actuarial advice. The actuary's mathematical modelling is generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the potential liabilities to increase or reduce when compared with the cost of previously finalised claims including, for example, changes in the legal environment, the effects of inflation, changes in operational activity and the impact of large losses.

In estimating the cost of claims notified but outstanding, the company has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the company, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is therefore high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to notification from the company's brokers of any re-insurers in run off.

## Notes to the Financial Statements

### 18. DEFERRED INCOME

This account, comprising non-repayable EU grants, State grants and other deferred income which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated (accounting policy E), is as follows:

	1st Jan 2002	Received and Receivable	Amortised to Profit & Loss A/c	31st Dec 2002
	€000	€000	€000	€000
<b>Capital Grants</b>				
Railway lines and works	12,647	1,756	(99)	14,304
Railway rolling stock	124,342	74,075	(6,463)	191,954
Plant and machinery	91,345	33,026	(5,398)	118,973
Docks, harbours and wharves	15,286	-	(319)	14,967
<b>Total capital grants</b>	<b>243,620</b>	<b>108,857</b>	<b>(12,279)</b>	<b>340,198</b>
State grants – Railway Safety Investment Programme	55,037	-	(7,862)	47,175
Other deferred income	1,469	-	-	1,469
<b>Total</b>	<b>300,126</b>	<b>108,857</b>	<b>(20,141)</b>	<b>388,842</b>

	2002 €000	2001 €000
Shown as:		
Deferred income-amounts falling due within one year ( <i>note 13</i> )	25,354	17,893
Deferred income-amounts falling due after more than one year	363,488	282,233
	<b>388,842</b>	<b>300,126</b>

The grants received under the Railway Safety Investment Programme (1999 – 2003) will be released to the profit and loss in accordance with the Railway Safety Investment Programme. Grants received and receivable in 2002 were Exchequer €81,927,000 and EU €26,930,000.

### 19. SHARE CAPITAL

#### Authorised:

Ordinary shares of €1.27 each	95,230	95,230
<b>Allotted, called up and fully paid</b>		
Ordinary shares of €1.27 each	29,204	29,204

### 20. ASSET REPLACEMENT RESERVE

Balance at 31st December	100,686	100,686
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The directors consider that a transfer to this reserve is no longer appropriate.

### 21. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

Deficit for the year after State grants	(22,454)	(7,186)
Opening equity shareholders' funds	85,932	93,118
<b>Closing equity shareholders' funds</b>	<b>63,478</b>	<b>85,932</b>

## Notes to the Financial Statements

22. CASH FLOW STATEMENT	2002	2001
	€000	€000
<b>(A) Reconciliation of deficit to net cash inflow from operating activities</b>		
Deficit before State grants and servicing of finance	(186,245)	(165,116)
State grants other than that applied to DART interest and renewals ( <i>note 8</i> )	171,338	164,118
Deficit for year before servicing of finance	(14,907)	(998)
Profit on disposal of tangible assets	-	(5,632)
Depreciation	46,364	42,608
Write off of capital wip - feasibility studies	421	764
Amortisation of capital grants ( <i>note 18</i> )	(20,141)	(11,766)
Decrease/(increase) in stocks	11,024	(14,661)
Decrease in EU revenue grants	1,016	72
Decrease/(increase) in debtors	5,713	(7,774)
(Decrease)/increase in creditors and provisions	(3,061)	7,207
<b>Net cash inflow from operating activities</b>	<b>26,429</b>	<b>9,820</b>

### (B) Analysis of net debt

	At 1st Jan. 2002 €000	Cash Flow €000	At 31st Dec. 2002 €000
Cash in hand	97	34	131
Bank overdraft	(19,053)	(4,620)	(23,673)
Loans	(165,066)	-	(165,066)
Finance leases	(60,027)	2,218	(57,809)
Holding company balance	73,432	(41,799)	31,633
	<b>(170,617)</b>	<b>(44,167)</b>	<b>(214,784)</b>

Liquid resources comprise amounts owed by holding and fellow subsidiary companies, which represents cash generated and not immediately required for operations made available to other group companies, repayable on demand

## 23. PENSIONS

The majority of the company's employees participate in defined benefit pension schemes based on final pensionable pay and operated for eligible employees of all CIÉ companies. Contributions by the company and the employees are invested in trustee-administered funds.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions as incurred over the employees' working lives with the Group as a stable percentage of expected future pay. Contributions to the schemes are determined by an independent actuary on the basis of annual reviews using the projected unit method.

Whilst the schemes are defined benefit schemes, the company is unable to identify its share of the underlying assets and liabilities of the schemes. The actuarial position of the schemes at 31st December, 2002, using the bases required by Financial Reporting Statement (FRS) No. 17 (Retirement Benefits), showed a deficit of €220.4 million. Details in relation to the schemes, required by FRS 17, are contained in the accounts of Córas Iompar Éireann.

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## Notes to the Financial Statements

### 24. CAPITAL COMMITMENTS

	Contracted for €000	Authorised by the directors but not Contracted for €000
2002		
Within one year	105,907	70,407
From two to five years	147,652	185,056
	<u>253,559</u>	<u>255,463</u>
Of which funding amounts to:	<u>230,714</u>	<u>203,266</u>
2001		
Total	<u>180,469</u>	<u>52,751</u>

### 25. 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 materially in excess of provisions made in the financial statements.

#### (B) Finance Leases

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

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## Notes to the Financial Statements

### 26. RELATED PARTY TRANSACTIONS

Entities controlled by the Irish Government are related parties of the company by virtue of the Irish Government's control of the parent company, Córas Iompair Éireann.

In the ordinary course of business the company purchases goods and services from entities controlled by the Irish Government, the principal of these being the ESB, An Post, and Bord Gais. The directors are of the opinion that the quantum of these purchases is not material in relation to the company's business.

The financial statements of Córas Iompair Éireann provide the information required by the Financial Reporting Standard No. 8 concerning transactions between the company, its subsidiaries and the Irish Government.

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

### 28. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 29th April 2003.





**PN. No. 12696**