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SECOND COMMISSION REPORT TO THE COUNCIL
ON THE TRANSPOSED ANNUAL ACCOUNTS OF
THE RAILWAY UNDERTAKINGS

1978

COM(80) 778 final

CEE VIII/11

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ABBREVIATIONS AND SIGNS USED

-	Nil
0	Very small figure (generally less than half the last unit or decimal place of the relevant quantity)
°	Figure not available
000	Thousand
mio	Million
mrđ	Milliard (thousand million)
SNCE/ NMBS	Société Nationale des chemins de fer belges/ Nationale Maatschappij der Belgische Spoorwegen
DSB	Danske Statsbaner
DB	Deutsche Bundesbahn
SNCF	Société Nationale des chemins de fer français
CIE	Coras Iompair Eireann
FS	Azienda autonoma delle ferrovie dello Stato
CFL	Société Nationale des chemins de fer luxembourgeois
NS	Naamloze Vennootschap Nederlandse Spoorwegen
BRB	British Railways Board
NIR	Northern Ireland Railways Company Ltd
BFR	Belgian francs
DKR	Danish kroner
DM	German marks
FF	French francs
LIT	Italian lire
LFR	Luxembourg francs
HFL	Dutch guilders
UKL	Pounds sterling
IRL	Irish pounds

SECOND REPORT

on the Transposed Annual Accounts of
the Railway Undertakings

Council Regulation (EEC) No 2830/77
of 12 December 1977 (1)

1978

S U M M A R Y

1. The Second Report presents the Balance Sheets and Profit and Loss Accounts for 1978 for the ten Community railways covered by Regulation (EEC) No 2830/77.
2. Part One contains the figures - accompanied by explanatory notes - transposed by each undertaking on the basis of their national accounts.
3. Part Two comprises summary tables indicating in percentages the structure of the railways' Balance Sheets and Profit and Loss Accounts and certain accounting ratios. Notes accompany these tables. Further tables are included which help to eliminate the effects on the transposed accounts of the different methods used by the railways for dealing with accumulated losses and with compensation granted for retirement, pension and social charges.
4. The Report ends with a critical review of work done and improvements compared with the previous Report, and some ideas are expressed as to the work which remains to be done in this direction.

(1) OJ No L 334, 24 December 1977.

INTRODUCTION

General

1. This Second Annual Report, which covers the results for 1978, has been drawn up in accordance with Council Regulation (EEC) No 2830/77 of 12 December 1977 (1) on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings.
2. The delay in presenting the Report is mainly due to the need to consult the Advisory Committee on Railway Accounts set up under Article 6 of the Regulation.

The Report

3. Tables 1 to 10 in Part One of the Report give the transposed Balance Sheets and Profit and Loss Accounts for the ten railways covered by the Regulation. The Tables are accompanied by explanatory notes. Tables 11 and 12 show the Balance Sheet and the Profit and Loss Account for the ten railways as a whole.
4. In Part Two there are summary tables showing the structure, in percentages, of the Balance Sheets and Profit and Loss Accounts, accompanied by notes. The analysis is more detailed than in the First Report because it brings out further obstacles to achieving the comparability of accounting results. The Tables allow a comparison to be made with 1977. There are also two variations on the Balance Sheet and one variation on the Profit and Loss Account, drawn up in agreement with the Advisory Committee with a view to making the figures more comparable. Tables 21 and 22 respectively give an analysis of some accounting ratios and the extent to which expenses are covered by revenue.
5. Part Three sets out the conclusions to be drawn from this Second Report and some ideas on what can be done to improve the presentation and content of further Reports.

(1) OJ No L 334, 24 December 1977.

Transposition and Comments

6. There has been a marked improvement in the content of the explanatory notes. These have, however, been abridged where they repeat accounting principles already explained in the Report for 1977. In addition, reference is made to the railways' Annual Reports in order to clarify some of the transposition methods. This work was made a great deal easier following an examination by the Advisory Committee of the problems which arose when the 1977 Report was drawn up.

7. The reservations expressed in the First Report, about the comparability of the accounting results, still apply to the analysis of the structure of the accounts. After obtaining the opinion of the Advisory Committee, further Tables were included to eliminate the effect of the differences between the methods used by the various railways to deal with accumulated losses and compensation for retirement, pension and social charges. Finally, in calculating the accounting ratios, an assumption has been added whereby stocks could be treated as fixed assets.

Further Work

8. The conclusions of the Report mainly concern an examination of work completed and improvements in the comparability of the transposed accounts as compared with 1977. The conclusions go on to deal with other problems which must be solved if greater comparability is to be achieved, both within the framework of Regulation (EEC) No 2830/77 and within the broader question of the financial relations between the States and the railways.

Exchange Rates

9. The following parities were used to convert the figures given in Tables 11 and 12 into European Units of Account :

National Currency

1 EUA

BFR	40.0611
DKR	7.01946
DM	2.55608
FF	5.73983
LIT	1 080.22
LFR	40.0611
HFL	2.75409
IRL	0.663888
UKL	0.663911

PART ONE

INFORMATION COMMUNICATED BY
THE RAILWAY UNDERTAKINGS

Transposed Balance Sheets and Profit and Loss Accounts
with
Explanatory Notes

Société Nationale des chemins de fer belges (SNCF)
Nationale Maatschappij der Belgische Spoorwegen (NMBS)

Table 1 a

BALANCE SHEET

At 31.12.1978

Undertaking : SNCB/NMBS

		Millions of BFR		
A S S E T S		1 9 7 8	1 9 7 7	
<u>LONG-TERM ASSETS</u>				
<u>Fixed assets (Net)</u>		62 714	34 103	
10 Land and fixed installations		36 551	12 701	11 000
11 Transport stock and equipment		14 790	2 187	1 787
12 Other stock and equipment		2 195	6 775	28 731
13 Fixed assets under construction		9 178		1 051
<u>Other fixed assets</u>		14 227		778
14 Shareholdings in other undertakings		322	324	39 704
15 Long-term loans		65	64	
16 Cost of floating loans and loan redemption premiums		429	430	31 237
17 Miscellaneous fixed assets		13 411	13 411	3 775
	Sub-total	76 941	69 995	4 692
<u>CURRENT ASSETS</u>				
<u>Stocks</u>				
20 - 21 (In store or being manufactured)		6 967	6 541	
<u>Realizable assets</u>		10 499	8 732	
30 Debtors		9 786		
41 Loans repayable within one year				
42 Bills receivable				
45 Securities		713	740	
<u>Bank balances and cash</u>				
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		1 071	587	12 215
	Sub-total	18 537	16 600	2 715
<u>Results</u>		5 790		2 312
06.1 Losses for previous financial years			4 666	
07.1 Loss for the financial year			1 124	
	Assets : Total	101 268	92 385	101 268
<u>LIABILITIES</u>				
<u>Capital and reserves</u>				
00 Capital				11 000
01 Reserves				1 787
02 Contribution to investment costs				12 787
03 Provisions				28 731
04 Funds for staff				1 051
05 Long-term financial debts				778
- debentures				
- State loans				39 704
- other financial debts				31 237
	Sub-total			83 051
<u>Current Liabilities</u>				
31 Creditors				12 215
40 Financial debts of less than one-year term				2 715
44 Bills payable				2 312
	Sub-total			17 242
<u>Results</u>				975
06.0 Profits for previous financial years				
07.0 Profit for the financial year				975
	Liabilities : Total			101 268

Table 1 b

PROFIT AND LOSS ACCOUNT

I. GENERAL OPERATION

Undertakings : SNCB / NMBS	Millions of BFR			Year : 1978
	1978	1977	1978	
E X P E N S E S	R E V E N U E			1977
60. Staff costs	47 131	43 879		7 877
61. Material supplied and services performed by third parties	19 039	18 811		7 875
62. Taxes and dues	20	30		2
63. Allocations for depreciation	-	-		7
64. Allocations to provision accounts	8 526	8 320		12 032
65. Financial charges	3 876	3 382		9 401
				3 161
				6 240
				2 180
				451
				-
				-
				446
				20 355
				301
				6 275
				11 262
				17 547
				12 735
				10 013
				-
				40 295
				78 488
				104
				1 225
Total expenses	78 592	74 425		73 200
91.0 Operating profit for the financial year	-	-		104
				1 225

II. PROFIT AND LOSS SUMMARY

91.1 Operating loss for the financial year	104	1 225		-	-
91.3 Exceptional losses	45	-		1 124	101
91.4 Corporation tax	-	-		-	-
				-	-
91.6 Profit for the financial year	975	-		-	1 124

SNCE/NMBS: FINANCIAL YEAR 1978

Explanatory notes

Figures are given in millions of BFR.

BALANCE SHEET

Assets

Accounts 10 - 13 - Fixed Assets

The fixed assets shown in the Balance Sheet are those acquired since 1 September 1926; they are recorded at their purchase value. Replacement is ensured through the Replacement Fund.

Account 14 - Shareholdings in Other Companies

Shareholdings in affiliated companies	65
Shareholdings in other companies	255
Other stocks and shares	2
	<hr/>
	322

Account 15 - Long-Term Loans

These are all claims vis-à-vis companies in which SNCE has a shareholding.

Account 17 - Miscellaneous Fixed Assets

(a) Railway operating concession	11 000
(b) War damage	2 411
	<hr/>
	13 411

Accounts 20 and 21 - Stocks

The amounts entered in the accounts are average weighted prices.

Raw materials, consumables, supplies	6 452
Work in progress	475
Goods	40
	<hr/>
	6 967

Account 30 - Debtors

Claims whose term is more than one year arising from goods delivered and services rendered	31
Claims whose term is no more than one year	
(a) Arising from goods delivered or services rendered,	6 180
(b) Other claims	554
Adjustments	3 021
	<hr/>
	9 786

Liabilities

Account 01 - Reserves

This is the amount credited to the Loan Redemption Fund as at 31st December 1978. A sum is entered in the accounts each year to replenish this Fund.

Account 03 - Provisions

(a) Fixed Assets Replacement Fund	328
(b) Provision for exchange losses relating to foreign currency loans (Eurofima)	487
(c) Other provisions	236
	<hr/>
	1 051

Account 04 - Funds for Staff

This is a Fund to pay allowances due to staff in connection with accidents at work.

Account 05 - Long-Term Financial Debts

The other financial debts break down as follows :

(a) Non-convertible subsidiary loans	358
(b) Non-convertible debenture loans	36
(c) Credit establishments	4 298
	<hr/>
	4 692

The debts vis-à-vis companies in which the SNCB has a shareholding (Eurofima) amount to BFR 3 013 mio.

Account 31 - Creditors

Debts whose term is more than one year arising from the purchase of goods and services	6
Debts whose term is no more than one year	
(a) Credit establishments	1 097
(b) Various debts arising from the purchase of goods and services	2 790
(c) Debts and provisions for tax, social charges and wage payments	3 668
(d) Advances received	1 245
(e) Other loans and deposits received	34
(f) Other debts	14
Adjustments	3 361
	<hr/>
	12 215

Profit and Loss Account

EXPENSES

Account 61 - Material Supplied and Services Performed by Third Parties

Goods, raw materials, consumables and supplies	10 274
Miscellaneous goods and services	8 765
	<hr/>
	19 039

Account 62 - Taxes and Dues

See the 1977 Report.

Account 64 - Allocations to Provision Accounts

Replacement allocation	8 000
Insurance Fund allocation	290
Provision for exchange losses on long-term debts	236
	<hr/>
	8 526

Account 65 - Financial Charges

Charges on debts whose term is more than one year	3 284
Charges on debts whose term is no more than one year	240
Miscellaneous financial charges	352
	<hr/>
	3 876

REVENUE

Account 70 - Traffic Revenue

These figures are extracted from the accounts. In the case of receipts from passenger traffic, some breakdowns based on statistics have been made between rail traffic and road traffic.

Account 71 - Financial Revenue

Revenue from financial assets	92
Revenue from other claims and bank balances and cash	14
Miscellaneous	195
	<hr/>
	301

Account 72 - Other Revenue

Services and supplies	4 552
Miscellaneous revenue	1 393
Revenue relating to staff	330
	<hr/>
	6 275

Account 73 - Contra of Costs Booked to Other Accounts

Internal work relating to the improvement of fixed assets	
(a) New fixed assets	909
(b) Renewals to be written down	2 168
Net amount charged to the Replacement Fund	7 961
Net amount charged to the Insurance Fund	224
	<hr/>
	11 262

Account 74 - Compensation and Aid Received

The compensation and aid actually received break down as follows :

74.0 Regulation (EEC) N° 1191/69

Season tickets (schoolchildren)	899
Season tickets (social)	5 340
Season tickets (ordinary)	2 237
Individual reductions	2 073
Full-price tickets and equivalent	5 368

Goods Traffic

BL 1 tariffs (Belgium, Grand Duchy of Luxembourg)	29
Zeeland Flanders	1
Compensation for the economic disadvantages resulting from keeping lines in operation	1 600
	<hr/>
	17 547

74.1 Regulation (EEC) N° 1192/69

Retirement payments and pensions	11 822
Social charges, whereof :	
(a) Accidents at work	84
(b) Family allowances	22
Measures benefiting staff in recognition of services rendered to their country	34
Crossing facilities	261
Compensation for financial charges in respect of :	
(a) War damage	16
(b) Lack of normalization in the past	213
(c) Loans raised to meet delays in renewals	283
	<hr/>
	12 735

74.2 Regulation (EEC) N°-1107/70 (Article 3)

Compensation for :	
(a) Infrastructure charges	6 665
(b) Financial charges relating to :	
(i) Financing the extension of the network	1 907
(ii) Financing accumulated deficits and overdue renewals	1 461
	<hr/>
	10 033
Tax from which the company is exempted	
to be deducted	- 20
	<hr/>
	10 013

The sum of BFR 1 926 mio to the Health Insurance Office is optional compensation not included in the accounts. For accounting purposes, the Office is regarded as being independent of SNCB.

Account 92-2 - Exceptional Profits

Sum allocated by the State to cover part of the deficit for 1977.

Account 91-3 - Exceptional Losses

The loss of BFR 44 mio mainly represents payment deferred until 1978, of transport tax totalling BFR 43 mio in respect of earlier financial years.

Danske Statsbaner (DSB)

Table 2 a

BALANCE SHEET

At 31.12.1978

Undertaking : DSB

Millions of DKR

	A S S E T S			L I A B I L I T I E S		
	1978	1977		1978	1977	
<u>LONG-TERM ASSETS</u>						
<u>Fixed assets (Net)</u>						
10 Land and fixed installations	3 969	3 777	7 178	7 421	6 913	
11 Transport stock and equipment	2 969	2 786				
12 Other stock and equipment	240	222				
13 Fixed assets under construction	0	0				
<u>Other fixed assets</u>			10			
14 Shareholdings in other undertakings	10	8				
15 Long-term loans	-	-				
16 Cost of floating loans and loan redemption premiums	-	-				
17 Miscellaneous fixed assets	-	-				
Sub-total		7 188	7 188		7 421	
		6 793			6 913	
<u>CURRENT ASSETS</u>						
<u>Stocks</u>						
20 - 21 (In store or being manufactured)		342	342			
<u>Realizable assets</u>			408			
30 Debtors	408	362				
41 Loans repayable within one year	-	-				
42 Bills receivable	-	-				
45 Securities	0	0				
Bank balances and cash						
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		31	30	447	462	
Sub-total		780	780	100	128	
		710			590	
<u>Results</u>						
06.1 Losses for previous financial years	-	-				
07.1 Loss for the financial year	-	-				
Assets : Total		7 968	7 968		7 968	
		7 503			7 503	
<u>LIABILITIES</u>						
<u>Capital and reserves</u>						
00 Capital						
01 Reserves						
02 Contribution to investment costs						
03 Provisions						
04 Funds for staff						
05 Long-term financial debts						
- debentures						
- State loans						
- other financial debts						
Sub-total						
<u>Current Liabilities</u>						
31 Creditors						
40 Financial debts of less than one-year term						
44 Bills payable						
Sub-total						
Liabilities : Total						

PROFIT AND LOSS ACCOUNT

Table 2 b

1.4.1978 to
Year : 31.12.1978

Millions of DKR

I. GENERAL OPERATION

Undertakings : DSB	R E V E N U E			
E X P E N S E S	1978	1977	1978	1977
60. Staff costs	1 552	1 918		
61. Material supplied and services performed by third parties	606	759		948
62. Taxes and dues	-	-		620
63. Allocations for depreciation	128	154		471
64. Allocations to provision accounts	-	-	299	
65. Financial charges	239	284	172	
			156	157
			143	199
			155	197
			17	24
				5
			144	228
			49	61
			<u>1 617</u>	<u>1 876</u>
			6	8
			280	305
			-	-
			437	706
			31	40
			154	180
			-	-
			<u>622</u>	<u>926</u>
Total expenses	2 525	3 115	2 525	3 115
91.0 Operating profit for the financial year	-	-	-	-

II. PROFIT AND LOSS SUMMARY

91.0 Operating profit for the financial year	-	-	-	-
91.3 Exceptional losses	-	-	-	-
91.4 Corporation tax	-	-	-	-
91.6 Profit for the financial year	-	-	-	-

DSB - Financial year 1 April 1978 / 31 December 1978

Explanatory Notes

As from 1 January 1979, the financial year, which used to cover the period 1 April - 31 March, is the same as the calendar year. For this reason, the financial year under consideration covers only the period 1 April - 31 December 1978.

Figures are given in millions of DKR.

I. Balance Sheet

Accounts 10 - 13 - Assets

Accounts 10 - 12 include the cost of fixed assets under construction.

Accounts 20 and 21 - Stocks

Stock valuation is based on current prices.

II. Profit and Loss Account

Account 60 - Staff Costs

This account includes DSB's contributions to pension costs for all staff in employment.

The pensions paid to retired DSB staff are covered by the State budget.

Staff expenditure relating to fixed assets is entered under the relevant assets accounts.

Account 63 - Allocations for Depreciation

Depreciation is on a straight-line basis, with various rates of depreciation.

Account 65 - Financial Charges

Tangible assets, which are part of the capital invested in DSB by the State, bear interest at 4.5 %.

DSB's current account with the Finance Ministry (Account 40) bears interest at 3.5 %.

Account 70 - Traffic Revenue

Much of DSB's traffic revenue cannot be apportioned between the various modes of transport. There is no separate pricing for ferry crossings which are part of a passenger or freight transport, for road haulage or for some bus services.

The carriage of private cars and goods vehicles, and ferry crossings where passengers are not travelling by train are shown in accounts 70.0 c) and 70.1 c). The revenue shown in accounts 70.0 b) and 70.1 b) is from the carriage of passengers and small parcels by DSB buses.

Account 74 - Compensation and Aid

Compensation and aid can be broken down as follows :

74.0 Regulation (EEC) N° 1191/69

(a) Passenger transport	349
(b) Freight and mail	88
	<hr/>
	437

Compensation for costs relating to Copenhagen suburban transport was discontinued on 1 April 1978.

Since then, the Copenhagen Council has met the cost of certain railway lines, and collect the revenue from passenger traffic on these lines. The cost of running these lines is entered in the accounts along with DSB's other costs. The Council reimburses DSB for these costs (the repayment is entered in Account 70.0) and pays compensation for the revenue which it collects on the urban section of the lines operated by the DSB.

74.1 Regulation (EEC) N° 1192/69

(a) Class IX: Staff surplus to the company's requirements	20
(b) Class XI: Allowances payable to staff	11
	<hr/>
	31

Class X no longer applies since the State pays a wage to national servicemen, and DSB therefore no longer contributes to their travelling expenses.

74.2 Regulation (EEC) N° 1107/70

The DKR 154 mio paid to DSB is compensation for interest charges on loans and the amortization of fixed installations (infrastructure) which the other modes of transport do not bear.

DEUTSCHE BUNDESBahn (DB)

Table 3 a

BALANCE SHEET

At 31.12.1978

Undertaking : DB	Millions of DM			
	1978	1977	1978	1977
A S S E T S				
LONG-TERM ASSETS				
Fixed assets (Net)				
10 Land and fixed installations	28 735	26 561	47 318	19 423
11 Transport stock and equipment	13 471	13 275		2 061
12 Other stock and equipment	1 904	1 722		4 302
13 Fixed assets under construction	3 208	3 906		94
Other fixed assets			2 764	
14 Shareholdings in other undertakings	458	449		
15 Long-term loans	2 169	1 961		12 402
16 Cost of floating loans and loan redemption premiums	137	1 155		
17 Miscellaneous fixed assets	-	-		19 559
Sub-total	50 082	48 029		60 311
CURRENT ASSETS				
Stocks				
20 - 21 (in store or being manufactured)	1 000	937		57 841
Realizable assets				
30 Debtors	1 896	1 731		
41 Loans repayable within one year	211	219		
42 Bills receivable	-	-		
45 Securities	0	0		
Bank balances and cash				
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	1 444	1 924		3 087
Sub-total	4 551	4 811		310
Results				
06.1 Losses for previous financial years	4 524	3 874		
07.1 Loss for the financial year	4 611	4 524		
Assets : Total	63 768	61 238		61 238
LIABILITIES				
Capital and reserves				
00 Capital	19 791			19 423
01 Reserves	2 717			2 061
02 Contribution to investment costs				4 302
03 Provisions				94
D4 Funds for staff				
05 Long-term financial debts				
- debentures	13 861			12 402
- State loans	-			
- other financial debts	18 239			19 559
Sub-total	60 311			60 311
Current liabilities				
31 Creditors	3 140			3 087
40 Financial debts of less than one-year term	317			310
44 Bills payable	-			
Sub-total	3 457			3 397
Results				
06.0 Profits for previous financial years	-			
07.0 Profit for the financial year	-			
Liabilities : Total	63 768			61 238

DB - Financial Year 1978

Explanatory Notes

I. General

Where a breakdown or reclassification of various items in the national accounts was required for transposition purposes, the relevant sums are mentioned in the comments concerning these items.

Figures are given in millions of DM.

II. Balance Sheet

Account 00 - Capital

Own capital	19 220
Contributions from the State to cover losses carried over	2 284
	<hr/>
	21 504
Less State loans to increase the capital not written off	1 713
	<hr/>
	19 791

These loans are included as a contra entry on the assets side of the Balance Sheet.

Account 05 - Long-Term Financial Debts

The other financial debts include :

(a) Long-term debts	15 500
(b) Debts of 1 to 4 years	2 736
(c) Part of other liabilities	3
	<hr/>
	18 239

Account 05 includes some DM 2 340 mio by way of financial debts in respect of companies in which DB has a shareholding.

Accounts 10 to 12 - Fixed Assets

The items break down as follows :

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Installations	51 654	22 919	28 735
11. Transport Stock and Equipment	22 035	8 564	13 471
12. Other Stock and Equipment	3 877	1 973	1 904
	77 566	33 456	44 110

Account 15 - Long-Term Loans

Long-term loans	1 951
Loans arising from other assets	220
Less valuation adjustment on fixed assets	2
	<u>2 169</u>

Account 15 includes DM 782 mio in loans to companies in which DB has a shareholding.

Account 16 - Cost of Floating Loans and Loan Redemption Premiums

The sum of DM 137 mio is the bond issue premium.

Account 30 - Debtors

This account includes :

Advances	24
Claims arising from transport services, supplies and other services	1 117
Adjustments (assets), less bond issue premiums	757
Less valuation adjustments to other current assets	- 2
	<hr/>
	1 896

Account 31 - Creditors

This account includes :

Advances	101
Transport services, supplies and other services	2 995
Adjustments (liabilities)	44
	<hr/>
	3 140

Account 40 - Financial Debts of Less than One Year Term

The sum of DM 317 mio is the remainder of the liabilities.

Account 41 - Loans Repayable Within One Year

The sum of DM 211 mio is the remainder of the assets.

Accounts 43, 46 to 48 - Bank Balances and Cash

43	Cheques	168
46	Postal cheque account	23
47	Bank accounts	1 214
48	Cash in hand	39
		<hr/>
		1 444

Account 06-1 - Losses for Previous Financial Years

The loss of DM 3 874 mio in 1976 was set off against Government contribution to cover losses carried over Account 00 and against the reserves Account 01.

III. Profit and Loss Account

Account 60 - Staff Costs

This account includes :

Total staff expenditure	17 735
Social charges external to the company	432
Pension charges external to the company	10
	<hr/>
	18 177

The total can be broken down as follows :

Remuneration of staff in employment	10 900
Retirement and pensions	4 810
Social charges	2 467
	<hr/>
	18 177

Account 61 - Materials Supplied and Services Performed by Third Parties

This account includes :

Current operating expenditure	3 005
Less tax (see Account 62)	- 88
Expenditure on materials supplied and services provided by third parties for the renewal and maintenance of fixed assets	<u>5 499</u> 8 416

Of this DM 5 499 mio, only DM 2 009 mio for the expenditure on maintaining installations and equipment remains in the Profit and Loss Account. The other DM 3 490 mio - expenditure on materials for the construction of fixed assets - is entered in DB's Balance Sheet in Account 73.

Account 62 - Taxes and Dues

Taxes and dues include :

(a) Turnover tax	38
(b) Motor vehicle tax	4
(c) Property tax	6
(d) Contribution for dikes	0
(e) Other taxes	1
(f) Contribution under the Handicapped Persons Law	3
(g) Contribution for the equalization of burdens	0
(h) Various taxes	<u>36</u>
	88

Account 63 - Allocations for Depreciation

Reference should also be made to Accounts 10 and 12.

This account includes :

Ordinary depreciation of fixed assets	2 090
Depreciation of obsolete fixed assets	295
	<hr/>
	2 385

Less :

(a) contributions to investment costs and similar contributions from third parties	192
(b) other credit items relating to maintenance and renewal	424
	<hr/>
	1 769

Account 65 - Financial Charges

Interest, premiums and subsidies on bonds	2 326
Interest on loans and other outside resources for increasing capital	138
	<hr/>
	2 464

Account 71 - Financial Revenue

This account includes :

Revenue from shares	33
Interest on loans and other revenue	92
	<hr/>
	125

Account 72 - Other Revenue

This account is made up of :

The balance of revenue from other transport services (vehicle hire, services performed for other railways, etc.)	281
Other operational revenue	1 085
	<hr/>
	1 366

This total may be broken down as follows :

Revenue from work done for, and supplied to third parties	468
Revenue from other activities, including rents	754
Miscellaneous	144
	<hr/>
	1 366

Account 73 - Contra of Costs Booked to Other Accounts

This account may be broken down as follows :

Services for own account, fixed assets and materials in stocks, entered as offsets to expenditure in the Profit and Loss Accounts	1 186
Expenditure on materials in respect of fixed assets (see Account 61)	3 490
	<hr/>
	4 676

Account 74 - Compensation and Aid

The compensation and aid may be broken down as follows :

74.0 Regulation (EEC) N° 1191/69

Local rail passenger services	2 869
Mainline rail passenger services (social tariffs)	80
Maintenance of services on certain lines	2
Support tariffs for the Saar	27
	<hr/>
	2 978

74.1 Regulation (EEC) N° 1192/69

Operation and maintenance of level crossings	401
Medical aid for tuberculosis sufferers	4
Excess social charges due to structural factors	2 369

Additional staff superannuation	328
Additional training posts	21
External superannuation charges	432
External pensions	10
	<hr/>
	3 565

74.2 Regulation (EEC) N° 1107/70 (Article 3)

Road transport for apprentices	105
--------------------------------	-----

74.3 Other Compensation and Aid

Interest on loans and other outside capital taken up to increase own capital	138
Interest in respect of improvement of the capital structure	949
	<hr/>
	1 087

The Federal Government allocations to cover losses carried over (DM 2 284 mio) for the repayment of loans and other outside resources for increasing capital (DM 407 mio) do not affect the results and are entered directly in the Balance Sheet. The tax on mineral oils (DM 274 mio) refunded by the State has been deducted from the expenditure on fuel contained in Account 61.

Account 91.2 - Exceptional Profits

This account contains the revenue arising from the adjustment of provisions and other profits (DM 27 mio).

Account 91.3 - Exceptional Losses

The sum of DM 423 mio may be broken down as follows :

Depreciation of fixed assets	4
Depreciation of other current assets	2
Exchange losses on the revaluation or repayment of foreign-currency bonds	43
Issue costs	1
DB's additional social insurance obligations	341
Additional payment of turnover tax	32
	<hr/>
	423

Société Nationale des Chemins de fer français (SNCF)

BALANCE SHEET

At 31.12.1978

Table 4 a

Undertaking : SNCF	Millions of FF		
A S S E T S	1 9 7 8	1 9 7 7	1 9 7 8
<u>LONG-TERM ASSETS</u>			
<u>Fixed assets (Net)</u>	60 671		
10 Land and fixed installations	44 150	11 784	14
11 Transport stock and equipment	13 886	4 916	44 705
12 Other stock and equipment	553	308	
13 Fixed assets under construction	2 082	589	
<u>Other fixed assets</u>			
14 Shareholdings in other undertakings	1 752	1 142	19 457
15 Long-term loans	311	298	15 548
16 Cost of floating loans and loan redemption premiums	789	1 000	1 427
17 Miscellaneous fixed assets	14	15	2 482
Sub-total	63 537	20 052	64 179
<u>CURRENT ASSETS</u>			
<u>Stocks</u>			
20 - 21 (In store or being manufactured)	2 191	2 143	
<u>Realizable assets</u>			
30 Debtors	8 699	6 996	
41 Loans repayable within one year	92	87	
42 Bills receivable	126	270	
45 Securities	589	1 136	
<u>Bank balances and cash</u>			
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	436	246	
Sub-total	12 133	10 878	16 321
<u>Results</u>			
06.1 Losses for previous financial years	3 711	2 758	
07.1 Loss for the financial year	1 119	953	
Assets : Total	80 500	34 641	80 500
<u>LIABILITIES</u>			
<u>Capital and reserves</u>			
00 Capital			14
01 Reserves			44 705
02 Contribution to investment costs			-
03 Provisions			3
04 Funds for staff			-
05 Long-term financial debts			15 548
- debentures			1 427
- State loans			2 482
- other financial debts			-
Sub-total			64 179
<u>Current liabilities</u>			
31 Creditors			8 032
40 Financial debts of less than one-year term			6 534
44 Bills payable			1 755
Sub-total			16 321
<u>Results</u>			
06.0 Profits for previous financial years			-
07.0 Profit for the financial year			-
Liabilities : Total			34 641

Table 4 b

PROFIT AND LOSS ACCOUNT		Millions of FF			Year : 1978
I. GENERAL OPERATION				Year : 1977	Year : 1978
Undertakings : SNCF	EXPENSES	1978	1977		
		R E V E N U E			
	60. Staff costs	20 887	19 226		
	61. Material supplied and services performed by third parties	9 517	8 567	8 013	8 145
	62. Taxes and dues	485	408	132	106
	63. Allocations for depreciation	3 410	1 074	11 164	11 407
	64. Allocations to provision accounts	16	15	9 119	
	65. Financial charges	1 893	1 684	6 901	6 055
				2 218	1 900
				1 846	1 778
				199	154
				141	124
				102	97
				364	310
				Sub-total	19 916
				Sub-total	17 437
	71. Financial revenue			309	328
	72. Other revenue			1 826	1 753
	73. Contra of costs booked to other accounts			•	1 004
	74. Compensations and aids received under				
	0. Regulation (EEC) No 1191/69			3 567	3 139
	1. Regulation (EEC) No 1192/69			429	421
	2. Regulation (EEC) No 1107/70, Article 3			3 021	4 053
	3. Other compensations and aids			1 280	1 258
				Sub-total	8 297
				Sub-total	8 871
	Total expenses	36 208	31 974	31 555	29 393
	91.0 Operating profit for the financial year	-	-	4 653	2 581
II. PROFIT AND LOSS SUMMARY					
	91.1 Operating profit for the financial year	4 653	2 581		
	91.2 Exceptional profits	207	16	1 457	2 264 (*)
	91.3 Corporation tax	0	0	2 472	1 587
	Special allocation to reserves	188			
	91.4				
	91.5 Balancing subsidy				
	- Regulation (EEC) No 1107/70, Article 4				
	- Other				
	91.6 Profit for the financial year	-	-	1 119	953
	91.7 Loss for the financial year				

(*) Of which FF 207 million allocated to reserves.

SNCF - Financial Year 1978

Figures are given in millions of FF.

I. Balance Sheet

Assets

Revaluation of Accounts 10 to 14

At the end of 1978, the SNCF revalued its Balance Sheet in accordance with the Finance Acts for 1977 and 1978.

Land was revalued on the basis of current market prices.

Depreciable assets were revalued in accordance with the ordinary rules on depreciation. The maximum revaluation coefficients were applied to the book value.

Revaluation resulted in an increase in the value of the assets and of the undertaking's own funds.

The new values for fixed assets break down as follows :

Account	Description	Historic Value	Difference in Value after Revaluation	Net Balance Sheet Value
10	Land and Fixed Installations	12 521	31 629	44 150
11	Transport Stock and Equipment	10 715	3 171	13 886
12	Other Stock and Equipment	507	46	553
13	Fixed Assets under Construction	2 079	3	2 082
14	Shareholdings in Other Companies	1 272	480	1 752
	TOTAL	27 094	35 329	62 423

Accounts 10 to 12 - Fixed Assets

The gross value of the fixed assets and depreciation break down as follows :

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Fixed Installations	71 055	26 905	44 150
11. Transport Stock and Equipment	34 214	20 328	13 886
12. Other Stock and Equipment	553	-	553
	105 822	47 233	58 589

Account 14 - Shareholdings in Other Companies

Financial holdings have been revalued (see Table above) on the basis of either the companies' net position after revaluation to which the SNCF shareholding percentage was applied (subsidiaries where the shareholding was larger than 50%), or on the basis of their profitability for SNCF in the case of the remaining shareholdings.

Account 15 - Long-Term Loans

See attached Table.

Accounts 20 and 21 - Stocks

Supplies	2 005
Work in progress	186
	<hr/>
	2 191

Account 30 - Debtors

Suppliers - down-payments and advances made on orders	218
Customers	1 737
Other debtors	2 524
Deposits and guarantees	9
Adjustments	551
Suspense accounts and items to be adjusted	48
Assets accounts for related services	3 612
	<hr/>
	8 699

Accounts 43 to 48 - Bank Balances and Cash

Various items in land	228
Bank balances, postal cheques and Treasury	26
Cash in hand	182
	<hr/>
	436

Liabilities

Account 01 - Reserves

Statutory and contractual reserves	9 376
Difference in value after revaluation	
(a) special reserve (non-depreciable assets)	26 238
(b) special provision (depreciable assets)	9 091
	<hr/>
	44 705

The increase in statutory and contractual reserves as compared with 1977 is due mainly to the setting-up of a reserve comprising :

- (a) the difference between the amount of depreciation as calculated in earlier years and that calculated by the straight-line method on the basis of historic value;
- (b) the difference which would have resulted from the 1959 revaluation, i.e. a total of 5 443 mio FF.

Account 05 - Long-Term Financial Debts

Debts to companies in which SNCF has a shareholding are in the form of bonds issued by SNCF and bought by the Société Immobilière des chemins de fer français for a total of FF 3 790 mio on 31 December 1978.

Account 31 - Creditors

Suppliers	1 827
Advances received from customers	118
Other creditors	3 747
Adjustments	1 424
Suspense accounts and items to be adjusted	24
Liabilities accounts for related services	892
	<hr/>
	8 032

II. Profit and Loss Account

Account 60 - Staff Costs

Wages and operational bonuses	14 118
Social charges	6 769
	<hr/>
	20 887

Account 61 - Materials Supplied and Services

Performed by Third Parties

Purchase of materials	3 430
Work done and supplies and services provided externally	5 442
Various administration costs	693
	<hr/>
	9 565
Less change in the stocks account	- 48
	<hr/>
	9 517

Account 62 - Taxes and Dues

This account breaks down as follows :

Direct Taxes and Dues

(a) business tax	216
(b) property and dwellings tax	103
(c) tax on interest and repayment premiums	28
(d) regular and special contributions relating to apprenticeships and training	41
(e) payments relating to public transport	63
(f) other direct taxes and dues	11
<u>Registration and Stamp Duty - Vehicle Tax on Cars</u>	23
<u>Miscellaneous Taxes</u>	0
	<hr/>
	485

Account 63 - Allocations for Depreciation

Allocation for depreciation (historic values)	2 216
Further depreciation arising from revaluation	1 194
	<hr/>
	3 410

Where the operational side is concerned the revaluation has had no effect: allocations are calculated on the basis of the value of assets after revaluation, whilst the difference after revaluation is taken up in Account 91.2 - Exceptional Profits.

Account 70 - Traffic Revenue

The sums entered as revenue from domestic and international freight traffic carried in whole trains and wagon loads are estimated.

Account 73 - Contra of Costs Booked to Other Accounts

Work done by SNCF on its own behalf (to create fixed assets)	1 224
Less non-operational work and expenditure	- 17
	<hr/>
	1 207

Account 74 - Compensation and Aid Received

This account breaks down as follows :

74.0 Regulation (EEC) N° 1191/69

Compensation for tariff reductions	
(a) Mainline network	1 450
(b) Paris suburban network	42
Compensatory allowances	471
Other compensation for tariff reductions	
(a) Newspapers	45
(b) Regional adjustments	51
Compensation for public service obligations and maintaining services in excess of commercial needs	
(a) Local stopping services	1 483
(b) Other passenger services	25
	<hr/>
	3 567

74.1 Regulation (EEC) N° 1192/69

Cost of level crossing facilities	409
Reductions in the cost of loans	20
	<hr/>
	429

74.2 Regulation (EEC) N° 1107/70

Infrastructure costs	2 314
Obligation to operate - military lines	4
Tariff compensation	703
	<hr/>
	3 021

74.3 Other Compensation and Aid

Compensation for tariff reductions	
Mainline network	
(a) Transport payment by provincial towns and cities	22
Parisian suburban network	
(a) Payments by local authorities	16
(b) Transport payment for the Ile-de-France region	765
Compensatory allowances paid by local authorities	202
Reduction of employer's costs	181
Reduction of depreciation costs (Paris suburbs)	94
	<hr/>
	1 280

Profits and Losses Summary

Account 91.3 - Exceptional Losses

This account covers in particular :

- (a) FF 51 mio in respect of the adjustment of the accounts for the financial years 1970 to 1976 by the responsible for railway auditors before final approval of SNCF's accounts
- (b) FF 130 mio for covering the deficit of the Economat at the end of 1978.

(c) FF 188 mio as a Special Allocation to Reserves which was added as a debit item in the Summary in order to provide a complete picture of SNCF operations and at the same time to make the Summary more balanced.

Account 91.2 - Exceptional Profits

This account covers in particular :

(a) the difference in value after revaluation (as mentioned in Account 63 above)	1 194
(b) surpluses realized from the sale of depreciable assets	42
non-depreciable assets	188

ANNEX TO BALANCE SHEET ACCOUNT 15

Details of loans granted to companies in which SNCF has a shareholding
and which are included in Long-Term Loans (Account 15)

in mio FF

Company Name	Loans Granted	Allocation for Depreciation	Net Balance Sheet Amount
Sté française de Transports et Entrepôts Frigorifiques (STEF)	3.5	-	3.5
Sté de Contrôle et d'Exploitation de transports Auxiliaires (SCETA)	3.0	-	3.0
Sté d'Exploitation du Terminal aux Aciers de Dunkerque (SOTERAC)	0.1	-	0.1
Sté des Voies Ferrées des Landes (VFL)	1.0	1.0	-
Sté des Chemins de fer des Pyrénées Orientales	1.6	1.6	-
Sté des Voies Ferrées Départementales du Midi (VFDM)	0	-	0
Sté Concessionnaire du Chemin de fer sous-marin entre la France et l'Angleterre	1.0	1.0	-
Sté d'Etudes et de Développement des Aéroglesseurs Marins, terres-tres et amphibies (SEDAM)	1.3	1.3	-
Compagnie Air Transport (CAT)	3.9	3.9	-
Sté Immobilière des Chemins de fer Français (SICF)	6.5	-	6.5
Sté de Crédit Immobilier des Chemins de fer (SOCRIF)	82.8	-	82.8
TOTAL	104.7	8.8	95.9

CORAS IOMPAIR EIREANN (CIE)

Table 5 a

BALANCE SHEET

At 31.12.1978

Undertaking : CIE	Millions of IRL		
	1978	1977	1978
A S S E T S			
LONG-TERM ASSETS			
Fixed assets (Net)	43.8	9.5	-
10 Land and fixed installations	11.2	33.8	5.1
11 Transport stock and equipment	29.0	3.0	2.2
12 Other stock and equipment	3.6	-	0.3
13 Fixed assets under construction	-	-	-
Other fixed assets	0	-	46.7
14 Shareholdings in other undertakings	0	-	9.9
15 Long-term loans	-	-	26.0
16 Cost of floating loans and loan redemption premiums	-	-	10.8
17 Miscellaneous fixed assets	-	-	-
Sub-total	43.8	46.7	52.7
CURRENT ASSETS			
Stocks	12.8	10.6	-
20 - 21 (In store or being manufactured)	17.4	10.3	-
Realizable assets	15.1	-	-
30 Debtors	-	-	-
41 Loans repayable within one year	-	-	-
42 Bills receivable	-	-	-
45 Securities	2.3	1.9	-
Bank balances and cash	1.9	1.9	19.3
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	32.1	24.7	3.4
Sub-total	54.4	46.7	22.7
Results	5.2	4.6	-
06.1 Losses for previous financial years	0.2	0.5	-
07.1 Loss for the financial year	-	-	-
Assets : Total	81.3	76.1	76.1
LIABILITIES			
Capital and reserves			
00 Capital	-	-	-
01 Reserves	4.0	4.0	5.1
02 Contribution to investment costs	-	2.0	2.2
03 Provisions	-	-	0.3
04 Funds for staff	-	-	-
05 Long-term financial debts	9.9	46.7	9.9
- debentures	-	-	-
- State loans	26.0	24.0	24.0
- other financial debts	10.8	11.9	11.9
Sub-total	40.7	81.3	53.4
Current liabilities			
31 Creditors	23.7	-	19.3
40 Financial debts of less than one-year term	4.9	-	3.4
44 Bills payable	-	-	-
Sub-total	28.6	-	22.7
Results	-	-	-
06.0 Profits for previous financial years	-	-	-
07.0 Profit for the financial year	-	-	-
Liabilities : Total	81.3	76.1	76.1

CIE - FINANCIAL YEAR 1978

Explanatory Notes

Figures are given in millions of IRL.

I. Balance Sheet

Assets

Accounts 10 to 12 - Fixed Assets

The amounts shown represent the net value of fixed assets acquired since 1950, excluding railway lines and works. They include work in progress.

Description	Gross Value	Accumulated Depreciation	Net Value
:10. Land and Fixed Installations	11.6	0.4	11.2
:11. Transport Stock and Equipment	75.8	46.8	29.0
:12. Other Stock and Equipment	5.3	1.7	3.6
	92.7	48.9	43.8

Accounts 20 and 21 - Stocks

Stocks are valued at cost, generally determined on the basis of the average cost, which is computed after making provision for defective and obsolete stocks.

Accounts 43 to 48 - Bank Balances and Cash

Bank deposits	1.7
Cash and cash in hand	0.2
	<u>1.9</u>

Liabilities

Account 01 - Reserves

Fund for the depreciation of transport stock and equipment	2.2
Bank loans redemption fund	0.2
Redemption fund - unsecured loans	0.2
Capital reserves	1.4
	<hr/>
	4.0

Account 31 - Creditors

Creditors and expenses outstanding	23.6
Tax charges	0.1
	<hr/>
	23.7

Account 40 - Financial Debts of Less than One Year Term

Amount due to banks	3.8
Unsecured bank loans	1.1
	<hr/>
	4.9

Profit and Loss Account

Expenses

Account 60 - Staff Costs

Staff costs include :

- (a) total payroll costs including contributions to social welfare funds;
- (b) contributions to superannuation and pension funds in respect of employees in employment.

Account 61 - Material Supplied and Services Performed by Third Parties

Material	30.7
OIE subsidiary, supplies, etc.	2.7
Services for third parties	9.5
	<u>42.9</u>

Account 62 - Taxes and Dues

Non-deductible VAT	1.9
Import and excise duty payments	1.8
Road tax and licences in respect of road vehicle operations	0.7
	<u>4.4</u>

Account 63 - Allocations for Depreciation

Depreciation is calculated on the basis of the following expected useful lives :

	<u>years</u>
<u>Railway Rolling Stock</u>	
Locomotives - Body	40
Engine	20
Passenger coaches	35
Wagons	50
Wagons (cement in bulk)	40
<u>Road Vehicles</u>	
Coaches	16
Tractor (freight)	7
Trailers	10
<u>Ships</u>	40
<u>Land and Buildings</u>	-

	<u>Years</u>
<u>Plant and machinery</u>	10
(a) modernized signalling equipment	25
(b) electronic components	8
<u>Hotels and Buffets</u>	50
furnishings	4 - 10
<u>Account 65 - Financial Charges</u>	<u>in mio IRL</u>
(a) Net financial charges (interest on transport stocks and on repayable State advances for capital expenditure)	4.4
(b) Transfer of rents received	0.1
(c) Redemption fund - unsecured loan for stock and equipment	0.1
	<hr/> 4.6

REVENUE

Account 72 - Other Revenue

This includes revenue from :

(a) other rail and road services	0.5
(b) hotels and catering services	6.7
(c) Rosslare harbour operations	1.1
(d) canal operations	0.1
(e) work for third parties	1.1
(f) rents receivable	0.1
	<hr/> 9.6

Account 73 - Contra of Costs Booked to Other Accounts

This heading covers capital expenditure.

Account 74 - Compensation and Aid

This account breaks down as follows :

74.0 Regulation (EEC) N° 1191/69

Operation of passenger services 14.8

74.1 Regulation (EEC) N° 1192/69

Retirement and pensions 2.65

Level crossings 0.35

3.00

74.2 Regulation (EEC) N° 1107/70

Contribution to infrastructure expenses 2.2

Deficit on the operation of road passenger

transport services in Dublin 5.2

Deficit on the operation of provincial road

passenger transport services 1.2

8.6

74.3 Other Compensation and Aid

Compensation for losses on the Galway - Aran

Islands ferry service 0.2

Profit and Loss Summary

Account 91.3 - Exceptional Losses

This account includes :

Provisions for interest losses in subsidiaries 0.16

Provisions for additional losses of subsidiaries 0.28

0.4

AZIENDA AUTONOMA DELLE FERROVIE
DELLO STATO (FS)

Table 6 a

BALANCE SHEET

At 31.12.1978

Undertaking : FS

		000 Millions of LIT		
		1978	1978	1977
A S S E T S		L I A B I L I T I E S		
<u>LONG-TERM ASSETS</u>				
Fixed assets (Net)				
10 Land and fixed installations	2 895	5 233	2 572	45
11 Transport stock and equipment	2 201		1 872	1 162
12 Other stock and equipment	137		125	1 633
13 Fixed assets under construction	-		-	644
<u>Other fixed assets</u>		283	-	-
14 Shareholdings in other undertakings	15		15	-
15 Long-term loans	-		-	2 090
16 Cost of floating loans and loan redemption premiums	268		231	4 572
17 Miscellaneous fixed assets	-		-	1 275
Sub-total		5 516	4 815	13 213
<u>CURRENT ASSETS</u>				
Stocks				
20 - 21 (in store or being manufactured)	564	564	509	-
<u>Realizable assets</u>		759		
30 Debtors	759		401	-
41 Loans repayable within one year	-		-	-
42 Bills receivable	-		-	-
45 Securities	-		-	-
Bank balances and cash		467	666	1 614
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand				-
Sub-total		1 790	1 576	1 383
Results		7 521		1 614
06.1 Losses for previous financial years	6 226		5 427	-
07.1 Loss for the financial year	1 295		986	-
Assets : Total		14 827	12 804	14 827
<u>LIABILITIES</u>				
<u>Capital and reserves</u>				
00 Capital	45			45
01 Reserves	1 414		1 459	1 162
02 Contribution to investment costs	-		1 830	1 633
03 Provisions	-		824	644
04 Funds for staff	-		-	-
05 Long-term financial debts	15		9 100	-
- debentures	-		2 139	2 090
- State loans	-		5 703	4 572
- other financial debts	268		1 258	1 275
Sub-total		13 213		11 421
<u>Current liabilities</u>				
31 Creditors				1 383
40 Financial debts of less than one-year term				-
44 Bills payable				-
Sub-total				1 383
Results				1 614
06.0 Profits for previous financial years	-		-	-
07.0 Profit for the financial year	-		-	-
Liabilities : Total				14 827
				12 804

FS - FINANCIAL YEAR 1978

Explanatory Notes

Figures are given in milliards (thousands of millions) of LIT.

I. Balance Sheet

Assets

Accounts 10 - 12 - Fixed Assets

The figures in accounts 10 to 12 are the costs of acquisition or construction as the FS does not employ the system of depreciating fixed assets. The last revaluation took place in 1927.

Account 13 - Fixed Assets under Construction

Investment expenditure is booked directly to the accounts concerned without passing through this account.

Account 16 - Cost of Floating Loans and Loan Redemption Premiums

Issue costs are never depreciated.

Accounts 20 and 21 - Stocks

The figure of LIT 564 mrd includes work in progress in FS workshops; not all of this is concerned with stocks.

Account 06.1 - Losses for Previous Financial Years

The amount entered in this account includes LIT 6 152 mrd covered by loans.

Account 07.1 - Loss for the Financial Year

LIT 821 mrd of the loss for the financial year is covered by advance loans from the Treasury Ministry.

Liabilities

Account 00 - Capital

The amount entered in this account represents the initial State allocation for lines and equipment and successive changes. In fact, charges take place only as a result of the closure of lines by Presidential Decree.

Account 02 - Contribution to Investment Costs

The amount entered under this account includes LIT 1 087 mrd by way of reimbursement by the State for the redemption of loans (excluding interest) contracted to finance investments.

Account 05 - Long-Term Financial Debts

These debts include LIT 6 973 mrd in respect of long-term debt to cover losses. This is made up as follows :

Debenture loans	1 275
State loans	5 698
	<hr/>
	6 973

These amounts can be set off against those entered under 06.1 and 07.1. The amounts in question are indicated in the Notes to those Accounts.

Debts to companies in which FS has a shareholding amount to LIT 257 mrd (Eurofima).

II. Profit and Loss Account

Expenses

Account 62 - Taxes and Dues

The amount entered in this account is made up as follows :

Taxes on land and buildings	0.3
Non-deductible VAT	11.5
VAT not recoverable from users	64.2
	<hr/>
	76.0

Account 65 - Financial Charges

The amount of LIT 409 mrd includes repayments and interest for loans contracted to cover deficits reimbursed by the State under the provisions of Regulation (EEC) N° 1192/69 (see Notes to Account 74.1).

Revenue

Account 70 - Traffic Revenue

It is impossible to provide accounting data broken down as required by Annex IV to Regulation (EEC) N° 2830/77.

Account 74 - Compensatory and Aid

These are made up as follows :

74.0 Regulation (EEC) N° 1191/69

Operation of :

(a) low-traffic lines	198
(b) unprofitable installations	10
(c) ferry services to Sardinia	11
(d) substitute road services	1
Tariff obligations	96
Expenses arising from tariff obligations of a social nature	244
Mail transport	33
	<hr/>
	593

74.1 Regulation N° 1192/69

Expenditure of a social nature (Class II)	8
Superannuation and pensions (Class III)	51
Level crossings (Class IV)	27
Recognition of services to the country (Class X)	17
Conditions in respect of the placing of public tenders (Class XIV)	15
Lack of normalization in the past (Class XV)	
(a) interest on loans for the renewal of installations	45
(b) financial charges (capital and interest) on loans contracted to cover deficits	<u>203</u>
	366

Account 91.7 - Loss for the Financial Year

As mentioned in the Note to Balance Sheet Account 07.1, the loss for the financial year includes the sum of LIT 821 mrd already covered by State loans. This amount could be transferred to Account 91.5 - Balancing Subsidy.

SOCIETE NATIONALE DES CHEMINS DE FER
LUXEMBOURGEOIS (CFL)

Table 7 a

BALANCE SHEET

At 31.12.1978

Undertaking : CFL

Millions of LFR

	A S S E T S			L I A B I L I T I E S		
	1 9 7 8	1 9 7 7		1 9 7 8	1 9 7 7	
	<u>LONG-TERM ASSETS</u>					
<u>Fixed assets (Net)</u>						
10 Land and fixed installations	692	697		1 600	1 600	
11 Transport stock and equipment	1 489	1 558	2 811	904	2 504	783
12 Other stock and equipment	43	43		-	-	-
13 Fixed assets under construction	587	329		351	356	
<u>Other fixed assets</u>						
14 Shareholdings in other undertakings	52	52	52	-	-	-
15 Long-term loans	-	-		320	343	
16 Cost of floating loans and loan redemption premiums	-	-		505	533	
17 Miscellaneous fixed assets	-	-		368	520	
			Sub-total			
	2 863	2 679	2 863	4 048	4 735	
	<u>CURRENT ASSETS</u>					
<u>Stocks</u>						
20 - 21 (In store or being manufactured)	437	351	437			
<u>Realizable assets</u>						
30 Debtors	711	834	1 402			
41 Loans repayable within one year	600	600				
42 Bills receivable	-	-				
45 Securities	91	96				
<u>Bank balances and cash</u>						
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	22	44	22			
			Sub-total			
	1 861	1 925	1 861	817	617	
<u>Results</u>						
06.1 Losses for previous financial years	141	148	141	-	-	-
07.1 Loss for the financial year	-	-		-	-	-
			Assets : Total			
	4 865	4 752	4 865	4 865	4 752	
	<u>Current Liabilities</u>					
31 Creditors				714	617	
40 Financial debts of less than one-year term				103	-	
44 Bills payable				-	-	
			Sub-total			
	817	617	817	817	617	
<u>Results</u>						
06.0 Profits for previous financial years				-	-	-
07.0 Profit for the financial year				-	-	-
			Liabilities : Total			
	4 865	4 752	4 865	4 865	4 752	

CFL - FINANCIAL YEAR 1978

Explanatory Notes

Figures are given in millions of LFR.

I. Balance Sheet

Assets

Accounts 10 to 12 - Fixed Assets

The amounts represent the net value of the assets built and acquired :

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Fixed Installations	1 173	481	692
11. Transport Stock and Equipment	2 614	1 125	1 489
12. Other Stock and Equipment	147	104	43
	3 934	1 710	2 224

There is no depreciation in the case of land.

The depreciation applied by CFL in respect of other fixed assets is based on their expected useful life, as shown below :

Track installations	: 30 years
Safety installations	: between 25 and 30 years
Fixed installations	: 50 years
Transport stock and equipment	: between 25 and 30 years
Furniture and tools	: 10 years.

The value of the land and fixed installations placed at CFL's disposal by the State when the company was formed appears in the Balance Sheet as nil. The renewal costs for these fixed assets are regarded as a depreciation allocation charged to the operating account.

Account 13 - Fixed Assets under Construction

The actual cost of this work is shown in the Balance Sheet.

Account 30 - Debtors

Miscellaneous debtors	231
Expenses prepaid	186
Costs for 1979 paid in 1978	294
	<hr/>
	711

Account 07.1 - Loss for the Financial Year

The loss is covered by the reserves and does not appear under this item. The profit balance of LFR 10 mio relating to earlier years has been used to reduce the current year's loss from LFR 68 mio to LFR 58 mio.

LIABILITIES

Account 01 - Reserves

Reserve funds and parts of long and medium-term debts paid off	962
Less amount withdrawn to cover the deficit for 1978	- 58
	<hr/>
	904

Account 03 - Provisions

Renewal of fixed assets dating to before 1 June 1945	11
Insurance Fund	179
Fund for the recovery of initial expenses	161
	<hr/>
	351

Account 05 - Long-Term Financial Debts

Other financial debts.

The amount entered under this account breaks down as follows :

Cash advances which can be consolidated	250
Debts to company in which CFL has a shareholding (Eurofima)	118
	<hr/>
	368

Account 31 - Creditors

Shareholders	42
Other creditors	442
Customer creditors	2
Income received in advance	70
Costs to be paid	158
	<hr/>
	714

II. Profit and Loss Account

Expenses

Account 60 - Staff Costs

The remuneration of staff in employment excludes that relating to investment which is charged to the relevant account items.

Account 61 - Material Supplied and Services Performed by Third Parties

Materials	269
Other	139
	<hr/>
	408

Account 62 - Taxes and Dues

Municipal payroll tax	20
Municipal trade tax	32
Property tax	1
	<hr/>
	53

Account 64 - Allocations to provision accounts

Allocation to Insurance Fund	27
Allocation to Reserve Fund	134
	<hr/>
	161

Revenue

Account 74 - Compensation and Aid Received

The breakdown of amounts under this account is as follows :

74.0 Regulation (EEC) N° 1191/69

Passenger traffic	1 597
-------------------	-------

74.1 Regulation (EEC) N° 1192/69

Family allowances	34
Superannuation and pensions	1 445
Level crossings	21
Recognition of services to the country	0
Lack of normalization in the past	5
Amounts not collected in 1975	214
	<hr/>
	1 719

74.2 Regulation (EEC) N° 1107/70 (Article 3)

The aid of LFR 251 mio is compensation for part of the infrastructure costs borne by the company which, in 1978, totalled LFR 826 mio, of which LFR 550 mio in current costs and LFR 276 mio in overheads.

Profit and Loss Summary

91.7 Loss for the Financial Year

See the Notes to Balance Sheet Account 07.1.

NAAMLOZE VENNOOTSCHAP
NEDERLANDSE SPOORWEGEN (NS)

Table 8 a

BALANCE SHEET

At 31.12.1978

Undertaking : NS	Millions of HFL			
	A S S E T S		L I A B I L I T I E S	
	1 9 7 8	1 9 7 7	1 9 7 8	1 9 7 7
<u>LONG-TERM ASSETS</u>				
Fixed assets (Net)				
10 Land and fixed installations	2 859	1 276	484	484
11 Transport stock and equipment	1 581	700	1 992	1 852
12 Other stock and equipment	682	-	2 476	0
13 Fixed assets under construction	-	600	105	81
Other fixed assets	596	-	84	24
14 Shareholdings in other undertakings	1 516	376	248	250
15 Long-term loans	401	1 144	49	55
16 Cost of floating loans and loan redemption premiums	1 115	-	1 699	1 559
17 Miscellaneous fixed assets	-	-	-	-
Sub-total	4 375	4 096	4 485	4 305
<u>CURRENT ASSETS</u>				
Stocks				
20 - 21 (In store or being manufactured)	168	147	-	-
Realizable assets	382	-	-	-
30 Debtors	138	142	-	-
41 Loans repayable within one year	244	357	-	-
42 Bills receivable	-	-	-	-
45 Securities	-	-	-	-
Bank balances and cash	51	61	364	379
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	601	707	129	119
Sub-total	1 601	1 261	493	498
Results	2	-	-	-
06.1 Losses for previous financial years	-	-	-	-
07.1 Loss for the financial year	2	-	-	-
Assets : Total	4 978	4 803	4 978	4 803
<u>LIABILITIES</u>				
Capital and reserves				
00 Capital				
01 Reserves				
02 Contribution to investment costs				
03 Provisions				
04 Funds for staff				
05 Long-term financial debts				
- debentures				
- State loans				
- other financial debts				
Sub-total				
Current Liabilities				
31 Creditors				
40 Financial debts of less than one-year term				
44 Bills payable				
Sub-total				
Results				
06.0 Profits for previous financial years				
07.0 Profit for the financial year				
Liabilities : Total				

NS - FINANCIAL YEAR 1978

Explanatory Notes

Figures are given in millions of HFL.

I. BALANCE SHEET

Account 00 - Capital

The company's share capital consists of HFL 1 mrd divided into one million shares of HFL 1 000 each, of which HFL 484.4 mio were issued and paid up as at 31 December 1978.

Account 01 - Reserves

This account contains in particular the following :

General reserve	181
Revaluation reserve	1 573
Reserve for shareholdings	255

Account 02 - Contributions to Investment Costs

This account contains the investment grants from the State and the premiums paid in accordance with the "Wet Investeringsrekening (WIR)".

Account 03 - Provisions

This account consists of the following :

Maintenance of fixed assets	38.4
Reorganization of freight traffic	21.5
Other provisions	24.1
	<hr/>
	84.0

The latter account includes the following :

Provision for the removal of level crossings

Accident cover

Fire cover (own risk)

Assumption of liability of third parties in the event of an accident.

The provision for the maintenance of fixed assets can be broken down into :

(a) a provision for the maintenance of superstructures (HFL 111 mio in 1978)

(b) modification and improvement of rolling stock.

Account 04 - Funds for Staff

This account consists of the following :

1. A reserve for early old-age pensions	16
2. Pension-related debts	<u>8</u>
	24

Re 1. A percentage of the total amount of pension contributions is paid into this reserve each year. In 1978 this percentage was 3%, corresponding to HFL 30 mio.

Re 2. This Fund is to cover commitments not covered by the Pensions Fund. It was allocated HFL 1 mio in 1978.

The total of HFL 31 mio mentioned above is included in the pension costs of HFL 120 mio in Account 60. The latter sum also contains the difference between the amount paid by NS into the Pension Fund and the contributions deducted from staff wages. The State also pays HFL 200 mio into the railways' Pension Fund.

Account 05 - Long-Term Financial Debts

These are debts which still have more than a year to run. The annual repayments which have to be made on the long-term loans in the next year are included under Account 40 - Financial Debts of Less than One Year Term.

Foreign currency loans are converted at the latest exchange rate in 1978. The exchange difference is entered in the Reserve for Revaluation (Account 01).

This account does not include debts to companies in which NS has a shareholding.

Account 10 - Land and Fixed Installations

Acquisition value	2 973
Depreciation of fixed installations	1 392
	<hr/>
Net value	1 581

Expenditure on the maintenance of permanent way (except on strengthening) is charged to the operational account under Account 64 - Allocations to Provision Accounts.

Account 11 - Transport Stock and Equipment

Acquisition value	1 561
Depreciation	879
	<hr/>
	682

This Account includes stock and equipment obtained from Eurofima on hire purchase. The obligations towards Eurofima are entered under Account 05 - Long-Term Financial Debts - and the redemption of these obligations in the coming year under the Account 40 - Financial Debts of Less than One Year Term.

Account 12 - Other Stock and Equipment

Purchases of machinery, tools and service vehicles (HFL 18 mio) are written off in the course of the year.

Accounts 10-12 - Summary

Description	Gross Value	Accumulated Depreciation	Net Value
10	2 973	1 392	1 581
11	1 561	879	682
12	-	-	-
	4 534	2 271	2 263

Account 13 - Fixed Assets under Construction

Expenditure which should not appear on the assets side is deducted from the expenditure incurred. Depreciation commences on entry into service.

Land and fixed installations	463
Transport stock and equipment	128
Other stock and equipment	5
	596

Account 14 - Shareholdings in Other Companies

The value of the shareholdings is that shown in the most recently published Balance Sheets of the companies in question. It relates to own capital, with due allowance for profit or loss.

Account 15 - Long-Term Loans

These loans mainly include :

(a) claim on the State for losses prior to 1976	1 050
(b) financing of new lines	55
(c) loans granted	7
(including HFL 3 mio to a company in which NS has a shareholding)	

Account 20 - Stocks

Stocks are valued at the 1 January 1979 price level, less a provision for obsolescence. Any price differences are charged to the Reserve for Revaluation Account 01.

Account 40 - Financial Debts of Less than One Year Term

This account covers the redemption in the coming year of loans with a remaining term of more than one year.

Repayments of foreign-currency loans are converted into HFL. The exchange difference is charged to the Reserve for Revaluation (Account 01).

Account 41 - Loans repayable within a Year

This account lists the part of the claim on the State resulting from accumulated losses prior to 1976 and falling due in the coming year (HFL 48.4 mio) and short-term investments.

II. Profit and Loss Account

Account 60 - Staff Costs

The sum entered in this account can be broken down as follows :

Remuneration	856
Social charges	467
Other staff costs	19
	<hr/>
	1 342

The costs of the systems for retention pay and early retirement are no longer contained in the provision (Account 04) for early old-age pensions - see Notes to Account 04.

Account 61 - Materials Supplied and Services Performed by Third Parties

This account includes :

(a) supplies from and maintenance by third parties		230
of which for fixed installations	116	
for rolling stock	86	
(b) the costs of electricity, fuel and communications		144
(c) the costs of automatic data-processing		38

Account 62 - Taxes and Dues

This account concerns :

non-deductible VAT
property tax
environmental taxes
other deductible taxes.

It does not include deductible VAT. NS pays VAT on goods which it purchases and charges VAT in respect of its passenger and freight services. When the accounts are cleared, excess VAT paid or charged is claimed or reimbursed, as appropriate.

Account 63 - Allocations for Depreciation

(a) depreciation allocation		124
(b) additional depreciation		114
(c) expenditure which should not be shown on the assets side		32
(d) book value losses		3
		<hr/>
		273

Account 64 - Allocations to Provision Accounts

This account covers :

(a) allocations to the provision account for the maintenance of the permanent way	112
(b) allocations for the modification and improvement of rolling stock	6

Account 65 - Financial Charges

This sum may be broken down as follows :

(a) interest paid on loans raised	19
(b) interest paid on loans granted by the State	2
(c) interest paid on long-term private loans	132
(d) interest paid on pension debts, etc.	3
(e) other interest	3
	<hr/>
	159

Less :

(a) cost of financing new lines	21
(b) interest received :	
* (i) aid from the public authorities to finance losses incurred up to and including 1972	58
(ii) ditto for the years 1973-75	32
(iii) other interest received	20
	<hr/>
	131
	<hr/>
	28

* The Profit and Loss Account therefore includes interest amounting to HFL 90 mio by way of financial losses up to 1975. The accumulated loss itself is converted into a claim on the State.

Account 70 - Traffic Revenue

Revenue from rail traffic only.

Account 71 - Financial Revenue

This account also includes the corporation tax for 1977 transferred to NS in 1978 by its consolidated subsidiaries; no corporation tax was due from NS in 1977 because of its deficit.

Account 72 - Other Revenue

This account includes general expenses, direct wages and the indirect cost of materials charged to third parties (HFL 17 mio).

Account 74 - Compensation and Aid

The amount entered in this account can be broken down as follows :

74.0 Regulation (EEC) N° 1191/69

Maintenance of passenger traffic 767

74.1 Regulation (EEC) N° 1192/69

Crossing facilities 41

Account 91.1 - Operating Loss for the Financial Year

This account may be broken down as follows :

Deficit on freight traffic	120
Allocation for the depreciation of sections of new line financed by the placing of shares with the State	2
	<hr/>
	122

Account 91.5 - Balancing Subsidy

(a) State subsidy for freight traffic in 1978 equal to losses calculated on the basis of full costs	138
(b) Adjustment of the Compensation for Public Service	less 18
Obligations accounts for 1977 and State subsidy for freight traffic in 1977	<hr/>
	120

BRITISH RAILWAYS BOARD (BRB)

Table 9 a

BALANCE SHEET

At 31.12.1978

Undertaking: BRB

		MILLIONS OF UKL		
		1978	1977	1977
A S S E T S				
LONG-TERM ASSETS				
Fixed assets (Net)		1 002.0		
10 Land and fixed installations		465.8	328.6	-
11 Transport stock and equipment		469.4	384.7	194.7
12 Other stock and equipment		66.8	52.2	-
13 Fixed assets under construction		-	-	41.3
Other fixed assets		811.2		531.1
14 Shareholdings in other undertakings		2.1	(0.6)	
15 Long-term loans		808.6	527.0	
16 Cost of floating loans and loan redemption premiums		-	-	330.9
17 Miscellaneous fixed assets		0.5	1.7	101.7
	Sub-total	1 813.2	1 293.6	1 709.8
CURRENT ASSETS				
Stocks				
20 - 21 (In store or being manufactured)		159.0	135.7	
Realizable assets		187.7		
30 Debtors		186.3	154.2	
41 Loans repayable within one year		1.4	1.3	
42 Bills receivable		-	-	
45 Securities		-	-	
Bank balances and cash				
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		10.8	8.2	
	Sub-total	357.5	299.4	300.9
Results				
06.1 Losses for previous financial years		-	-	10.7
07.1 Loss for the financial year		-	-	27.0
Assets : Total		2 170.7	1 593.0	1 593.0
LIABILITIES				
Capital and reserves				
00 Capital		-	-	-
01 Reserves		389.7	389.7	194.7
02 Contribution to investment costs		-	-	-
03 Provisions		-	-	40.8
04 Funds for staff		-	-	786.1
05 Long-term financial debts		-	-	493.2
- debentures		-	-	-
- State loans		341.8		330.9
- other financial debts		151.4		101.7
	Sub-total	1 709.8	1 709.8	1 709.8
Current liabilities				
31 Creditors		344.5		300.9
40 Financial debts of less than one-year term		74.4		54.7
44 Bills payable		-		-
	Sub-total	418.9	418.9	355.6
Results				
06.0 Profits for previous financial years		35.6		10.7
07.0 Profit for the financial year		6.4		27.0
Liabilities : Total		2 170.7	2 170.7	1 593.0

BRB - FINANCIAL YEAR 1978

Explanatory Notes

Figures are given in millions of UKL.

I. General

1. Property let or held for sale is not amortized, in view of the continuing appreciation of property values. These properties have been revalued on an open market basis as at 31 December 1978 and the revised value included in the capital account. The surplus (UKL 97 mio) on revaluation and on sales of non-operational property are transferred to the Capital Reserve account.

2. Leased Assets

Payments relating to rolling stock, ships and plant and equipment under leasing arrangements are sufficient to amortize the capital outlay. The capital element is included under the heading Loans and Leasing Liabilities and reduced by the value of the annual lease payment. The remainder of the lease payment is charged to the Profit and Loss Account as interest.

3. Special Replacement Allowance

A sum of UKL 50 mio for the Special Replacement Fund, received as Public Service Obligation support, has been entered under "Provision for Replacement of Rail Passenger Assets". It has then been transferred to the Capital Reserve (Account 01).

II. BALANCE SHEET

Assets

Accounts 10 to 13 - Fixed Assets

The amounts included are made up as follows :

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Fixed Installations	531.1	65.3	465.8
11. Transport Stock and Equipment	1 084.9	615.5	469.4
12. Other Stock and Equipment	128.7	61.9	66.8
	1 744.7	742.7	1 002.0

Account 13

These amounts have been included in Accounts 11 and 12.

Account 14 - Shareholdings in Other Companies

The sum of UKL 2.1 mio is the total book value of the sums included in the Profit and Loss Account.

Account 15 - Long-Term Loans

Commitments to Staff Pension Funds	764.5
Loans to Railway Finance Ltd.	40.6
Others	3.5
	<hr/> 808.6

Accounts 20 and 21 - Stocks

Stocks in store	178.9
Less provisions accounted for	26.8
	<hr/> 152.1

Liabilities.

Account 01 - Reserves

Capital reserves	349.1
General reserve	40.6
	<hr/>
	389.7

Account 03 - Provisions

General Obsolescence Provision	31.6
Internal Insurance Provision	9.2
	<hr/>
	40.8

Account 04 - Funds for Staff

Debts to Staff Pension Funds	764.5
Savings bank	21.6
	<hr/>
	786.1

The sum of UKL 764.5 mio is the contra of the equivalent amount included in account 15, since BRB has the right to reimbursement of this debt by the State.

Account 31 - Creditors

Interest due on capital expenditure	9.9
Creditors and debts outstanding	334.6
	<hr/>
	344.5

III. Profit and Loss Account

Expenses

Account 60 - Staff Costs

The main item in this account is gross staff costs which include :

Salaries and wages	969
Employer's liability for :	
- National Insurance	88
- Pension fund contributions etc.	68
Clothing	6
	<hr/>
	1,131

Account 61 - Material Supplied and Services Performed by Third Parties

Fuel and power	111.3
Materials, supplies and services	589.7
Other items	17.9
	<hr/>
	718.9

Account 65 - Financial Charges

Interest payable to Government	32.9
Other interest charges	14.9
Leasing charges	1.6
Other charges	0.9
	<hr/>
	50.0

Revenue

Account 70.0 - Passenger and Luggage Traffic

(a) Rail

Passenger fares	701.4
Station catering	33.2
Train catering	16.6
	<hr/>
	751.2

(b) Road

-

(c) Other Means of Transport

Ships	86.7
Hovercraft	5.6
	<hr/>
	92.3

Account 70.1 - Goods Traffic

International traffic includes only wagon traffic using ferries,
i.e. traffic carried by rail outside the BRB system.

Account 72 - Other Revenue

Revenue from :

Railway workshops	29.2
Ports	17.6
Hotels	33.7
Non-operational property	11.7
Operational property - Letting	21.6
Transmark	4.5
Miscellaneous	26.5
	<hr/>
	144.6

Account 74 - Compensation and Aid

74.0 Compensation for public service obligations	434.1
74.1 Compensations for crossing facilities	10.8
74.2 Research grants	2.4

NORTHERN IRELAND RAILWAYS
COMPANY LTD. (NIR)

Table 10 b

PROFIT AND LOSS ACCOUNT

2.4.1978 to
Year : 1.4.1979

Undertakings : NIR	2.4.1978 to		1.4.1977 to		R E V E N U E	2.4.1978 to 1.4.1979		1.4.1977 to	
	1.4.1979	2.4.1978	2.4.1978	1.4.1977		1.4.1979	2.4.1978	2.4.1978	1.4.1977
E X P E N S E S									
60. Staff costs	3 546	3 857			70. Traffic revenue				
61. Material supplied and services performed by third parties	2 138	5 884			0. Passenger and luggage traffic				
62. Taxes and dues	-	-			a) by rail	2 240	2 240	2 074	2 074
63. Allocations for depreciation	22	22			b) by road	-	-	-	-
64. Allocations to provision accounts	596	499			e) by other means of transport	-	-	-	-
65. Financial charges	2	14			4. Goods traffic	1 168	1 168	-	-
					a) by rail				
					i) full trains and wagon loads				
					- national traffic	515	515	-	-
					- international traffic			550	550
					ii) part loads and parcels	653	653	631	631
					- national traffic	26	26	20	20
					- international traffic			-	-
					b) by road				
					e) other means of transport				
					2. Postal traffic	15	15	15	15
						3 423	3 423	3 290	3 290
					Sub-total	27	27	-	-
					71. Financial revenue	579	579	216	216
					72. Other revenue	-	-	4 748	4 748
					73. Contra of costs booked to other accounts				
					74. Compensation and aids received under				
					0. Regulation (EEC) No 1191/69	1 895	1 895	1 678	1 678
					1. Regulation (EEC) No 1192/69	32	32	30	30
					2. Regulation (EEC) No 1107/70, Article 3	-	-	-	-
					3. Other compensations and aids	348	348	314	314
					Sub-total	2 275	2 275	2 022	2 022
Total expenses	6 304	10 276			Total revenue	6 304	6 304	10 276	10 276
91.0 Operating profit for the financial year	-	-			91.1 Operating loss for the financial year	-	-	-	-

II. PROFIT AND LOSS SUMMARY

91.1 Operating loss for the financial year	-	-			91.0 Operating profit for the financial year	-	-	-	-
91.3 Exceptional losses	-	-			91.2 Exceptional profits	-	-	-	30 (1)
91.4 Corporation tax	26	-			91.5 Balancing subsidy	-	-	-	-
					- Regulation (EEC) No 1107/70, Article 4	-	-	-	-
					- Other	-	-	-	-
91.6 Profit for the financial year	-	30			91.7 Loss for the financial year	-	26	-	-

(1) Repayment of cooperation tax.

NIR - ANNUAL ACCOUNTS CLOSED ON 2 APRIL 1979

Explanatory Notes

1. Basis of Accounting

Accounts are prepared on the historical cost basis of accounting, whereby items are recorded at their values on the dates when they were acquired or revalued, the liabilities were incurred or the capital obtained.

2. Fixed Assets

Fixed assets are included as valued on 29 March 1979 and other assets at cost.

3. Depreciation

Depreciation is not charged on expenditure on assets not yet in use. With the exception of signalling, bridges and permanent way, depreciation of fixed assets is charged so as to write them off over their expected useful lives at cost. In the case of signalling and bridges, expenditure is written off in the period in which it is incurred.

4. Stocks

The basis of valuation is the lower of average cost or estimated realizable value.

5. Corporation Tax

An amount of UKL 26 000 is payable to Group Companies in respect of an over-provision for Group Taxation Relief in the previous year.

EEC RAILWAYS AS A WHOLE

Table 11

BALANCE SHEET

at 31.12.1978

ALL EEC railway undertakings		In millions of EUA	
Assets		Liabilities	
Items		Items	
10 - 17	Long-term assets		Capital and reserves
		43 200	Capital, reserves and provisions
			27 695
			Long-term financial debts
			26 858
20 - 21	Current assets		Current liabilities
30-41-42-45	Stocks	1 848	
43-46-47-48	Realizable assets	3 990	
	Bank balances and cash	1 143	
		6 981	54 553
			7 075
06.1	Results		
	Losses for previous financial years	8 281	Profits for previous financial years
			-
07.1	Loss for the financial year	3 166	Profit for the financial year
			-
	Assets : Total	11 447	
		61 628	Liabilities : Total
		=====	61 628
			=====

Table 12

PROFIT AND LOSS ACCOUNT

In millions of EUA

I. General operation

ALL EEC railway undertakings		I. General operation		In millions of EUA	
Items	Expenses	Items	Revenue		
60.	Staff costs	70.	Traffic revenue		
61.	Material supplied and services performed by third parties	0.	Passenger and luggage traffic	5 598	
		1.	Goods traffic	6 990	
62.	Taxes and dues	2.	Postal traffic	298	12 886
63.	Allocations for depreciation	71.	Financial revenue		139
64.	Allocations to provision accounts	72.	Other revenue		1 407
65.	Financial charges	73.	Contra of costs booked to other accounts		2 853
		74.	Compensations and aids received under		
		0.	Regulation (EEC) No 1191/69	3 833	
		1.	Regulation (EEC) No 1192/69	2 211	
		2.	Regulation (EEC) No 1107/70	862	
		3.	Other	648	7 554
	Total expenses		Total revenue		24 839
91.0	Operating profit for the financial year	91.1	Operating loss for the financial year		3 871
II. Profit and Loss summary					
91.1	Operating loss for the financial year	91.0	Operating profit for the financial year		
91.3	Exceptional losses	91.2	Year		-
91.4	Corporation tax	91.2	Exceptional profits		339
	Special allocation to reserves	91.5	Balancing subsidy (Regulation (EEC) No 1107/70, Article 4)		604
91.6	Profit for the financial year	91.7	Loss for the financial year		3 166

PART TWO

Structure of the transposed annual accounts
for 1978

Structure of the transposed annual accounts for 1978

1. This report contains an analysis similar to the transposed accounts for 1977 and the degree of comparability between the accounting figures should be treated with the same amount of caution. In order to improve comparability the Commission, with the assistance of the Advisory Committee, has made additions to the presentation adopted for the first report.
2. First of all Tables 13, 16, 18 and 20, which show the structure of the Balance Sheets and Profit and Loss accounts in percentages, also show the changes which took place between 1977 and 1978 in the form of positive or negative differences.
3. Another addition is the presentation for all ten railways of a simplified balance sheet and profit and loss account expressed in European units of account (Tables 11 and 12). From these it is possible to derive the percentage structures of the accounts of the undertakings taken as a whole, without going so far as to analyse any differences there may be between them and which are mainly due to the specific characteristics of each network.
4. In order to eliminate the effects on the balance sheet of each undertaking treating accumulated losses differently, it was agreed with the Advisory Committee to draw up two versions of the balance sheets on the following bases. In Table 14 the losses incurred during previous financial years were deducted from the liabilities; in Table 15 total losses were deducted. Where there was appropriate information, losses were deducted from capital and reserves or from long-term financial debts. In the other cases, losses were deducted from the total of Items 00 to 05. Profits were added to capital and reserves in accordance with the same principle.

5. In the profit and loss account noteworthy differences appeared in accounting for compensation granted by virtue of Regulation No 1192/69 in respect of retirement and other pensions (Class III) and of expenditure of a social nature (Classes II and XII). Given the magnitude of the sums involved these differences affect the comparability of the profit and loss accounts, which should be improved by a suitable presentation. In order to achieve this Tables 17 and 19 present a normalized situation in which the above compensations were deducted from Items 60 and 74-1 for those undertakings which book to these items the gross retirement, pension and social costs, and the compensations received.

6. Finally, the accounting ratios for 1978 were calculated in accordance with the same principles as those for 1977, but making an additional assumption to allow stocks, in view of their specific nature in the case of railways, to be treated as fixed assets. An additional ratio is given to show indebtedness, i.e. the ratio of capital, reserves and provisions to long-term financial debts.

Structure of the balance sheets

7. Tables 13, 14 and 15 and Graph A show the fixed assets of the railways in decreasing order of importance. The span covering the proportion of fixed to total assets of each network has varied little compared with 1977; it runs from 37% (FS) to 91% (NIR). However, the fixed assets of the SNCF increased from 58 to 79% following the 1978 revaluation of the balance sheet. The fall in CIE's percentage from 61 to 54% is explained in part by a severe outback in expenditure on rolling stocks.

8. After deducting the losses from the liabilities it can be seen that the range within which the proportions of each network's fixed assets vary has contracted significantly. The maximum is still 91% but the minimum is

58% (CIE). Moreover seven undertakings instead of four exceed 80% by varying degrees and the Community average changes from 70 to 86%.

9. These figures still need to be interpreted cautiously because of the differences between the procedures followed for booking fixed assets and calculating depreciation. These are generally entered on the assets side at their acquisition value, except for the SNCF where they figure at their 1978 revaluation value. Moreover eight undertakings show net figures in their balance sheet, after deduction of depreciation. On the other hand, the SNCB and the FS in general finance the replacement of their fixed assets by means of a renewal fund (Item 03 in the balance sheet).

10. In general depreciation is calculated on a linear basis, but service lives vary significantly from one network to the other. For example for the track the figures can range between 10 and 60 years, for electric locomotives between 25 and 35 years and for goods wagons between 20 and 50 years. There are also differences between the residual values.

11. There are other divergences in that certain fixed assets are not entered on the assets side of the balance sheet, form only a token entry, or have been written off. This concerns in particular the following cases :

- fixed assets acquired before a certain date (SNCB, CIE, CFL);
- track and signalling equipment apart from new lines and extensive electrification (BRB and NIR);
- CIE track and structures. From 1979, with retroactive effect to 1 April 1974, new lines will be treated like other capital expenditure;
- machinery, tools and service vehicles (NS);
- fixed assets below a certain threshold value. This principle is no doubt applied by the majority of the networks.

12. An exhaustive inventory of these practices with the help of the Advisory Committee is in progress in order to assess the effects of these differences on the percentages represented by fixed assets on the asset side of the balance sheet.

13. A number of different conceptions of the idea of stocks were also noted. Some networks take account of their ultimate use and only book maintenance materials, office supplies or fuels to Items 20 and 21 of the balance sheet, whereas stocks for use on infrastructures and rolling stock are included under fixed assets. The other railways however book all stocks to the two items mentioned above. As a result the proportion of stocks to total assets varies from slightly more than 1% for the NIR to close on 16% for the CIE. This difference in concept affects both fixed and current assets and significantly alters the level of working capital. Examination of the procedures followed is necessary so that the booking principles can be unified, while retaining the layout of the balance sheet contained in the Annex to Regulation (EEC) No 2830/77. This layout is moreover in line with that laid down by the fourth Council Directive of 23 July 1978 on the annual accounts of certain types of company, which classes stocks among current assets.

14. Finally, some undertakings enter that part of long-term loans and long-term financial debts maturing in less than a year in Items 41- loans repayable within one year and 40 - financial debts of less than one-year term. For other railways entry in the balance sheet depends on the total duration of the loan or borrowing. The effects of these divergences on the structure of the balance sheets should therefore be analysed with the help of the Advisory Committee.

15. All these differences in booking methods affect the proportion of total assets represented by realisable current assets. The proportion varies between 6% (DB) and 40% (CIE) and such differences are considerable compared with the Community average of about 12%.

16. The proportion represented by bank balances and cash is distinctly lower, since according to Table 15 it varies between a negative 1% (NIR) and 6% (FS), the Community average being 2.3%.

17. The accumulated losses obviously vary with individual companies' results, but also with the accounting practices followed in connection with the absorption of losses. These losses account for more than 50% of the assets of the FS and slightly more than 14% of those of the DB. The SNCF reduced them from 11 to 6% of its assets, mainly by revaluing its balance sheet.

18. On the liabilities side, there are still substantial differences between the proportions of own capital and long-term borrowings. Only the DB, CIE and FS have borrowings in excess of their own capital. The proportion of own capital has in general increased in relation to 1977, especially as regards the SNCF, owing to revaluation of the balance sheet. For FS, as shown in Table 13, the obligation to cover its deficit by means of long-term borrowings explains the important part played by Item 05 on the liabilities side. On the other hand, for DB the deduction of losses from capital and reserves accentuates the proportion accounted for by borrowing. Before absorption of losses own capital and long-term borrowings are about equal for the average of the Community.

19. Short-term borrowings diminished in relative value compared with 1977, except for the CFL, where in relation to total assets they moved from 13 to almost 17% and for the CIE, from 30 to 35%. The figure for the BRB and the SNCF is very close to 20%.

Structure of the profit and loss accounts

20. The complex nature of these accounts has made it necessary to present expenses and revenues separately in order to facilitate their analysis. The results are shown in Tables 16-17 and 18-20 and in Graph B. The railways have been classified in decreasing order of the relative importance of staff costs. In order to take account of exceptional profits and losses, company taxes and balancing subsidies, the general operating account and the summary have been included in a single presentation.

Charges

21. The proportion of total expenses represented by staff costs has changed relatively little since 1977. It should, however, be noted that the NIR percentage increased from 37% to 56%. There are thus eight railways now whose proportion of staff costs is close to 60%. The CFL costs are high at 79% and those of the FS well below the Community average of almost 57%.

22. This narrow range of proportions, however, covers different ways of booking retirement and pension charges; this problem has already been mentioned in point 5 above. An alternative presentation in Table 16 would have consisted of adding, for SNCF and NS, the compensations granted under Regulation No 1192/69 to staff costs and to compensations and aids received from the State. However, this solution has the drawback of comparing two different situations : that of undertakings receiving compensation directly or indirectly, and those receiving none, for the reason that the State pays pensions directly or because the responsible organisations do not receive any compensation. The preferred solution is described in point 5 above, and this shows normalized results in all cases. The figures as given in Table 17 show a lower maximum percentage of staff costs and greater scatter about the Community average of 54%.

23. Tables 16 and 17 show that expenditure on materials supplied and services performed by third parties is slightly more than half the staff costs. It covers the range from 8% (CFL) to 36% (BRB) of total expenditure.

24. Allocations for depreciation and to provision accounts have been grouped as one item, as provisions are used by some railways (SNCF and FS) for the renewal of fixed assets. This item represents slightly more than 8% (Community average) of total expenses but varies according to Table 16 between 5% (BRB) and 18% (NS). In principle, the SNCF and FS calculate the allocation on the

basis of replacement value while depreciation is generally calculated on the acquisition value; this explains why their percentages are above average.

25. In decreasing order we then have financial charges, which represent nearly 7% of total expenses. However, the percentage varies between 1% for the NS and 10% for the FS. In the latter case, the charges include those relating to borrowings contracted before 1972 to cover losses and which are compensated by the State by virtue of Class XV in Regulation 1192/69.

26. Taxes and dues including company tax represent less than 1% of total costs. It would seem that it is the rates for the recovery of VAT on the carriage of passengers which explain the relatively high CIE rate of 3%. As this situation varies from one State to another, the procedures followed will be analysed with the assistance of the Advisory Committee.

Revenues (Tables 18, 19 and 20)

27. In order to study revenue structure Item 73 (contra of costs booked to other accounts) which is an equalization account and which cannot be treated like other revenues has been deducted from total revenue.

The 1977 report shows that three railways have not used this item, which records, inter alia, certain staff and material costs to be booked under fixed assets and stocks in the balance sheet. The DSB and CFL, in particular, entered staff costs directly in the balance sheet. This accounting practice affects the comparability of the profit and loss account structures and the question will therefore be examined in more detail by the Advisory Committee.

28. Traffic revenues represent slightly more than half of total revenue. This percentage varies widely from 30% for the FS to more than 70% for the BRB. For seven railways the percentage is very close to or in excess of

50%. In addition to the FS, CFL and SNCB fall well below this average. For four networks (CFL, SNCB, DB and SNCF) goods traffic provides higher revenue than passenger traffic : almost seven times as much for the CFL and 1.5 times as much for the three other networks. In the other cases, passenger traffic provides revenues between 1.5 (DSB, FS) and 2.5 times (NS, CIE) as much as those yielded by goods traffic. Postal traffic provides about 1% of traffic revenue.

29. Compensations and aids from the State, including the balancing subsidy, account for 31% of total revenue and 27% after deduction of compensations for retirement, pension and social charges. The percentages vary between 20% (DB) and more than 45% for the Benelux networks. In some cases, the percentages relating to gross figures are slightly lower than in 1977.

30. The size of the losses clearly affects the proportion of combined revenue from traffic and the State to total revenue. The figure for eight railways exceeds 85%, but the DB achieves only 74% and the FS only 60%.

31. Finally, financial and other revenue accounts for less than 10% of total revenue, with two exceptions, the DSB and SNCB.

Analysis of balance sheet components

32. Table 21 sets out, in simplified form, the financial situation of the railways at the end of the financial year 1978. A number of ratios were calculated from the data contained in the transposed balance sheets to allow the structure of these balance sheets and the working capital available to the railways at the end of 1978 to be analysed.

33. Eight undertakings cover their net fixed assets with own capital, provisions and long-term debts after deducting losses or adding profits, where appropriate. In other words the ratio is not less than one, and a part of the current assets is financed by permanent capital. The BRB and the SNCF have ratios of 0.97 and 0.93 respectively.

34. If, as noted in point 13 above, stocks are booked under fixed assets, only two railways (CFL and DB) have a ratio of at least one. This means that all other networks have net negative working capital and highlights their cash problems.

35. These problems can also be studied in the form of the ratio

Current assets / Short-term debts

which yields findings comparable to those shown in points 33 and 34 above.

However, too much importance should not be attached to this ratio, which reflects the situation at 31 December and takes no account of the operations taking place in the months following closure of the balance sheet which may affect working capital, favourably or otherwise.

36. It is generally accepted that the long and medium-term indebtedness of a commercial undertaking should not exceed its own capital. A representative ratio of this indebtedness i.e. own capital and provisions/long-term financial debts, has been added to Table 21. Losses or profits have been deducted from or added to capital, as appropriate, except for FS, where the losses have been deducted from the debts. The ratio is higher than 1.0 for all the railways except the DB (0.59) and the SNCB (0.97). In assessing these results, however, account should be taken of the fact that for the majority of railways the market value of their fixed assets is often greater than the net accounting value.

Coverage of expenses by revenues

37. Table 22 reveals the extent to which staff costs and the cost of materials and services provided by third parties are covered by traffic revenue and compensations granted by virtue of Regulations 1191 and 1192/69. The results are presented in descending order of the extent to which staff costs are covered by traffic revenues. These results are based on, first, the figures

emerging from the transposed profit and loss accounts (Tables 16 and 18) and second on these figures after deducting compensations for retirement, pension and social charges as explained in point 22 (Tables 17 and 19).

38. The four following coverage ratios were calculated :

A. (Traffic revenues/staff costs)

On the basis of the transposed accounts, three railways (BRB, CIE, DSB) have a ratio in excess of 100, and two others (NIR and SNCF) are almost in balance. The low ratios of the four remaining railways can partly be explained by the fact that their staff costs include gross retirement, pension and social charges. If compensation is deducted their coverage ratios improve considerably.

B. (Traffic revenue plus compensations/staff costs)

In all cases staff costs are covered by traffic revenues and compensations. Three railways (DB, FS and SNCF) have a rate of coverage close to 100%. The others' surplus is noticeably greater, even reaching 64% in the case of the BRB. Deduction of compensations further improves the situation described under A.

C. (Traffic revenue/staff costs plus materials and services by third parties)

These costs were by no means covered by traffic revenues, the degree of coverage varying between 31 and 76%. Deduction of compensations only improved the situation markedly for CFL.

D. (Traffic revenue plus compensations/staff costs plus materials and services by third parties)

Five railways (BRB, NS, CFL, DSB and NIR) are in balance or almost so. The others vary from as low as 65% (FS) to 84% (CIE).

39. In the comparison which includes the maximum of charges and revenues there has been a slight improvement as compared with 1977 for most railways but in particular for the NIR and CFL. Only the ratios relating to the DSB and SNCB slipped slightly.

Table 13

Structure of the transposed Balance Sheets of Railway Undertakings

at 31.12.1978

	NIR (1)		DSB		NS		BRB		SNCF		DB		SNCB		CFL		CIE		FS ·		EEEC (2)		
	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Assets																							
Fixed assets	91,5	90,5	90,2	90,6	87,9	85,3	83,5	81,2	78,9	57,9	78,5	78,4	76,0	75,8	58,8	56,4	53,9	60,8	37,2	37,6			70,1
Current assets :																							
Realizable assets	9,2	11,9	9,4	9,0	11,2	13,4	16,0	18,3	14,5	30,7	4,9	4,7	17,2	17,3	37,8	39,6	37,2	30,0	8,9	7,1			9,5
Bank balance and cash	(0,8)	(2,4)	0,4	0,4	1,0	1,3	0,5	0,5	0,6	0,7	2,3	3,2	1,1	0,6	0,5	0,9	2,3	2,5	3,2	5,2			1,8
Cumulative results (losses)	0,1	-	-	-	-	-	-	-	6,0	10,7	14,3	13,7	5,7	6,3	2,9	3,1	6,6	6,7	50,7	50,1			18,6
Liabilities																							
Capital and Reserves	91,8	90,3	93,1	92,1	54,0	50,8	56,1	48,1	55,5	10,9	44,2	42,3	42,8	42,0	58,7	57,6	7,4	10,0	27,7	27,2			44,9
Long term loans	0,4	0,6	-	-	36,1	38,8	22,7	27,2	24,2	49,4	50,4	52,2	39,2	40,5	24,5	29,4	57,4	60,2	61,4	62,0			43,6
Current liabilities	7,7	9,0	6,9	7,9	9,9	10,4	19,3	22,3	20,3	39,7	5,4	5,5	17,0	17,5	16,8	13,0	35,2	29,8	10,9	10,8			11,5
Cumulative results (profits)	0,1	0,2	-	-	-	-	1,9	2,4	-	-	-	-	1,0	-	-	-	-	-	-	-			-

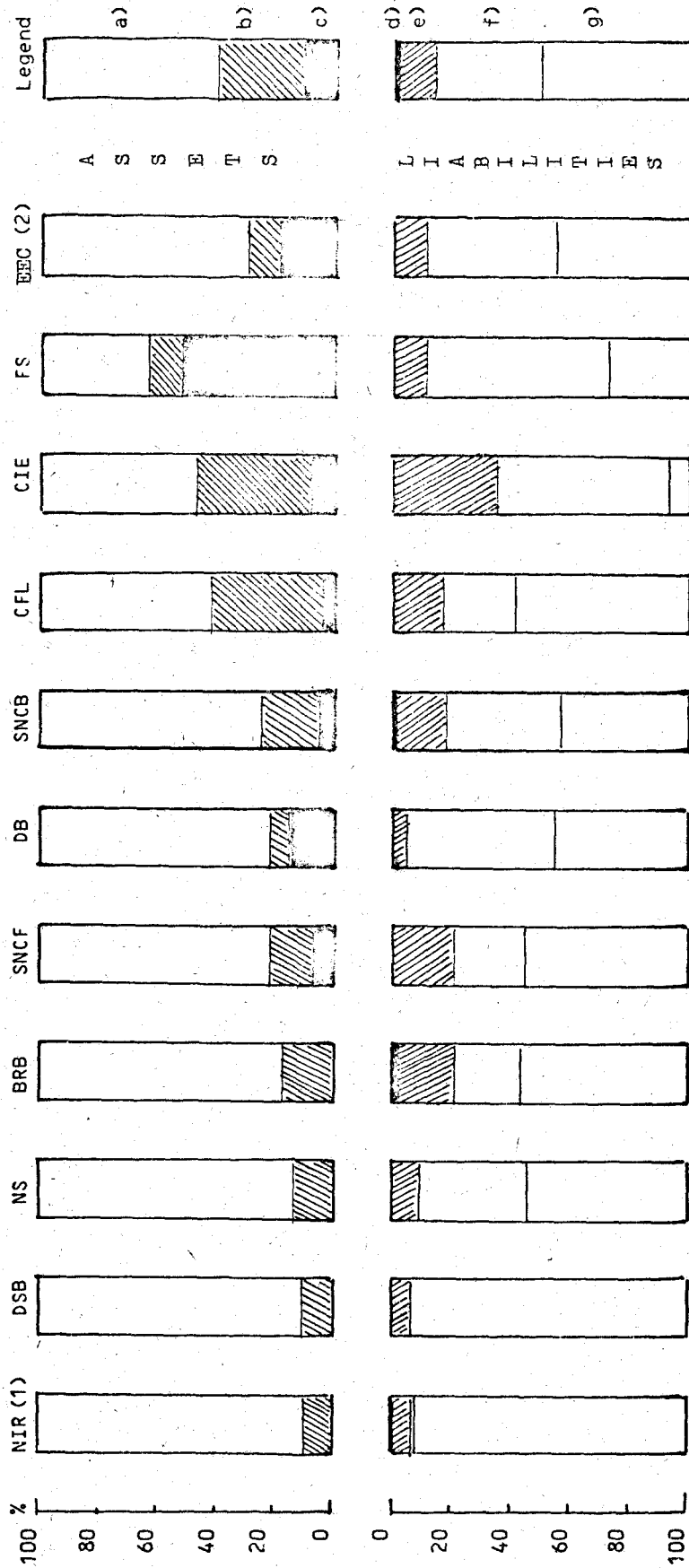
(1) as at 2.4.1979

(2) all undertakings

Figure A

RAILWAY UNDERTAKINGS

Structure of the transposed Balance Sheets as at 31.12.1978 (in %)



(1) As at 2.4.1979

- a) Fixed assets
- b) Current assets
- c) Losses

(2) All undertakings

- d) Profits
- e) Current liabilities
- f) Long term loans
- g) Capital and reserves

Table 15

Structure of the transposed Balance Sheets of Railway Undertakings at 31.12.1978

Balance sheets adjusted by subtracting accumulated losses from or adding accumulated profits to the liabilities side

Percent

	NIR (1)	DSB	NS	BRB	SNCF	DB	SNCB	CFL	CIE	FS	EREC (2)
	% ±	%	%	% ±	% ±	% ±	% ±	% ±	% ±	% ±	% ±
Assets											
Fixed assets	91,6 +0,1	90,2	87,9	83,5 -	84,0 +5,1	91,7 +13,2	80,6 +4,6	60,6 +1,8	57,7 +3,8	75,5 +38,3	86,1 +16,0
Current assets :											
Realizable assets	9,2 -	9,4	11,1	16,0 -	15,4 +0,9	5,7 +0,8	18,3 +1,1	38,9 +1,1	39,8 +2,6	18,1 +9,2	11,6 +2,1
Bank balance and cash	(0,8) -	0,4	1,0	0,5 -	0,6 -	2,6 +0,3	1,1 -	0,5 -	2,5 +0,2	6,4 +3,2	2,3 +0,5
Accumulated results (losses)	- -0,1	- -	- -	- -	- -6,0	- -14,3	- -5,7	- -2,9	- -6,6	- -50,7	- -18,6
Liabilities											
Capital and Reserves	91,9 +0,1	93,1	54,0	58,0 +1,9	(3) 78,4	34,9 -9,3	(3) 81,9	57,4 -1,3	(3) 62,3	56,3 +28,6	(3) 85,9
Long term loans	0,4 -	- -	36,1	22,7 -	-1,3 +8,4	58,8 +8,4	-0,1	25,3 +0,8	-2,5	21,6 -39,8	-2,6
Current liabilities	7,7 -	6,9	9,9	19,3 -	21,6 +1,3	6,3 +0,9	18,1 +1,1	17,3 +0,5	37,7 +2,5	22,1 +11,2	14,1 +2,6
Accumulated results (profits)	- -0,1	- -	- -	- -1,9	- -	- -	- -1,0	- -	- -	- -	- -

For each undertaking, figures in the right hand column show the difference with respect to the 1978 data in table 13. No changes for DSB and NS.

- (1) at 2.4.1979
- (2) all undertakings
- (3) There are no indications as to the balance sheet items from which losses should be deducted.

Structure of the transposed "Profit and Loss Account"
of Railway Undertakings for the year 1978

STRUCTURE OF EXPENSES

Percent

	CFL	DSB (1)	NS	SNCB	CIE	DB	SNCF	BRB	NIR (2)	FS	EEC (3)
Staff costs	78,6	61,5	60,0	59,2	58,9	58,0	57,1	56,6	56,0	47,3	56,6
Materials/3rd party service	7,5	24,0	20,5	23,9	28,6	26,9	26,0	35,9	33,8	28,2	27,3
Depreciation and provision	9,9	5,0	17,9	10,7	6,2	5,6	9,3	4,7	9,8	12,7	8,0
Taxes and dues	1,0	-	0,3	-	2,9	0,3	1,3	-	0,4	1,8	0,7
Financial charges	3,0	9,5	1,3	4,9	3,1	7,9	5,2	2,5	-	10,0	6,6
Exceptional losses	-	-	-	-	0,3	1,3	1,1 (4)	-	-	-	0,8
Profit of the financial year	-	-	-	1,3	-	-	-	0,3	-	-	-
<u>Changes (percentage differentials) as compared with 1977</u>											
Staff costs	+ 0,4	- 0,1	+ 1,0	+ 0,2	- 0,1	- 1,0	- 3,0	- 1,4	+18,6	- 0,9	
Materials/3rd party service	- 0,2	- 0,4	- 0,1	- 1,4	+ 1,3	+ 0,1	- 0,7	+ 0,4	-23,3	- 1,3	
Depreciation and provision	-	+ 0,1	- 0,7	- 0,5	- 0,4	- 0,2	+ 2,8	+ 2,5	+ 4,7	+ 3,5	
Taxes and dues	-	-	-	-	- 0,5	-	-	-	+ 0,4	- 0,2	
Financial charges	- 0,2	+ 0,4	- 0,2	+ 0,4	- 0,3	-	- 0,1	- 0,1	- 0,1	- 1,1	
Exceptional losses	-	-	-	-	-	+ 1,1	+ 1,0	- 0,2	-	-	
Profit of the financial year	-	-	-	+ 1,3	-	-	-	- 1,2	- 0,3	-	

(1) 1.4.1978 to 31.12.1978

(3) all undertakings

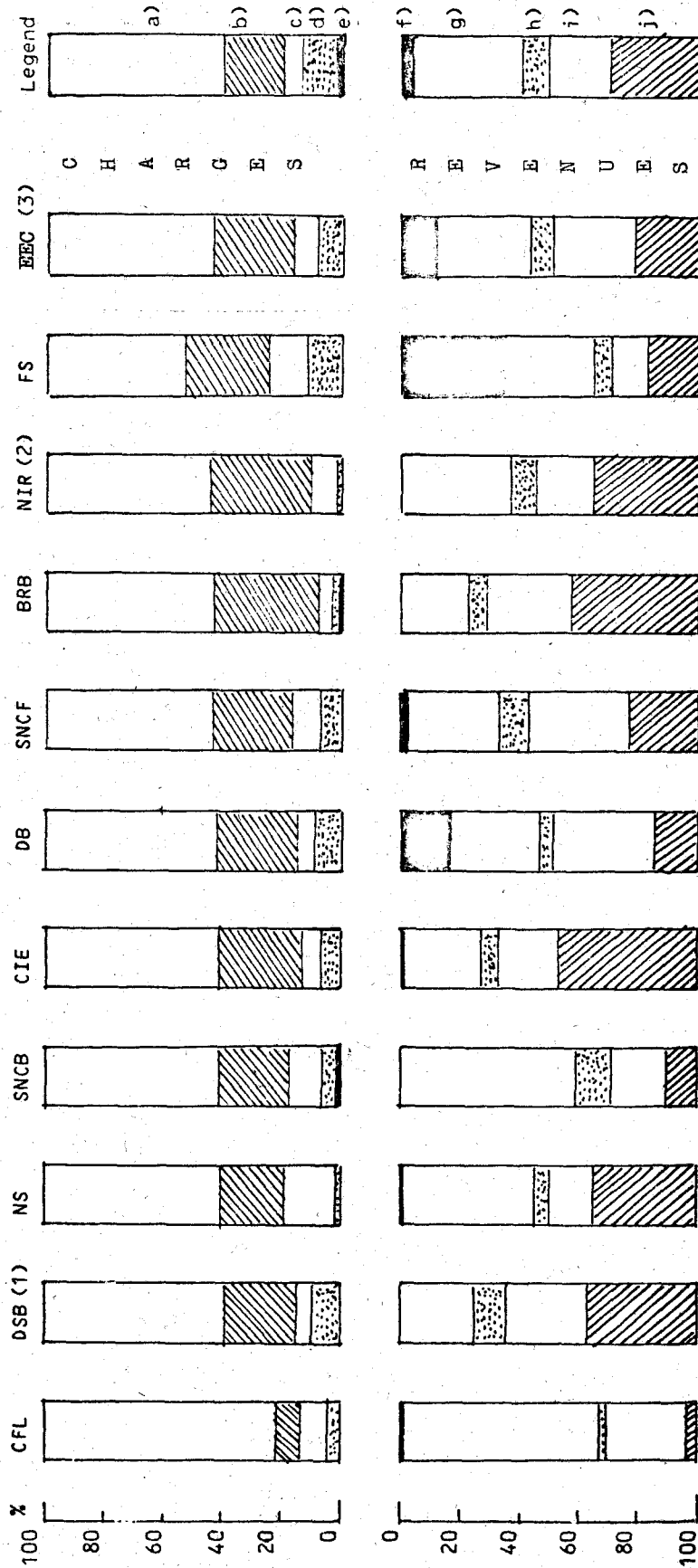
(2) 2.4.1978 to 1.4.1979

(4) Special allocation to reserves included.

Figure B

RAILWAY UNDERTAKINGS

Structure of the transposed Profit and Loss Account for 1978 (in %)



- (1) 1.4.1978 - 31.12.1978 (2) 2.4.1978 - 1.4.1979 (3) All undertakings
- a) Staff
 - b) Materials/3rd party services
 - c) Depreciation
 - d) Financial charges and sundry
 - e) Profits
 - f) Losses
 - g) State revenues
 - h) Financial revenues and sundry
 - i) Traffic revenue, goods
 - j) Traffic revenue, passengers

Table 17

Structure of the transposed "Profit and Loss Account"
of Railway Undertakings for the year 1978

STRUCTURE OF EXPENSES

Retirement and pension charges normalized (5)

Percent

	CFL	DSB (1)	NS	SNCB	CIE	DB	SNCF	BRB	NIR (2)	FS	EEEC (3)
Staff costs	70,5	61,5	60,0	52,0	58,1	53,3	57,1	56,6	56,0	46,6	54,2
Materials/3rd party service	10,4	24,0	20,5	28,1	29,2	29,9	26,0	35,9	33,8	28,6	28,9
Depreciation and provision	13,5	5,0	17,9	12,6	6,3	6,3	9,3	4,7	9,8	12,8	8,4
Taxes and dues	1,3	-	0,3	-	3,0	0,3	1,3	-	0,4	1,9	0,7
Financial charges	4,2	9,5	1,3	5,7	3,1	8,7	5,2	2,5	-	10,1	6,9
Exceptional losses	0,1	-	-	0,1	0,3	1,5	1,1 (4)	-	-	-	0,9
Profit of the financial year	-	-	-	1,5	-	-	-	0,3	-	-	-
<u>Changes (percentage differentials) as compared with Table 16</u>											
Staff costs	- 8,1			- 7,2	- 0,8	- 4,7				- 0,7	- 2,4
Materials/3rd party	+ 2,9			+ 4,2	+ 0,6	+ 3,0				+ 0,4	+ 1,6
Depreciation and provision	+ 3,6			+ 1,9	+ 0,1	+ 0,7				+ 0,1	+ 0,4
Taxes and dues	+ 0,3			-	+ 0,1	-				+ 0,1	-
Financial charges	+ 1,2			+ 0,8	-	+ 0,8				+ 0,1	+ 0,3
Exceptional losses	+ 0,1			+ 0,1	-	+ 0,2				-	+ 0,1
Profit of the financial year	-			+ 0,2	-	-				-	-

(1) 1.4.1978 to 31.12.1978

(2) 2.4.1978 to 1.4.1979

(3) all undertakings

(4) Special allocation to reserves included.

(5) Compensations for retirement, pension and social charges under Regulation 1192/69 have been deducted from Item 60.

Table 18

Structure of the transposed "Profit and Loss Account"
of Railway Undertakings for the year 1978

STRUCTURE OF REVENUES

Revenues	CFL	DSB (1)	NS	SNCB	CIE	DB	SNCF	BRB	NIR (2)	FS	EEC (3)	Percent
Passenger traffic	3,9	37,5	34,9	11,5	47,7	15,4	23,0	42,2	35,4	17,9	21,5	
Goods traffic	26,4	24,6	13,3	17,6	17,8	31,2	32,2	26,4	18,5	11,6	26,8	
Postal traffic	-	1,9	1,7	0,7	0,8	1,4	1,0	1,8	0,2	0,1	1,1	
Total traffic	30,3	64,0	49,9	29,8	66,3	48,0	56,2	70,4	54,1	29,6	49,4	
Financial revenue	1,0	0,3	1,1	0,4	-	0,5	0,9	-	0,4	0,5	0,5	
Other revenue	1,6	11,1	3,2	9,2	6,8	5,1	5,2	7,2	9,2	3,0	5,4	
State revenues :												
- 1191/69	29,5	17,3	37,8	25,7	10,5	11,1	10,1	21,7	29,9	16,4	14,7	
- 1192/69	31,7	1,2	2,0	18,6	2,2	13,4	1,2	0,6	0,5	10,1	8,5	
- 1107/70	4,6	6,1	-	14,7	6,1	0,4	8,5	0,1	-	-	3,3	
- others	-	-	-	-	0,1	4,1	3,6	-	5,5	-	2,5	
- Balancing subsidy	-	-	5,9	-	7,9	-	7,0	-	-	3,3	2,3	
Total State revenues	65,8	24,6	45,7	59,0	26,8	29,0	30,4	22,4	35,9	29,8	31,3	
Exceptional profits	0,2	-	-	1,6	-	0,1	4,1	-	-	1,4	1,3	
Loss for the financial year	1,1	-	0,1	-	0,1	17,3	3,2	-	0,4	35,7	12,1	

(1) 1.4.1978 to 31.12.1978

(2) 2.4.1978 to 1.4.1979

(3) all undertakings

Table 19
Structure of the transposed "Profit and Loss Account"
of Railway Undertakings for the year 1978

STRUCTURE OF REVENUES

	CFL	DSB (1)	NS	SNCB	CIE	DB	SNCF	BRB	NIR (2)	FS	EEEC (3)	Percent
<u>Retirement and pension charges normalized (4)</u>												
Revenues												
Passenger traffic	5,4	37,5	34,9	14,0	48,6	17,5	23,0	42,2	35,4	18,2	22,8	
Goods traffic	36,3	24,6	13,3	21,3	18,2	35,4	32,2	26,4	18,5	11,8	28,4	
Postal traffic	-	1,9	1,7	0,8	0,8	1,5	1,0	1,8	0,2	0,1	1,2	
Total traffic	41,7	64,0	49,9	36,1	67,6	54,4	56,2	70,4	54,1	30,1	52,4	
Financial revenue	1,3	0,3	1,1	0,5	-	0,5	0,9	-	0,4	0,6	0,6	
Other revenue	2,2	11,1	3,2	11,1	7,0	5,8	5,2	7,2	9,2	3,0	5,7	
State revenue :												
- 1191/69	40,5	17,3	37,8	31,1	10,7	12,7	10,1	21,7	29,9	16,6	15,6	
- 1192/69	6,1	1,2	2,0	1,4	0,2	1,8	1,2	0,6	0,5	8,6	2,8	
- 1107/70	6,4	6,1	-	17,8	6,2	0,5	8,5	0,1	-	-	3,5	
- others	-	-	-	-	0,1	4,6	3,6	-	5,5	-	2,6	
- Balancing subsidy	-	-	5,9	-	8,1	-	7,0	-	-	3,4	2,5	
Total State revenues	53,0	24,6	45,7	50,3	25,3	19,6	30,4	22,4	35,9	28,6	27,0	
Exceptional profits	0,3	-	-	2,0	-	0,1	4,1	-	-	1,4	1,4	
Loss for the financial year	1,5	-	0,1	-	0,1	19,6	3,2	-	0,4	36,3	12,9	

(1) 1.4.1978 to 31.12.1978

(2) 2.4.1978 to 1.4.1979

(3) all undertakings

(4) Compensations for retirement, pension and social charges under Regulation 1192/69 have been deducted from Item 60.

Table 20

Structure of the transposed "Profit and Loss Account"
of Railway Undertakings for the year 1978

STRUCTURE OF REVENUES : CHANGES IN PERCENTAGE DIFFERENTIALS

Revenues	CFL	DSB	NS	SNCB	CIE	DB	SNCF	BRB	NIR	FS	EEC
a) Original data (Table 18) compared with 1977											
Traffic revenue	+ 2,2	+ 3,8	+ 0,4	- 1,8	- 0,3	+ 0,1	- 0,1	- 0,6	- 5,1	+ 0,1	
Financial and other revenue	+ 0,5	+ 1,3	+ 0,2	+ 1,7	+ 0,7	- 0,4	- 0,7	+ 0,2	+ 5,7	- 0,8	
State revenue	- 2,5	- 5,1	- 0,7	- 1,3	- 0,1	+ 0,7	- 3,3	+ 0,4	- 0,5	- 4,3	
Exceptional profits	+ 0,2	-	-	+ 1,4	-	- 0,1	+ 3,9	-	- 0,5	+ 0,2	
Loss for the financial year	- 0,4	-	+ 0,1	-	- 0,3	- 0,3	+ 0,2	-	+ 0,4	+ 4,8	
b) Normalized data (table 19) compared with original data (table 18)											
Traffic revenue	+ 11,4			+ 6,3	+ 1,3	+ 6,4				+ 0,5	+ 3,0
Financial and other revenue	+ 0,9			+ 2,0	+ 0,2	+ 0,7				+ 0,1	+ 0,4
State revenue	- 12,8	1)	1)	- 8,7	- 1,5	- 9,4	1)	1)	1)	- 1,2	- 4,3
Exceptional profits	+ 0,1			+ 0,4	-	-				-	+ 0,1
Loss for the financial year	+ 0,4			-	-	+ 2,3				+ 0,6	+ 0,8

(1) Original data = normalized data.

Table 21

Railway Undertakings

Analysis of Balance Sheet components at 31.12.1978

A	B	Ratios A/B										
		CFL	CIE	FS	DSB	NS	DB	SNCB	NIR	BRB	SNCF	EEEC (1)
1) Capital and reserves	a) Long term loans	2,27	78	2,60	-	1,50	0,59	0,97	208	2,55	2,05	-
2) Capital, reserves and long term loans	c) Fixed assets	1,36	1,08	1,03	1,03	1,02	1,02	1,02	1,01	0,97	0,93	1,00
3) id.	d) Fixed assets and stocks	1,18	0,84	0,94	0,99	0,99	1,00	0,93	0,99	0,89	0,90	0,96
4) Current assets including stocks	e) Current liabilities	2,28	1,12	1,11	1,43	1,22	1,32	1,08	1,09	0,85	0,74	0,99
5) Current assets excluding stocks	g) Current liabilities	1,74	0,67	0,76	0,80	0,88	1,03	0,67	0,91	0,47	0,61	0,73
6) Working capital	(in millions of national currency or EUA)	1044	3,5	176 *	233	108	1094	1295	150 **	-61,4	-4188	-94
7) Working capital	h) id.	607	-9,3	-388 *	-109	-60	94	-5672	-148 **	-220,4	-6379	-1942

(1) All undertakings

a) Items 00 to 04 after deduction of items 06.1 and 07.1 or addition of items 06.1 and 07.1, except FS.

b) Item 05. For FS, item 05 after deduction of items 06.1 and 07.1.

c) Items 10 to 17.

d) Items 10 to 17 and 20 to 21.

e) Items 20-21, 30, 41, 42, 43, 45 to 48.

f) Items 30, 40 and 44.

g) Items 30, 41, 42, 43, 45 to 48.

h) Adjustments: stocks included in fixed asset values.

* In 000 million Lit.

** In thousands of UKL.

Table 22

Railway Undertakings

Coverage of expenses by revenue

Percent

Degree of coverage of expenses	by revenue	BRB	CIE	DSB	NIR	SNCF	NS	DB	FS	SNCB	CFL	EEC (8)
A. for staff	(1) from traffic	125	106	104	97	95	76	70	55	43	39	79
	(3) id.	(2)	109					85	57	58	59	87
B. for staff	(1) from traffic and	164	126	134	151	114	136	106	105	107	116	116
	(3) id. compensations	(5)	127					108	105	110	125	117
C. for staff,	from traffic	(2)										
materials and	(6) from traffic	76	71	75	60	66	56	48	35	31	35	53
services	(7) id.	(2)	73					55	35	38	52	57
D. for staff,	from traffic and											
materials and	(6) from traffic and	100	85	97	94	79	101	73	66	77	106	78
services	(7) id. compensations	(5)	84					69	65	71	109	76

(1) Item 60.

(2) Item 70.

(3) Item 60 after deducting compensations for retirement, pension and social costs (Regulation 1192/69).

(4) Items 70 + 74.0 + 74.1.

(5) Items 70 + 74.0 + 74.1 after deducting compensations referred to in (3).

(6) Items 60 and 61.

(7) Items 60 and 61 after deducting compensations referred to in (3).

(8) All undertakings.

PART THREE

Conclusions and further work

Conclusions and further work

1. The conclusions to be drawn from this second report concern essentially the following :

- a critical examination of the work accomplished with the help of the Advisory Committee;
- the improved comparability noted as compared with 1977;
- the remaining comparability problems to be resolved and the solutions envisaged;
- the effect of the transposition of accounts on the financial relationships between the States and railway undertakings.

2. It should be stated at once that the Advisory Committee's examination of the problems faced by the Commission in drawing up the 1977 report yielded very positive results. The content of the explanatory notes on the transposed accounts greatly improved, but it was found useful to add some comments on the methods of transposition from the annual reports.

THE BALANCE SHEET

3. In addition to this improvement an attempt was made to eliminate the consequences of differences in the treatment of losses or profits (point 4) by presenting additional Tables 14 and 15. This enables each element of the balance sheet, expressed as a percentage, to be assigned its true relative importance.

4. Further analysis is required of the question whether certain stocks which are difficult to sell off or which have the nature of fixed assets need to be classified as fixed assets. It was agreed with the Advisory Committee that pending the results of this analysis, a balance sheet structure should be presented in which stocks are added to fixed assets. This presentation (see points 13 and 34 and Table 21) shows that eight undertakings would have negative net working capital, which underlines the railways' acute cash difficulties.

PROFIT AND LOSS ACCOUNT

5. The diversity of the retirement and pension systems highlighted in the 1977 report led to a normalized presentation of the profit and loss account in Tables 17 and 19, as discussed in points 5 and 22. It enables the percentages of staff costs in total expenses to be made more comparable and to narrow considerably the range of such percentages.

6. The breakdown of traffic revenue into its various subsections is still incomplete. It was agreed with the Advisory Committee that such breakdowns could be obtained from sources outside the accounts.

PROBLEMS TO BE SOLVED

7. The major differences in booking fixed assets and their depreciation already pointed out in the 1977 report persist. It was therefore decided during an Advisory Committee meeting to analyse in depth the systems operated in order to find out if it were feasible to align them and if subsequent harmonization were possible. It is important to avoid that changes of the type introduced by one undertaking in 1979 or planned by others, further increase existing disparities.

8. Booking of long-term borrowings and loans which mature within one year also differs. It should be easy to adopt a uniform practice for the transposed accounts, since the amounts in question can be ascertained by means of the amortization schedules.

9. Although the problems involved in treating losses have been partly solved at balance sheet level the profit and loss accounts still show up many and complex differences. Thus in one case the balancing subsidy relating to a previous financial year is treated as exceptional profits, whereas another is booked to compensations due to a lack of normalization in the past. Balancing subsidies for the carriage of goods are also treated

differently and some payments by the States go directly into the balance sheet. It has therefore been agreed with the Advisory Committee that harmonized rules for transposition are to be sought without interfering with the financial relationships existing between States and railways.

10. Differences were noted with regard to the recovery of VAT in the passenger transport sector. It is mainly a question of analysing the effects of the principles practiced on the relative importance of taxes and dues in total expenses.

11. The effects of the non-use of Item 73 - contra of costs booked to other accounts - on staff costs and on the cost of materials and services supplied by third parties is to be examined.

THE EFFECTS OF TRANSPOSITION ON THE FINANCIAL RELATIONSHIPS BETWEEN STATES AND RAILWAY UNDERTAKINGS

12. Certain views have been expressed that the 1977 report as presented had only limited value. This is because the transposed accounts do not always cover comparable situations and because the improvements in comparability as discussed above would still be incomplete.

In addition to these problems there are other questions, possibly beyond the direct scope of Regulation 2830/77 but which doubtless are in the mind of both government bodies and railways in regard to their financial relationships.

13. For example this concerns information on the origin and use of company funds, or on the covering of common expenditures or of overheads for various sectors of activity. It would also be useful to ascertain the financial implications of the fact that ownership of infrastructures does not always lie with the railways.

These various points will be placed on the agenda of the next meeting of the Advisory Committee.

14. It is clear that this will be a complex, long-term task for the Commission and the Advisory Committee. In undertaking it, everything will be done first to exploit to the full the possibilities of transposition provided by the Regulation in its current form. Moreover and in order to allay certain fears expressed, the Commission does not intend to set up a parallel accounting system to that maintained by the railways. On the contrary the aim is to seek greater accounting harmonization, which on the long run could call for certain adjustments to the regulations in line with the development of a more general accounting system.