

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(86) 353 final

Brussels, 24 June 1986

## SEVENTH COMMISSION REPORT TO THE COUNCIL

on the transposed annual accounts of railway undertakings

1983

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SYNOPTIC REPORT ON ACCOUNTS

INTRODUCTION

1. Article 5 of Regulation (EEC) No. 2830/77 (1) provides that railway undertakings shall, within 12 months of the end of the accounting year in question, transmit to the Commission their transposed accounts. Six months after their receipt "the Commission shall submit a synopsis (of the accounts) to the Council".
2. The Commission's services prepared a working document for discussion within the Advisory Committee established to assist the Commission in the implementation of this regulation.
3. The Committee is charged to give its opinion on any questions relating to the problems and solution thereof connected with improving the comparability of the transposed annual accounts of railway undertakings and making progress towards greater harmonization of their accounting systems.  
  
The Advisory Committee met on 26th June 1985.
4. The synoptic report on the 1983 transposed accounts embraces the Committee's opinions.

COMMENTARY ON THE TRANSPOSED ACCOUNTS

1. A Summary of the Transposed Accounts is reproduced in Annexe I
2. An agreed schema for the compilation and presentation of a Statement on Sources and Application of Funds is reproduced in Annexe II.
3. Annexe III provides a summary of the Statement on Sources and Application of Funds to be used in future reports on the Transposed Accounts and the Economic and Financial Situation of Railways.
4. The major changes in accounting practices used in the drawing up of the 1983 Transposed Accounts are :-
  - (a) SNCF (France)
    - (i) Accrued and outstanding interest is now accounted for and entered into reserves.
    - (ii) New provisions have been made to account for fluctuations in currency which take account of the effective date of repayment.
  - (b) DSB (Denmark)

A distinction between Posts 00 and 04 (Capital and Short term loans) has been introduced by moving the current account with the Danish Treasury to Post 40 - Short term loans.
  - (c) SNCB (Belgium)
    - (i) From 1983 intercalary interest, which has previously been booked to the profit and loss account, will be accounted for under Post 16 (Cost of Floating Loans and Loan Redemption Premiums) of the Balance Sheet. The interest relates to financing transport stock and will be amortized over 5 years from the date the stock enters operation.
    - (ii) For 1983 staff training has been booked to Post 17 (Miscellaneous Fixed Assets) and not the profit and loss account. The training in question was a one-off exercise from which SNCB will benefit in the future. The charges will be amortised over 4 years.

(iii) Provisions for currency risks are calculated on the basis of the instalment to be repaid in order to stagger the risk over the lifetime of the loans.

5. The Council is invited to take note of this report.

SUMMARY OF THE TRANSPOSED BALANCE SHEET (1983)

(IN MIO NATIONAL CURRENCY)

	BRB	CYL	CIE	DB	DSB	FS	ELR	NS	OSE	SNCB/ MMS	SNCF
<b>ASSETS</b>											
LONG-TERM ASSETS	1 532,5	3 721	220	57 644	9 064	13 248	32 745	6 375	35 885	183 898	97 280
- FIXED ASSETS	1 134,3	3 651	220	55 083	9 053	12 490	32 745	5 272	34 420	179 296	87 182
- OTHER FIXED ASSETS	398,2	70	-	2 561	11	758	-	1 103	1 465	4 602	10 098
CURRENT ASSETS	462,9	1 619	80,3	4 673	1 539	10 427	4 209	855	12 952	40 785	20 477
- STOCKS	174,3	647	33,6	1 043	817	1 768	608	322	2 851	12 467	3 669
- REALIZABLE ASSETS	251,5	969	38,1	2 073	663	4 219	2 952	463	9 044	27 490	16 224
- BANK BALANCES AND CASH	27,1	3	8,6	1 557	59	4 440	649	70	1 057	828	584
CUMULATIVE RESULTS (LOSSES)	249,5	146	53,9	7 862	-	14 755	13	26	-	7 442	21 955
TOTAL	2 244,9	5 486	354,2	70 179	10 603	38 430	36 967	7 256	48 837	232 125	139 712
<b>LIABILITIES</b>											
CAPITAL AND RESERVES	1 028,4	2 875	82,7	30 731	9 064	9 481	32 904	3 770	40 564	122 121	55 100
LONG TERM DEBTS	647,9	1 363	164,8	35 885	-	22 931	100	2 706	5 475	64 974	54 659
CURRENT LIABILITIES	560,8	1 248	106,7	3 563	1 539	6 018	2 690	780	2 798	45 030	29 953
CUMULATIVE RESULTS (PROFITS)	7,8	-	-	-	-	-	1 273	-	-	-	-
TOTAL	2 244,9	5 486	354,2	70 179	10 603	38 430	36 967	7 256	48 837	232 125	139 712

(1) MRD LIT  
(2) 000 UKL

## SUMMARY OF THE TRANSPOSED PROFIT AND LOSS ACCOUNT (1983)

(IN MIO NATIONAL CURRENCY)

	BRB	CPL	CIE	DB	DSB	FS	NIR	MS	OSE	SNCF/ MBS	SNCF
REVENUE											
TRAFFIC REVENUE	1 914,6	1 626	189,7	15 413	3 698	2 215	5 210	1 354	5 675	25 670	34 352
- PASSENGER	1 213,7	311	148,7	5 699	2 372	1 393	4 286	1 025	3 072	10 481	15 724
- GOODS TRAFFIC	644,9	1 315	38	9 311	1 217	819	895	301	2 574	14 708	17 988
- POSTAL	56	-	3	403	109	3	29	28	29	481	640
FINANCIAL REVENUE	2,4	4	-	202	7	57	76	88	137	350	1 412
OTHER REVENUE	104,4	100	7,4	1 638	589	327	491	81	282	19 336	3 397
CONTRA OF COSTS	203,5	-	65,3	4 868	-	308	-	281	1 071	10 420	2 461
COMPENSATION AND AIDS	957,9	5 635	86	9 368	2 492	5 082	5 436	1 294	8 768	54 711	17 808
- REGULATION (EEC) 1191/69	933,4	1 735	27	3 558	1 991	2 636	4 740	998	-	20 886	6 481
- REGULATION (EEC) 1192/69	20,4	2 046	4,8	4 616	19	471	142	54	471	17 156	19
- REGULATION (EEC) 1107/70 ART.3	4,1	1 854	30	116	482	1 653	-	-	2 064	16 669	9 144
- OTHER	-	-	,2	1 078	-	-	554	-	-	-	2 164
- REGULATION (EEC) 1107/70 ART.4	-	-	24	-	-	322	-	242	6 233	-	-
EXTRAORDINARY ITEMS	-	-	-	96	-	53	-	-	134	-	1 206
LOSS FOR THE YEAR	-	227	18	3 713	-	2 022	-	26	-	158	8 381
TOTAL	3 182,8	7 592	366,4	35 298	6 786	10 064	11 213	3 124	16 067	110 645	69 017
EXPENSES											
STAFF COSTS	1 817,7	5 901	171,3	20 605	3 448	5 957	6 851	1 613	11 187	65 219	37 714
MATERIAL SUPPLIED AND SERVICES PERFORMED BY THIRD PARTIES	1 120,2	640	142,2	9 756	2 015	2 189	3 777	766	3 090	31 999	18 012
TAXES AND DUES	-	66	20	163	-	245	-	9	84	4	1 338
DEPRECIATION AND PROVISIONS	164,5	737	18,3	1 733	578	1 019	1 394	474	584	4 722	4 758
FINANCIAL CHARGES	69,1	205	12,7	2 933	745	645	-	262	644	8 599	6 738
EXTRAORDINARY ITEMS	3,5	43	1,9	108	-	9	1 213	-	478	102	457
PROFIT FOR THE YEAR	7,8	-	-	-	-	-	452	-	-	-	-
TOTAL	3 182,8	7 592	366,4	35 298	6 786	10 064	11 213	3 124	16 067	110 645	69 017

(1) NET LIT  
(2) 000 DLK

SOURCE AND APPLICATION OF FUNDS  
BRITISH RAILWAYS BOARD - YEAR 1983

<u>SOURCE OF FUNDS</u>	<u>mio UKL</u>	<u>Balance Sheet</u> <u>Account No.</u>
Increase in equity of shareholders		00, 02
Other increases from shareholders		
Funds from staff		04
Long-term financial debts		05
- debentures		
- state loans		
- other		
 <u>Internally generated</u>		
Profit		07
Sale of scrap assets		01, 10, 11, 12
 <u>Funds from Non-Rail Businesses</u>		
Profit/(Loss)		07
Sales of assets		01, 10, 11, 12
Other (depreciation less investment, etc.)		
 <u>Adjustment for items not involving the</u> <u>movement of funds</u>		
Depreciation and amortisation		01, 10, 11, 12
Internal transfer of capital assets to revenue		11
 <u>APPLICATION OF FUNDS</u>		
Decrease in equity of shareholders		00, 02
Repayments of long-term financial debts		05
Purchase of assets		
- fixed assets		10, 11, 12, 13
- shareholdings in other undertakings		14
 <u>Working Capital</u>		
Current Assets - increase/(decrease)		
- stocks in store and being manufactured		20, 21
- debtors		30
- loans repayable within one year		41
- bank balance and cash		47
Current liabilities - (increase)/decrease		
- creditors		31
- financial debts of less than one year		40
Other		

SOURCE & APPLICATION OF FUNDS

The differences in value between the previous and current years Balance Sheet are taken to the source and Application of Funds statement and adjusted as follows. Explanations for these adjustments are :

Sources

- 01 Reserves : Movement on the account is brought back to nil, because it does not involve the movement of funds. The adjustment covers :
- (1) Transfer of Insurance Reserve to Creditors (just a one off)
  - (2) Receipt of Special Replacement Allowance from Government. Is also included as a provision for depreciation (only applicable to BR)
  - (3) Asset Sales - profit on asset sales which was transferred to General reserve
  - (4) Revaluation of fixed assets
- 05 State Loans : Difference, is a repayment and therefore an application of funds
- Other : Loans and leasing
- 06, 07, P7L A/C : Profit adjusted for Non Rail Businesses proportion (only applicable to BR)
- Sale of Scrap Assets: Sale proceeds
- Depreciation/  
Amortisation : Includes Special Replacement Allowance (see above) and historic cost depreciation.  
Total is equal to Account 63
- Internal Movements : Transfer of fixed assets to revenue A/C
- Funds generated from NRB -
- Profit: Adjusted from P & L A/C (06.07)
  - Sale of assets: Proceeds from asset sales
  - Other: Funds from non-Rail Businesses except profit and proceeds from asset sales (only applicable to BR)

Applications

- Repayment of Loan: Payment of State Loans (see 01 above)
- 10-13 Land,  
Fixed Assets etc. : Investment in fixed assets which is equal to the movement is Net Book Value adjusted for depreciation, asset sales and revaluations.



Annex II (3)

14 Shareholdings in other undertakings:	Adjusted for revaluation of non-operational property (see 01 above)
15 Long term loans:	Difference included in debtors (see below)
30 Debtors:	Long term loans trasfered to debtors
31 Creditors:	Insurance reserve transfered to creditors (only a one off reserve reconstruction)

## SOURCE AND APPLICATION OF FUNDS - Year 1983

SOURCE OF FUNDS		31.12. 1982	31.12. 1983	Differ- ence	Transfer of Insurance Revenues	Loss Repay- ment	IRA	Dep'n/ Amort'n	Internal Movement of Assets	NBS	Asset Sales	Reval- uation	Debtors Adj.	Total
00	Capital	896.7	1,012.7	116.0	6.0		(93.0)				(26.7)	(2.3)		-
01	Reserves	-	-	-										-
02	Contribution to Investment Costs	-	-	-										-
03	Provisions	-	-	-										-
04	Staff Funds	15.7	15.7	-										-
05	Long Term, Financial Debts	-	-	-										-
	- Debentures	-	-	-										-
	- State loans	457.8	435.0	(22.8)		22.8								9.8
	- Other	203.1	212.9	9.8										(6.2)
06, 07	Profit and Loss Account	(249.5)	(241.7)	7.8						(14.0)	6.9			6.9
	Sales of Scrap Assets						93.0	71.5						164.5
	Depreciation and Amortisation							6.1						6.1
	Internal Movement of Funds													
	Funds Generated from NBS									14.0				14.0
	from NBS - Profit							0.7			109.1			109.8
	- Sales of Assets										(88.6)			88.6
	- Other													
		1,323.8	1,434.6	110.8	6.0	22.8	-	71.5	6.8	-	0.7	(2.3)	-	216.3
APPLICATION OF FUNDS														
	Repayment of long term loans					22.8								22.8
10	Land and fixed installations	337.7	333.8	16.1										
11	Transport stock	382.4	640.2	57.8						0.7	14.2			132.7
12	Other Stock	89.3	89.9	0.6				71.5	6.8					
13	Fixed assets under Construction	85.4	30.4	(35.0)										
14	Shareholdings in Other Undertakings	469.2	397.1	(72.1)								(16.5)		(88.6)
15	Long Term Loans	1.8	1.1	(0.7)									0.7	-
16	Cost of Floating Loans and Loan Redemption Premium	-	-	-										-
17	Miscellaneous Fixed Assets	-	-	-										(0.5)
20	Stock in Store	174.8	(171.5)	(0.5)										
21	Stocks being manufactured		(2.8)	(2.8)										
30	Debtors	190.1	261.5	71.4									(0.7)	70.7
41	Loans Payable within 1 year	0.7	-	(0.7)										(0.7)
47	Bank Balances and Cash	8.9	27.1	18.2										18.2
31	Creditors	(323.3)	(359.6)	(27.3)	6.0									21.3
40	Financial debts of less than 1 year	(84.2)	(1.2)	83.0										83.0
		1,323.8	1,434.6	110.8	6.0	22.8	-	71.5	6.8	-	0.7	(2.3)		216.3

Annex III

SOURCE AND APPLICATION OF FUNDS (Summary)

	<u>Accounts</u>
<u>SOURCE OF FUNDS:</u> Profit/(Loss) before	07
Depreciation	01, 10, 11, 12
Others (e.g. Sale of Assets)	
Borrowings	05
Capital	00, 02
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<u>USE OF FUNDS:</u> Investments	10, 11, 12, 13, 14
Repayments	05
+ Working Capital	20 to 48
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