

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 813 final

Brussels, 8 January 1982

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

1979

COM(81) 813 final

SYNOPTIC REPORT ON ACCOUNTS

INTRODUCTION

1. Article 5 of Regulation (EEC) No 2830/77 provides that Railway undertakings shall within 12 months of the end of the accounting year in question transmit to the Commission their transposed annual accounts. Six months after their receipt "the Commission shall submit a synopsis of [the transposed 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.

The Committee is charged to give its opinion in any questions relating to the problems and solution connected with improving the comparability of the transposed annual accounts of railway undertakings and making progress towards greater harmonization of their accounting systems.

A meeting was held on October 6, 1981.

The synoptic report on the 1979 Transposed Accounts takes account of the Committee's opinions.

3. The report is in 2 parts :
 - reproduction of the Transposed Accounts + Notes
 - commentary on progress to comparability and future development thereof.

PART I

Pages 3 - 82 contain the accounts and explanatory notes of railway undertakings transposed in accordance with the provisions of Regulation 2830/77.

SOCIETE NATIONALE DES CHEMINS DE FER BELGES (SNCB)
NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN (NMBS)

BALANCE SHEET

TABEL 1 a

at 31.12.1979 Mio BFR

Undertaking : SNCB/MBBS

	A S S E T S		L I A B I L I T I E S		1 9 7 9		1 9 7 8	
	1 9 7 9	1 9 7 8	1 9 7 9	1 9 7 8	1 9 7 9	1 9 7 8	1 9 7 9	1 9 7 8
<u>LONG-TERM ASSETS</u>								
<u>Fixed Assets (Net)</u>								
10 Land and fixed installations	39 565	36 551	69 240	14 790			11 000	11 000
11 Transport stock and equipment	15 507	14 790		2 195			1 910	1 787
12 Other stock and equipment	1 299	9 178					33 757	28 731
13 Fixed assets under construction	12 869						1 175	1 051
<u>Other fixed assets</u>			14 199				855	778
14 Shareholdings in other undertakings	323	322					42 000	
15 Long-term loans	80	65					33 892	31 237
16 Cost of floating loans and loan redemption premiums	371	429					3 595	3 775
17 Miscellaneous fixed assets	13 425	13 411					4 513	4 692
Sub-total			83 439	76 941			90 697	83 051
<u>CURRENT ASSETS</u>								
<u>Stocks</u>								
20 - 21 (In store or being manufactured)		6 967	7 695					
<u>Realizable assets</u>								
30 Debtors	11 467	9 786						
41 Loans repayable within one year	-	-						
42 Bills receivable	-	713						
45 Securities	790							
<u>Bank balances and cash</u>								
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		1 071	1 409				16 706	12 215
Sub-total			21 361	18 537			1 489	2 715
<u>Results</u>			4 815	5 790			444	2 312
06.1 Losses for previous financial years	4 815	-						
07.1 Loss for the financial year	-	-						
Assets : Total	109 615	101 268	109 615	101 268			109 615	101 268
<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								
<u>Results</u>								
06.0 Profits for previous financial years								
07.0 Profit for the financial year								
Liabilities : Total								

SNCB/NMBS: FINANCIAL YEAR 1979

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 1.9.1926, when the SNCB was founded; they are recorded at their purchase value and they include both those financed by the railway company and those financed by the State; the latter are set off by the Account 02 - Contribution to Investment Cost.

The replacement is ensured through the Replacement Fund (Account 03). The allocation is calculated to cover industrial depreciation of tracks, equipments, tools, buildings and structures.

It is foreseen to replace this system by a classic method of depreciation.

Account 14 - Shareholdings in Other Companies

Shareholdings in affiliated companies	65
Shareholdings in other companies	256
Other stocks and shares	2
	<hr/>
	323

Account 15 - Long-Term Loans

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

Account 17 - Miscellaneous Fixed Assets

(a) Railway operating concession	11 000
(b) War damage	2 410
(c) Loan to Fonds des Oeuvres Sociales	15
	<hr/>
	13 425

Accounts 20 and 21 - Stocks

The amounts entered in the accounts are average weighted prices.

Raw materials, consumables, supplies	7 069
Work in progress	578
Goods	49
	<hr/>
	7 696

Account 30 - Debtors

Claims whose term is more than one year arising from goods delivered and services rendered	8
Claims whose term is no more than one year	
(a) Arising from goods delivered or services rendered	7 688
(b) Other claims	1 216
Adjustments	2 554
	<hr/>
	11 466

Account 45 - Securities

This account also includes FB 105 mio which is an investment in the FOS.

Account 43 - 46 - 47 - 48 - Bank Balance and Cash

Belonging to the FOS : FB 83 mio.

Liabilities

Account 01 - Reserves

This is the amount credited to the Loan Redemption Fund as at 31st December 1979. A sum is entered in the accounts each year to replenish this Fund.

Account 03 - Provisions

(a) Fixed Assets Replacement Fund	413
(b) Provision for exchange losses relating to foreign currency loans (Eurofima)	447
(c) Other provisions	315
	<hr/>
	1 175

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	25
(c) Credit establishments	4 120
(d) Payment in advance	5
(e) Guarantees to connected firms	5
	<hr/>
	4 513

The debts vis-à-vis companies in which the SNCB has a shareholding (Eurofima) amount to BFR 3 264 mio.

Account 31 - Creditors

Debts whose term is more than one year arising from the purchase of goods and services	1
Debts whose term is no more than one year	
(a) Credit establishment	2 150
(b) Various debts arising from the purchase of goods and services	4 419
(c) Debts and provisions for tax, social charges and wage payments	3 462
(d) Advances received	1 630
(e) Other loans and deposits received	36
(f) Other debts	21
Adjustments	4 986
	<hr/>
	16 706

Profit and Loss Account

EXPENSES

Account 60 - Staff Costs

Remunerations	31 411
Pensions	14 831
Social Assurance	4 960
Other Social Charges	<u>449</u>
	51 651

Account 61 - Material Supplied and Services Performed by Third Parties

Goods, raw materials, consumables and supplies	8 960
Miscellaneous goods and services	<u>10 607</u>
	19 567

Account 62 - Taxes and Dues

The total on this account is the sum of :

- VAT on investment goods
- VAT on free sales to the personnel of the buffets
- Tax on assets rented to third parties
- Road tax on vehicles
- Registration fees, stamp duty and court registry dues

The VAT is 6 % for transport of passengers and 16 % on goods transport.

Account 64 - Allocations to Provision Accounts

Replacement allocation	8 320
Insurance Fund allocation	290
Provision for exchange losses on long-term debts	<u>- 1</u>
	8 609

Account 65 - Financial Charges

Charges on debts whose term is more than one year	3 687
Charges on debts whose term is no more than one year	70
Miscellaneous financial charges	307
Reductions of creances	8
	<hr/>
	4 072

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	112
Revenue from other claims and bank balances and cash	39
Miscellaneous	198
	<hr/>
	349

Account 72 - Other Revenue

Services and supplies	5 922
Miscellaneous revenue	1 654
Revenue relating to staff	364
	<hr/>
	7 940

Account 73 - Contra of Costs Booked to Other Accounts

Internal work relating to the improvement of fixed assets	
(a) New fixed assets	1 725
(b) Renewals to be written down	- 41
Net amount charged to the Replacement Fund	8 235
Net amount charged to the Insurance Fund	209
	<hr/>
	10 128

Account 74 - Compensation and Aid Received

74.0. Regulation (EEC) N° 1191/69

Obligation to operate		1 744
Tariff obligation	- passengers	15 582
	- goods	26
		<hr/>
		15 608
		<hr/>
		17 352

74.1. Regulation (EEC) N° 1192/69

Retirement payments and pensions		12 604
Social charges, whereof :		
(a) Accidents at work		81
(b) Family allowances		24
Measures benefiting staff in recognition of services rendered to their country		33
Crossing facilities		289
Compensation for financial charges in respect of :		
(a) War damage		16
(b) Lack of normalization in the past		183
(c) Loans raised to meet delays in renewals		263
		<hr/>
		13 493

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

Compensation for :		
(a) Infrastructure charges		6 797
(b) Financial charges relating to :		
(i) Financing the extension of the network		2 228
(ii) Financing accumulated deficits and overdue renewals		1 108
		<hr/>
		10 133
Tax from which the company is exempted		
	to be deducted	- 19
		<hr/>
		10 114

The sum of BFR 2 000 mio th the Health Insurance Office (FOS) is optional compensation not included in the accounts.

Account 91-2 - Exceptional Profits

The exceptional profits include :

- a credit relating to 1978 of BFR 75 mio given by the State
- BFR 283 mio repaid VAT on investments for creation of employment.

Note about the Health Insurance office

In favour of the personnel the SNCB has created a Health Insurance Office (Fonds des Oeuvres Sociales) - FOS - consisting of :

- La Caisse de Soins de Santé
- La Caisse des Indemnités
- La Caisse de la Solidarité Sociale.

From 1979 on the accounts of this Fund are incorporated in the accounts of the SNCB. Whereas the income and expenditures of the FOS are not recluded in the profit and loss account of the Company.

The results of the FOS are integrated as follows :

- Caisse de Soins de Santé : this fund represent a normal debt which the State meets every year, its deficit is brought into account 30.
- Caisse des Indemnités : is always in balance, the income correspond to the expenditures.
- Caisse de la Solidarité Sociale : disposes of a credit, which is considered as a debt to the personnel and which is shown in account 31.

DANSKE STATS BANER (DSB)

BALANCE SHEET

TABEL 2a

at 31.12.1979

Mio DKK

Undertaking : ØSB

A S S E T S	1 9 7 9		1978	L I A B I L I T I E S		1 9 7 9		1978
<u>LONG-TERM ASSETS</u>								
<u>Fixed Assets (Net)</u>	4 248	7 785	3 969	<u>Capital and reserves</u>	8 039	8 039	7 421	
10 Land and fixed installations	3 266		2 969	00 Capital	-	-	-	
11 Transport stock and equipment	271		240	01 Reserves				
12 Other stock and equipment	0		0	02 Contribution to investment costs				
13 Fixed assets under construction		10		03 Provisions				
<u>Other fixed assets</u>	10		10	04 Funds for staff				
14 Shareholdings in other undertakings	-		-	05 Long-term financial debts				
15 Long-term loans	-		-	- debentures				
16 Cost of floating loans and loan redemption premiums	-		-	- State loans				
17 Miscellaneous fixed assets	-		-	- other financial debts				
Sub-total	7 795	7 795	7 188	Sub-total	8 039	8 039	7 421	
<u>CURRENT ASSETS</u>								
<u>Stocks</u>								
20 - 21 (In store or being manufactured)	415	415	342					
<u>Realizable assets</u>	314	314	408					
30 Debtors				<u>Current liabilities</u>				
41 Loans repayable within one year				31 Creditors	491	447		
42 Bills receivable	0		0	40 Financial debts of less than one-year term	29	100		
45 Securities				44 Bills payable				
<u>Bank balances and cash</u>				Sub-total	520	517		
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand	35	35	30					
Sub-total	764	764	780	<u>Results</u>				
				06.0 Profits for previous financial years				
				07.0 Profit for the financial year				
<u>Assets : Total</u>	8 559	8 559	7 968	<u>Liabilities : Total</u>	8 559	8 559	7 968	

DSB - Financial year 1979

Explanatory Notes

Figures are given in millions of DKR.

I. Balance Sheet

Accounts 10 - 13 - Assets

In accordance with the national standard accounting procedure the costs of fixed assets under construction are included in Accounts 10 - 12.

	A c c o u n t s			Total
	10	11	12	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Primo value	3 969	2 969	240	7 178
+ Investments	483	452	49	984
- Sales	147	33	10	190
- Depreciation	57	122	8	187
Ultimo value	<u>4 248</u>	<u>3 266</u>	<u>271</u>	<u>7 785</u>

Accounts 20 and 21 - Stocks

Stock valuation is based on current prices.

Liabilities

The capital is built up through annual state contributions to investments.

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 62

The ingoing VAT on the national passenger traffic is included in Account 61.

The VAT on the national freight traffic is compulsory but the income on goods - Account 70.1. - excludes the collected VAT which is booked separately. Investment in assets for the passenger traffic shall bear the ingoing VAT (included in Account 10 - 12) whereas for assets in the goods sector the VAT can be repaid.

Account 63 - Allocations for Depreciation

Depreciation is on a straight-line basis, with various rates of depreciation (see account 10 - 13).

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

Regulation (EEC) N° 1191/69

- passenger transport	623
- freight and mail	159

<u>Regulation (EEC) N° 1192/69 - Class XI -</u>	12
Allowances to staff	

<u>Regulation (EEC) N° 1107/70 - Infrastructure Cost</u>	215
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This amount is compensation for interest charges and amortization on loans of fixed installations which the other modes do not bear.

DEUTSCHE BUNDESBahn (DB)

BALANCE SHEET

TABEL 3a

at 31.12.1979

Mio DM

Undertaking : DB

A S S E T S	1 9 7 9		1 9 7 8	L I A B I L I T I E S		1 9 7 9		1 9 7 8
<u>LONG-TERM ASSETS</u>								
<u>Fixed Assets (Net)</u>								
10 Land and fixed installations	29 964	48 851	28 735	<u>Capital and reserves</u>				
11 Transport stock and equipment	13 588		13 471	00 Capital	19 413		19 791	
12 Other stock and equipment	2 007		1 904	01 Reserves	4 402	23 815	2 717	
13 Fixed assets under construction	3 292		3 208	02 Contribution to investment costs		5 546	5 079	
<u>Other fixed assets</u>		2 593		03 Provisions		255	624	
14 Shareholdings in other undertakings	462		458	04 Funds for staff		-	-	
15 Long-term loans	2 008		2 169	05 Long-term financial debts	31 031			
16 Cost of floating loans and loan redemption premiums	123		137	- debentures	13 828		13 861	
17 Miscellaneous fixed assets	-		-	- State loans			-	
				- other financial debts	17 203		18 239	
Sub-total		51 444	50 082			60 647	60 311	
<u>CURRENT ASSETS</u>								
<u>Stocks</u>								
20 - 21 (In store or being manufactured)		1 038	1 000					
<u>Realizable assets</u>								
30 Debtors	2 286		1 896	<u>Current liabilities</u>				
41 Loans repayable within one year	91		211	31 Creditors	3 181		3 140	
42 Bills receivable	-		-	40 Financial debts of less than one-year term	248		317	
45 Securities	0		0	44 Bills payable				
Bank balances and cash		1 030	1 444					
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		4 445	4 551			3 429	3 457	
Sub-total		8 187	4 524					
<u>Results</u>								
06.1 Losses for previous financial years	4 611		4 524	06.0 Profits for previous financial years				
07.1 Loss for the financial year	3 576		4 611	07.0 Profit for the financial year				
Assets : Total		64 076	63 768	Liabilities : Total		64 076	63 768	

DB - Financial Year 1979

Explanatory Notes

Figures are given in millions of DM

I. Balance Sheet

Liabilities

Account 00 - Capital

Own capital	19 220
Contributions from the State to cover losses carried over	1 350
Less State loans to increase the capital not written off	- 1 157
	<u>19 413</u>

Account 05 - Long-Term Financial Debts

The other financial debts include :

(a) Long-term debts	15 468
(b) Debts of 1 to 4 years	1 733
(c) Part of other liabilities	2
	<u>17 203</u>

Account 05 includes some DM 2484 mio by way of financial debts in respect of companies in which DB has a shareholding.

DM 3 651 mio are payable in 1980.

Accounts 10 to 12 - Fixed Assets

Fixed assets are accounted for at the cost of acquisition or production and depreciated on a linear basis over their useful lifetime (provision for depreciation is shown in the liabilities side of the Balance Sheet, depreciation is shown in item 63 in the Profit and Loss Account). When an asset is disposed of before the end of its normal lifetime the net book value of this asset is fully depreciated.

The items break down as follows :

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Installations	53 508	23 544	29 964
11. Transport Stock and Equipment	22 648	9 060	13 588
12. Other Stock and Equipment	3 784	1 777	2 007

Account 15 - Long-Term Loans

Long term loans	1 962
Loans arising from other assets	48
Less valuation adjustment on fixed assets	- 2
	<u>2 008</u>

Account 15 includes DM 774 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 123 mio is the bond issue premium.

Account 20 - 21 - Stocks

Fuel	- new	103	
	- old and waste	18	
		<u>121</u>	
Stocks to fixed assets	- new	757	
	- old and waste	160	
		<u>917</u>	
			<u>1 038</u>

Account 30 - Debtors

This account includes :

Advances	34
Claims arising from transport services, supplies and other services	1 115
Part of other assets	250
Adjustments (assets, less bond issue premiums	891
Less valuation adjustments to other current assets -	4
	<u>2 286</u>

Account 31 - Creditors

This account includes :

Advances	88
Transport services, supplies and other services	3 069
Adjustments (liabilities)	24
	<u>3 181</u>

Account 40 - Financial Debts of Less than One Year Term

The sum of DM 248 mio is the remainder of the liabilities.

Account 41 - Loans Repayable Within One Year

The sum of DM 91 mio is the remainder of the assets.

Accounts 43, 46 to 48 - Bank Balances and Cash

Represent DM 1 030 mio.

Account 06-1 - Losses for Previous Financial Years

The loss of DM 4 524 mio in 1977 was set off against Government contribution to cover losses carried over Account 00 and against the reserves Account 01.

In principle DB is obliged to insert its losses in the balance sheet until Federal government has decided on coverage. Generally these losses are being compensated two years later with capital grants to cover accumulated losses or with reserves. For these two items DB receives annual payments above the line.

II. Profit and Loss Account

Account 60 - Staff Costs

This account includes :

Total staff expenditure	18 338
Social charges external to the company	413
Pension charges external to the company	19
	<hr/>
	18 770

The total can be broken down as follows :

Remuneration of staff in employment	10 985
Retirement and pensions	5 056
Social charges	2 729
	<hr/>
	18 770

The pensions of workers and salaried staff are paid by an independent fund, to which the DB pays a contribution, while those for permanent officials are paid by the undertaking itself. As shown in account 74.1. the DB receives a compensation for excess social charges and external superannuation charges.

Account 61 - Materials Supplied and Services Performed by Third Parties

This account includes :

Current operating expenditure	3 466
Less tax (see Account 62)	- 92
Expenditure on materials supplied and services provided by third parties for the renewal and maintenance of fixed assets	5 580
	<hr/>
	8 954

Of this DM 5 580 mio, only DM 2 237 mio for the expenditure on maintaining installations and equipment remains in the Profit and Loss Account. The other DM 3 343 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

Various taxes include DM 8.4 mio which are taxes on behalf of personnel.

The VAT rate on rail activities is 13 % except on the suburban traffic (until 50 km) where it is 6,5 %. The 13 % rate is also in force on materials supplied and services performed by third parties. The ingoing and the outgoing TVA are booked separately and only the amount, which is to be paid is shown in Account 62.

Account 63 - Allocations for Depreciation

Reference should also be made to Accounts 10 and 12.

This account includes :

Ordinary depreciation of fixed assets	2 218
Depreciation of obsolete fixed assets	265
Less :	
(a) contributions to investment costs and similar contributions from third parties	- 233
(b) other credit items relating to maintenance and renewal	- 430
	<u>1 820</u>

Account 65 - Financial Charges

Interest, premiums and subsidies on bonds	2 290
Interest on loans and other outside resources for increasing capital	104
	<u>2 394</u>

Account 71 - Financial Revenue

This account includes :

Revenue from shares	35
Interest on loans and other revenue	126
	<u>161</u>

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.)	361
Other operational revenue	1 188
	<u>1 549</u>

This total may be broken down as follows :

Revenue from work done for, and supplied to third parties	514
Revenue from other activities, including rents	897
Miscellaneous	138
	<hr/>
	1 549

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	1 125
Expenditure on materials in respect of fixed assets (see Account 61)	3 343
	<hr/>
	4 468

Account 74 - Compensation and Aid

74.0 Regulation (EEC) N° 1191/69

Local rail passenger services	2 916
Mainline rail passenger services (social tariffs)	74
Maintenance of services on certain lines	4
Support tariffs for the Saar	32
	<hr/>
	3 026

74.1 Regulation (EEC) N° 1192/69

Operation and maintenance of level crossings	415
Medical aid for tuberculosis sufferers	3
Excess social charges due to structural factors	2 734
Additional staff superannuation	336
Additional training posts	37
External superannuation charges	413
External pensions	19
	<hr/>
	3 957

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

Road transport for apprentices 82

74.3 Other Compensation and Aid

Interest on loans and other outside capital
taken up to increase own capital 104

Interest in respect of improvement of the
capital structure 914

1 018

The Federal Government allocations to cover losses carried over (DM 1 349 mio) for the repayment of loans and other outside resources for increasing capital (DM 557 mio) do not affect the results and are entered directly in the Balance Sheet. The tax on mineral oils (DM 283 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 42 mio).

Account 91.3 - Exceptional Losses

The sum of DM 21 mio may be broken down as follows :

Depreciation of long term loans and investments	2
Depreciation of other current assets	4
Exchange losses and provisions	1
Issue costs	1
DB's additional payments obligations to the BVA	7
Additional payment of turnover tax	6
	<u>21</u>

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS (SNCF)

PROFIT AND LOSS ACCOUNT

I. GENERAL OPERATION

Year 1979

Undertaking : SNCF

Mio FF

EXPENSES	1979		1978		REVENUE		1979		1978	
60. Staff costs	23 306	20 887					9 155	9 305		8 013
61. Material supplied and services performed by third parties	10 964	9 517					150			132
62. Taxes and dues	488	485								
63. Allocations for depreciation	3 355	3 416					12 989	13 280		
64. Allocations to provision accounts	4	16								6 901 2 218
65. Financial charges	2 288	1 893								1 846 199 141 102 <u>364</u>
								<u>374</u>		<u>19 916</u>
								22 959		309
								311		1 826
								2 089		
										1 207
								1 463		
										3 567 429 3 021 <u>1 280</u>
								3 804 440 3 472 1 532		8 297
								9 248		
										31 555
Total expenses	40 405	36 208						36 070		4 653
91.0 Operating profit for the financial year	-	-						4 335		

II. PROFIT AND LOSS SUMMARY

91.1 Operating loss for the financial year	4 335	4 653								
91.3. Exceptional losses	22	207								1 457
91.4 Corporation tax	1	0								
Special allocation to reserves	267	188						3 300		2 472
91.6 Profit for the financial year	108	-								1 119
91.0 Operating profit for the financial year										
91.2 Exceptional profits										1 432
91.5 Balancing subsidy										3 300
- Regulation (EEC) No 1107/70, Article 4										
- Other										
91.7 Loss for the financial year										

SNCF - Financial Year 1979

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.

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	73 025	28 815	44 210
11. Transport Stock and Equipment	35 837	22 070	13 767
12. Other Stock and Equipment	588	-	588
	109 450	50 885	58 565

The SNCF uses a linear method of depreciation with the possibility to amortize certain materials faster.

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

Loans granted to companies in which SNCF has a shareholding :

Loans granted	102.0
Allocation to depreciation	8.3
Net balance	93.7, of which Société de Crédit Immobilier des
Chemins de Fer (SOCRIF)	
represents	82.8

Accounts 20 and 21 - Stocks

Supplies	2 035
Work in progress	235
	<hr/>
	2 270

Account 30 - Debtors

Suppliers - down-payments and advances made on orders	234
Customers	1 891
Other debtors	2 192
Deposits and guarantees	6
Adjustments	716
Suspense accounts and items to be adjusted	31
Assets accounts for related services	3 691
	<hr/>
	8 761

Accounts 43 to 48 - Bank Balances and Cash

Various items in land	426
Bank balances, postal cheques and Treasury	39
Cash in hand	226
	<hr/>
	691

Liabilities

Account 01 - Reserves

Statutory and contractual reserves	9 642
Difference in value after revaluation	
(a) special reserve (non-depreciable assets)	26 192
(b) special provision (depreciable assets)	7 925
	<hr/>
	43 759

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 3 607 mio on 31 December 1979.

Account 31 - Creditors

Suppliers	2 329
Advances received from customers	49
Other creditors	3 982
Adjustments	1 721
Suspense accounts and items to be adjusted	3
Liabilities accounts for related services	791
	<hr/>
	8 875

II. Profit and Loss Account

Account 60 - Staff Costs

Wages and operational bonuses	15 639
Social charges	7 667
	<hr/>
	23 306

Account 61 - Materials Supplied and Services Performed by Third Parties

Purchase of materials	3 973
Work done and supplies and services provided externally	6 269
Various administration costs	801
	<u>11 043</u>
Less change in the stocks account	- 79
	<u>10 964</u>

Account 62 - Taxes and Dues

This account breaks down as follows :

Direct Taxes and Dues

(a) business tax	215
(b) property and dwellings tax	100
(c) tax on interest and repayment premiums	20
(d) regular and special contributions relating to apprenticeships and training	44
(e) payments relating to public transport	78
(f) other direct taxes and dues	8
<u>Registration and Stamp Duty - Vehicle Tax on Cars</u>	23
<u>Miscellaneous Taxes</u>	0
	<u>488</u>

The VAT regime is in accordance with the 6th directive EEC of 17 may 1977.

This account does not include any cost in relation to VAT because the accounting hereof is separate. The profit and loss account or the investment account only have to bear the non-deductible VAT.

Account 63 - Allocations for Depreciation

Allocation for depreciation (historic values)	3 355
---	-------

Account 73 - Contra of Costs Booked to Other Accounts

Work done by SNCF on its own behalf (to create fixed assets)	1 426
Less non-operational work and expenditure	37
	<hr/>
	1 463

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	1 560
(b) Paris suburban network	950
Compensatory allowances	583
Compensation for other tariff reductions	
(a) Newspapers	53
(b) Regional adjustments	46
Obligation to operate	
- Military lines	5
Other compensations	607
	<hr/>
	3 804

74.1 Regulation (EEC) N° 1192/69

Cost of level crossing facilities	427
Reduction of the cost of loans	13
	<hr/>
	440

74.2 Regulation (EEC) N° 1107/70

Infrastructure cost	3 472
---------------------	-------

74.3 Other Compensations and Aids

Payments from local authorities :	
(a) Reduction of depreciation cost (Paris suburbs)	238
(b) Compensations for tariff reductions and compensatory allowances	1 294
	<hr/>
	1 532

Profits and Losses Summary

Transfers to reserves are affected on the basis of Art. 24 of the 1937 Convention. This year's allocation is FF 267 mio.

Account 91.2 - Exceptional Profits

This account covers in particular :

(a) the difference in value after revaluation	1 105
(b) surpluses realized from the sale of depreciable assets	48
non-depreciable assets	267

CORAS IOMPAIR EIREANN (CIE)

Undertaking : CIE at 31.12.1979 mio IRL

	1979		1978	1979		1978
A S S E T S				L I A B I L I T I E S		
<u>LONG-TERM ASSETS</u>						
<u>Fixed Assets (Net)</u>				<u>Capital and reserves</u>		
10 Land and fixed installations			81,1	00 Capital	-	-
11 Transport stock and equipment	28,1			01 Reserves	12,8	11,6
12 Other stock and equipment	48,1			02 Contribution to investment costs	1,7	2,0
13 Fixed assets under construction	4,9			03 Provisions	23,8	19,4
<u>Other fixed assets</u>	-			04 Funds for staff	-	-
14 Shareholdings in other undertakings	0		0	05 Long-term financial debts	48,9	9,9
15 Long-term loans	-			- debentures	9,9	26,0
16 Cost of floating loans and loan redemption premiums	-			- State loans	29,4	10,8
17 Miscellaneous fixed assets	-			- other financial debts	9,6	
Sub-total			81,1	Sub-total	87,2	79,7
<u>CURRENT ASSETS</u>						
<u>Stocks</u>						
20 - 21 (In store or being manufactured)			21,9			
<u>Realizable assets</u>						
30 Debtors	15,3		18,0			
41 Loans repayable within one year	-					
42 Bills receivable	-					
45 Securities	2,7			<u>Current Liabilities</u>		
Bank balances and cash			1,3	31 Creditors	34,6	23,7
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand				40 Financial debts of less than one-year term	8,1	4,9
Sub-total			41,2	44 Bills payable	-	-
			7,6	Sub-total	42,7	28,6
<u>Results</u>						
06.1 Profits for previous financial years	5,4					
07.1 Loss for the financial year	2,2					
Assets : Total			129,9	Liabilities : Total	129,9	108,3

CIE - FINANCIAL YEAR 1979

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, including railway lines and works incurred since 1974. They also include work in progress.

Description	Gross Value	Accumulated Depreciation	Net Value
10. Land and Fixed Installations	28.6	0.5	28.1
11. Transport Stock and Equipment	78.2	30.1	48.1
12. Other Stock and Equipment	7.0	2.1	4.9
	113.8	32.7	81.1

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.

Maintenance materials and spare parts	12.7
Fuel, lubricants and other sundry stocks	9.2
	<u>21.9</u>

Liabilities

Account 01 - Reserves

Fund for the depreciation of transport stock and equipment	2.7
Bank loans redemption fund	0.2
Redemption fund - unsecured loans	0.2
Capital reserves	9.7
	<hr/>
	12.8

Account 31 - Creditors

Creditors and expenses outstanding	33.9
Tax charges	0.1
Equalisation account : renewal of lines and works	0.6
	<hr/>
	34.6

Account 40 - Financial Debts of Less than One Year Term

Amount due to banks	6.1
Unsecured bank loans	2.0
	<hr/>
	8.1

Profit and Loss Account

Expenses

Account 60 - Staff Costs

Staff costs include :

(a) total payroll costs including contributions to social welfare funds	98.7
(b) contributions to superannuation and pension funds in respect of employees in employment	6.4
	<hr/>
	105.1

Account 61 - Material Supplied and Services Performed by Third Parties

Material	40.9
OIE subsidiary, supplies, etc.	3.0
Services by third parties	15.8
	<u>59.7</u>

Account 62 - Taxes and Dues

Non-deductible VAT	3.0
Import and excise duty payments	1.6
Road tax and licences in respect of road vehicle operations	0.8
	<u>5.4</u>

Account 63 - Allocations for Depreciation

Depreciation	5.5
Movement on Asset Replacement Reserve	4.4
	<u>9.9</u>

Account 65 - Financial Charges

(a) Net financial charges (interest on transport stocks and on repayable State advance for capital expenditure)	4.8
(b) Transfer of rents received	0.1
(c) Redemption fund - unsecured loan for stock and equipment	0.1
	<u>5.0</u>

REVENUE

Account 72 - Other Revenue

This includes revenue from :

(a) other rail and road services	0.5
(b) hotels and catering services	7.8
(c) Rosslare harbour operations	1.3
(d) canal operations	0.1
(e) work for third parties	0.7
(f) rents receivable	0.1
	<hr/>
	10.5

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 17.1

74.1 Regulation (EEC) N° 1192/69

Retirement and pensions 3.3

Level crossings 0.5

3.8

74.2 Regulation (EEC) N° 1107/70

Contribution to infrastructure expenses 2.8

Deficit on the operation of road passenger
transport services in Dublin and in the
provinces 16.7

19.5

74.3 Other Compensation and Aid

Compensation for losses on the Galway - Aran
Islands ferry service 0.1

Profit and Loss Summary

Account 91.3 - Exceptional Losses

This account includes :

Provisions for loss on interest in subsidiary company of OIE	0.26
Provisions for additional losses of subsidiary company of OIE	0.48
	<u>0.74</u>

Note

Re-stated trasposed accounts for 1978

To recognise the effect of changed accounting policies as follows :

- (a) The reporting of Fixed Assets and Depreciation Provision figures has been changed with regard to the treatment of the excess of depreciation based on replacement cost over historical cost depreciation. In prior years the full replacement cost depreciation provision was deducted from the cost of the related assets. From now on the excess of depreciation is shown in Account 03. Only the depreciation calculated on original cost is deducted from the original cost of Fixed Assets.
- (b) The policy followed in accounting for expenditures on Railway Lines and Works which in prior years was debited to Capital Reserves was changed from 1979 onwards with retrospective effect to 1st April 1974. Expenditures on Railway Lines and Works are included in Account 10.

AZIENDA AUTONOMA DELLE FERROVIE
DELLO STATO (FS)

FS - FINANCIAL YEAR 1979

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 797 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 7 352 mrd covered by loans.

Account 07.1 - Loss for the Financial Year

LIT 755 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, changes 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 1 308 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 8 108 mrd in respect of long term debt to cover losses. This is made up as follows :

Debenture loans	1 175
State loans	6 933
	<hr/>
	8 108

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 335 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	1.1
Non-deductible VAT	13.5
VAT not recoverable from users	80.0
	<hr/>
	94.6

Account 63 - 64

The FS does not depreciate its fixed assets, but sets up an annual reserve for their renewal which is entered under account 64.

Account 65 - Financial Charges

The amount of LIT 420 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	275
(b) unprofitable installations	11
(c) ferry services to Sardinia	18
(d) substitute road services	1
Tariff obligations	125
Expenses arising from tariff obligations of a social nature	341
Mail transport	35
	<hr/>
	806

74.1 Regulation N° 1192/69

Expenditure of a social nature (Class II)	11
Superannuation and pensions (Class III)	77
Level crossings (Class IV)	34
Recognition of services to the country (Class X)	24
Conditions in respect of the placing of public tenders (Class XIV)	20
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>204</u>
	416

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 755 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)

CFL - FINANCIAL YEAR 1979

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	1 189	516	673
11. Transport Stock and Equipment	2 629	1 221	1 408
12. Other Stock and Equipment	150	112	38
	3 968	1 849	2 119

There is no depreciation in the case of land.

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 20 - 21 - Stocks

The valuation is based on current prices.

Account 30 - Debtors

Miscellaneous debtors	490
Expenses prepaid	112
Costs for 1980 paid in 1979	320
	<u>922</u>

Account 07.1 - Loss for the Financial Year

The loss is covered by the reserves and does not appear under this item.

LIABILITIES

Account 01 - Reserves

Reserve funds and parts of long and medium-term debts paid off	1 095
Less amount withdrawn to cover the deficit for 1978	- 107
	<u>988</u>

Account 03 - Provisions

Insurance Fund	191
Fund for the recovery of initial expenses	167
	<u>358</u>

Account 05 - Long-Term Financial Debts

Other financial debts are :

Cash advances which can be consolidated	250
Debts to company in which CFL has a shareholding (Eurofima)	116
	<u>366</u>

Account 31 - Creditors

Shareholders	48
Other creditors	600
Customer creditors	2
Income received in advance	75
Costs to be paid	78
	<u>803</u>

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 62 - Taxes and Dues are

Municipal payroll tax,
Municipal trade tax and
Property tax

Account 64 - Allocations to provision accounts

Allocation to Insurance Fund	29
Allocation to Reserve Fund	142
	<u>171</u>

Revenue

Account 74 - Compensation and Aid Received

Regulation (EEC) N° 1191/69 - Passenger traffic	<u>1 629</u>
Regulation (EEC) N° 1192/69 - Family allowances	31
Superannuation and pensions	1 446
Level crossings	15
Lack of normalization in the past	5
Too much collected in 1976	- 69
	<u>1 428</u>
Regulation (EEC) N° 1107/70 - Infrastructure cost	<u>641</u>

Profit and Loss Summary

91.7 Loss for the Financial Year

See the Notes to Balance Sheet Account 07.1.

NEDERLANDSE SPOORWEGEN (NS)

Mio HFL

31.12.1979

at

Undertaking : NS

1979

1978

1979

1978

ASSETS

LONG-TERM ASSETS

Fixed Assets (Net)

10 Land and fixed installations	1 755	3 222	1 581	484	484
11 Transport stock and equipment	746		682	1 964	1 992
12 Other stock and equipment	-		-		105
13 Fixed assets under construction	721		596		84
Other fixed assets		1 505		1 744	24
14 Shareholdings in other undertakings	427		401	245	248
15 Long-term loans	1 078		1 115	44	49
16 Cost of floating loans and loan redemption premiums	-		-	1 455	1 499
17 Miscellaneous fixed assets	-		-		
Sub-total		4 727	4 375	4 818	4 485

CURRENT ASSETS

Stocks					
20 - 21 (In store or being manufactured)	184		168		
Realizable assets		384			
30 Debtors	267		138		
41 Loans repayable within one year	117		244		
42 Bills receivable	-		-		
45 Securities	-		-		
Bank balances and cash		64	51		
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		632	601		
Sub-total		31	-		
Results					
06.1 Losses for previous financial years					
07.1 Loss for the financial year	31		2		
Assets : Total		5 390	4 978	5 390	4 978

LIABILITIES

Capital and reserves

00 Capital	484			484	484
01 Reserves	1 964			1 964	1 992
02 Contribution to investment costs					105
03 Provisions					84
04 Funds for staff					24
05 Long-term financial debts					
- debentures			245		248
- State loans			44		49
- other financial debts			1 455		1 499
Sub-total			4 818		4 485

Current Liabilities

31 Creditors	464			464	364
40 Financial debts of less than one-year term	108			108	129
44 Bills payable					
Sub-total				572	493
Results					
06.0 Profits for previous financial years					
07.0 Profit for the financial year					
Liabilities : Total				5 390	4 978

NS - FINANCIAL YEAR 1979

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 1979.

Account 01 - Reserves

This account contains in particular the following :

General reserve	969
Revaluation reserve	617
Investment reserve	66
Reserve for shareholdings	281

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 provisions for :

maintenance of fixed assets
Reorganization of freight traffic and
Other provisions

It includes provisions for the equal distribution of certain charges and the cover of specific risks.

Account 04 - Funds for Staff

This item consists of a provision for early retirement pensions (a percentage of the total amount of pension contribution is paid into this reserve each year) and pension commitments which are not covered by the

railway's pension fund. The contribution to this fund is included in the pension cost of Account 60. The State also contributes to the railway's 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.

The debts are entered at nominal value.

Foreign currency loans are converted at the latest exchange rate in 1979. The exchange difference is entered in the Account 01.

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

Account 10 - 12 - Fixed Assets

	<u>Grossvalue</u>	<u>Accumulated Depreciation</u>	<u>Net value</u>
10. Land and Installations	3 214	1 459	1 755
11. Transport Stock and Equipment	1 642	896	746

Account 10 - Expenditure on the maintenance of permanent way (except on strengthening) is charged to the operational Account 64.

Account 11 - includes stock and equipment obtained from Eurofina on hire purchase.

Account 12 - Purchases of machinery, tools and service vehicles are in the course of the year (HFL 18 mio).

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	561
Transport stock and equipment	156
Other stock and equipment	4
	<hr/>
	721

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	1 000
(b) financing of new lines	64
(c) loans granted	14

(including HFL 3 mio to a company in which NS has a shareholding)

Account 20 - Stocks

Stocks are valued at the 1 January 1980 price level, less a provision for obsolescence. Any price differences are charged to the Reserve for Revaluation Account 01.

Account 30 - 31 - Debtors and Creditors

These accounts are taken up to nominal value.

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 49.3 mio) and short-term investments (to nominal value).

II. Profit and Loss Account

Account 60 - Staff Costs

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

Remuneration	893
Social charges	503
Other staff costs	21

Account 61 - Material Supplied and Services Performed by Third Parties

This account includes :

(a) supplies from and maintenance by third parties	252
of which for fixed installations	120
for rolling stock	103
(b) the costs of electricity, fuel and communications	168
(c) the costs of automatic data-processing	41

Account 62 - Taxes and Dues

This account includes non-deductible VAT, property tax, environmental taxes and 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

This item contains depreciation on the basis of the purchase price	
(a) depreciation allocation	140
(b) additional depreciation (in goods traffic)	31
(c) expenditure which should not be shown on the assets side	33
(d) book value losses	2
	<hr/>
	206
(e) amortization on premiums WIR	- 4
	<hr/>
	202

Account 64 - Allocations to Provision Accounts

This account covers allocations :

(a) to the provision account for the maintenance of the permanent way	119
(b) for the modification and improvement of rolling stock	3

Account 65 - Financial Charges

The amount of this account is the difference between interest paid

and interest received	- from the State	86
	- from others	

The Profit and Loss Account therefore includes interest amounting to HFL 86 mio by way of financial losses up to 1975. The accumulated loss itself is converted into a claim on the State.

Account 71 - Financial Revenue

This account also includes the corporation tax for 1978 transferred to NS in 1979 by its consolidated subsidiaries; no corporation tax was due from NS in 1978 because of its deficit.

Account 72 - Other Revenue

This account also includes general expenses, direct wages and the indirect cost of materials charged to third parties (HFL 23.5 mio).

Account 74 - Compensation and Aid

74.0. Regulation (EEC) N° 1191/69

Maintenance of passenger traffic	769
----------------------------------	-----

74.1. Regulation (EEC) N° 1192/69

Crossing facilities	43
	<hr/>
	812

Account 91.5. - Balancing Subsidy

(a) State subsidy for freight traffic in 1979 equal to losses calculated on the basis of full costs	124
(b) Adjustment of the Compensation for Public Service Obligations accounts for 1979 and State subsidy for freight traffic in 1979	- 70
	<hr/>
	54

Account 91.1 - operating loss of the year 85

Account 91.5 - Balancing subsidy 54
(Regulation (EEC) N° 1107/70, art. 4)

Account 91.7 - Loss for the financial year 31

which covers allocation for depreciation of fixed assets to be used in the goods transport.

BRITISH RAILWAYS BOARD (BRB)

BRB - FINANCIAL YEAR 1979

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 were transferred to the Capital Reserve account.

2. Leased Assets

Rolling stock, ships and plants and equipment acquired under leasing arrangements are included in fixed assets and amortised in the normal way. This capital element is included under the heading Loans and Leasing Liabilities and reduced by the value of the capital proportion of lease payments; the remainder of the lease payments is charged to the Account 65.

3. Special Replacement Allowance

A sum of UKL 56.7 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	583.4	75.0	508.4
11. Transport Stock and Equipment	1 187.2	628.6	558.6
12. Other Stock and Equipment	155.3	70.7	84.6
	1 925.9	774.3	1 151.6

Account 13

These amounts are included in Accounts 11 and 12.

Account 14 - Shareholdings in Other Companies

The sum of UKL 2.0 mio is the total book value of shareholdings in other undertakings.

Account 15 - Long-Term Loans

Commitments to Staff Pension Funds	925.4
Loans to Railway Finance Ltd.	40.6
Others	4.0
	<u>970.0</u>

Accounts 20 and 21 - Stocks

Stocks in store	209.8
Less provisions accounted for	- 22.9
	<u>186.9</u>

Liabilities

Account 01 - Reserves

Capital reserves	412.5
General reserve	50.1
	<u>462.6</u>

Account 03 - Provisions

General Obsolescence Provision	30.7
Internal Insurance Provision	9.1
	<hr/>
	39.8

Account 04 - Funds for Staff

Debts to Staff Pension Funds	925.3
Savings bank	20.6
	<hr/>
	945.9

The sum of UKL 925.3 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 liabilities to secretary of state	11.0
Creditors and debts outstanding	383.5
	<hr/>
	394.5

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	1 160.8
Employer's liability for :	
- National Insurance	110.8
- Pension fund contributions etc.	98.2
Clothing	7.0
	<hr/>
	1 376.8

Account 61 - Material Supplied and Services Performed by Third Parties

Fuel and power	136.7
Materials, supplies and services	717.3
To be charged to third parties	161.5
	<hr/>
	1 015.5

Account 62 - Taxes and Dues

A standard rate of 15 % is applied to all positively rated railway traffic. VAT is included in the cost of most services performed by third parties and also on the cost of supplies and equipment.

Every three months a settlement of the differences between the VAT collected and that paid. The VAT is dealt with through a suspense account system and is not included in the published accounts.

Account 65 - Financial Charges

Interest payable to Government	36.9
Other interest charges	20.7
Leasing charges	4.2
Other charges	1.1
	<hr/>
	62.9

Revenue

Account 70.0 - Passenger and Luggage Traffic

(a) Rail

Passenger fares	799.4
Station catering	38.5
Train catering	17.9
	<hr/>
	855.8

(b) Road

(c) Other Means of Transport

Ships	96.3
Hovercraft	12.4
	<hr/>
	108.7

Account 70.1 - Goods Traffic

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

Account 72 - Other Revenue

Revenue from :

Railway workshops	31.4
Ports	20.6
Hotels	37.9
Non-operational property	12.3
Operational property - letting	27.5
Transmark	4.5
Miscellaneous	30.0
	<hr/>
	164.2

Account 63 - Contre of costs

Amount recovered in respect of work done for third parties and the cost of work charged to capital account are shown in this account. The corresponding entries for expenses are included within their respective cost headings.

Account 74 - Compensation and Aid

74.0 Compensation for public service obligations	522.5
74.1 Compensations for crossing facilities	12.9
74.2 Reserarch grants	2.7

NORTHERN IRELAND RAILWAYS
COMPANY LTD. (NIR)

Undertaking : MIR at 30.3.1980 000 UKL

	1979		1978	L I A B I L I T I E S		1979		1978
A S S E T S								
<u>LONG-TERM ASSETS</u>								
<u>Fixed Assets (Net)</u>								
10 Land and fixed installations								
11 Transport stock and equipment	13 363	22 097	11 756					100
12 Other stock and equipment	7 667		8 099					3 615
13 Fixed assets under construction	1 067		903					18 306
<u>Other fixed assets</u>	-		-					-
14 Shareholdings in other undertakings	-		-					-
15 Long-term loans	-		-					-
16 Cost of floating loans and loan redemption premiums	-		-					-
17 Miscellaneous fixed assets	-		-					-
Sub-total		22 097	20 758					22 121
<u>CURRENT ASSETS</u>								
Stocks								
20 - 21 (In store or being manufactured)								
<u>Realizable assets</u>								
30 Debtors	2 514		1 780					
41 Loans repayable within one year	-		-					
42 Bills receivable	-		-					
45 Securities	-		-					
<u>Bank balances and cash</u>								
43-46-47-48 Cheques in hand, postal cheque accounts, bank accounts, cash in hand		(1 084)	(189)					
Sub-total		1 823	1 889					1 790
<u>Results</u>								
06.1 Losses for previous financial years	-		-					4
07.1 Loss for the financial year			26					5
Assets : Total		23 920	22 673					23 920
								22 673
								20 904
								1 739
								-
								-
								1 739
								9
								-
								36
								22 673

1.4.1979/
Year 31.3.1980

Undertaking : MIR

000 UKL

I. GENERAL OPERATION

		R E V E N U E		1.4.1979/ 31.3.1980		1.4.1978/ 31.3.1979	
E X P E N S E S		70. Traffic revenue		2 818		2 818	
60. Staff costs	0. Passenger and luggage traffic	4 259	3 546	2 818	2 240		
61. Material supplied and services performed by third parties	a) by rail	2 692	2 138	-	-		
62. Taxes and dues	b) by road	-	-	-	-		
63. Allocations for depreciation	c) by other means of transport	22	22	1 372	1 372		
64. Allocations to provision accounts	1. Goods traffic	628	596				
65. Financial charges	a) by rail	24	2				
	1) full trains and wagon loads						
	- national traffic						
	- international traffic						
	ii) part loads and parcels						
	- national traffic						
	- international traffic						
	b) by road						
	c) other means of transport						
	2. Postal traffic						
	Sub-total						
	71. Financial revenue						
	72. Other revenue						
	73. Contra of costs booked to other accounts						
	74. Compensations and aids received under						
	1. Regulation (EEC) No 1191/69			2 431	1 895		
	2. Regulation (EEC) No 1192/69			53	32		
	3. Regulation (EEC) No 1107/70, Article 3			394	348		
	Sub-total						
Total expenses	Total revenue	7 625	6 304	7 625	6 304		
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	-	-	-	-
91.3. Exceptional losses	-	-	-	-
91.4 Corporation tax	(5)	26	-	-
91.6 Profit for the financial year	5			

NIR - ANNUAL ACCOUNTS CLOSED ON 29 MARCH 1980

Explanatory Notes

Figures are given in thousands of UKL.

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 transferred to the Company on the 1st April 1968 are included as valued on 29 March 1970 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.

Depreciation is charged against reserves (account 64) in respect of all assets others than two items of plant and machinery on which depreciation is charged to profit and loss account 63.

4. Stocks

The basis of valuation is the lower of average cost or estimated realizable value. The stocks include engineering materials and stores of fuel and oil.

5. Corporation Tax

An amount of UKL 5 000 is payable to Group Companies in respect of an over-provision for Group Taxation Relief in the previous year.

Account 64 - Allocation to provision account

Depreciation to reserve account	121
Fixed assets replacement reserve	507
	<hr/>
	628

Account 72 - Other revenue

Surplus on disposal of fixed assets	121
Catering	180
Other receipts	44
On cost	190
	<hr/>
	535

SUMMARY OF THE TRANSPOSED BALANCE SHEETS

(1979)

(in mio, national currency)

	SNCB	DSB	DB	SNCF	CIE	FS (1)	CFL	NS	BRB	NIR (2)
ASSETS										
Long-term assets	83 439	7 795	51 444	65 039	81,1	6 303	3 134	4 727	2 123,6	22 097
- Fixed assets	69 240	7 785	48 851	62 348	81,1	5 977	3 083	3 222	1 151,6	22 097
- Other fixed assets	14 199	10	2 593	2 691	0	326	51	1 505	972,0	-
Current assets	21 361	764	4 455	12 835	41,2	2 569	2 034	632	427,3	1 823
- Stocks	7 695	415	1 038	2 270	21,9	797	528	184	186,9	393
- Realizable assets	12 257	314	2 377	9 874	18,0	874	1 492	384	228,5	2 514
- Bank balance and cash	1 409	35	1 030	691	1,3	898	23	64	11,9	(1 048)
Cumulative results (losses)	4 815	-	8 187	4 830	7,6	8 632	134	31	0,4	-
Total	109 615	8 559	64 076	82 704	129,9	17 504	5 311	5 390	2 551,3	23 920
LIABILITIES										
Capital and reserves	48 697	8 039	29 616	43 783	38,3	4 603	2 946	3 074	1 448,3	22 021
Long-term debts	42 000	-	31 031	21 828	48,9	10 412	1 137	1 744	546,4	100
Current liabilities	18 639	520	3 429	16 985	42,7	2 489	1 228	572	514,6	1 790
Cumulative results (profits)	279	-	-	108	"	-	-	-	42,0	9
Total	109 615	8 859	64 076	82 704	129,9	17 504	5 311	5 390	2 551,3	23 920

(1) in mrd LIT
(2) in 000 UKL

SUMMARY OF THE PROFIT AND LOSS ACCOUNT (1979)

(in mio, national currency)

	SNCB	DSB	DB	SNCF	CIE	FS(1)	CFL	NS	BRB	NIR(2)
REVENUE										
Traffic revenue	22 494	2 342	14 175	22 959	102,2	1 253	1 834	1 117	1 628,3	4 207
- passenger	7 989	1 373	4 486	9 305	73,7	751	232	772	964,5	2 818
- goods	14 045	904	9 331	13 280	27,4	501	1 602	314	622,9	1 372
- postal	460	65	358	374	1,1	1	-	31	40,9	17
Financial revenue	349	6	161	311	-	26	52	124	3,9	5
Other revenue	7 940	386	1 549	2 089	10,5	149	111	75	164,2	535
Contre of costs	10 128	-	4 468	1 463	14,9	508	-	215	231,6	-
Compensation and aids	42 959	1 009	8 083	12 548	56,0	1 705	3 698	866	538,1	2 878
- Regulation 1191/69	19 352	782	3 026	3 804	17,1	806	1 629	769	522,5	2 431
- Regulation 1192/69	13 493	12	3 957	440	3,8	416	1 428	43	12,9	53
- Regulation 1107/70, art. 3	10 114	215	82	3 472	19,5	-	641	-	2,7	-
- Others	-	-	1 018	1 532	0,1	-	-	-	-	394
- Regulation 1107/70, art. 4	-	-	-	3 300	15,5	483	-	54	-	-
Extraordinary items	358	-	42	1 432	-	49	-	-	-	-
Loss of the year	-	-	3 576	-	2,2	1 217	107	31	0,4	-
Total	84 228	3 743	32 054	40 802	185,8	4 907	5 802	2 316	2 566,5	7 625
EXPENSES										
Staff costs	51 651	2 228	18 770	23 306	105,1	2 612	4 561	1 416	1 376,8	4 259
Material + third parties	19 567	993	8 954	10 964	59,7	1 345	459	519	1 015,5	2 692
Taxes	51	-	92	488	5,4	95	55	5	0,1	-
Depreciation and provisions	8 609	187	1 820	3 359	9,9	434	560	335	109,4	650
Financial charges	4 071	335	2 394	2 288	5,0	420	167	413	62,9	24
Extraordinary items	-	-	24	290	0,7	1	-	-	1,8	(5)
Profit of the year	279	-	-	108	-	-	-	-	-	5
Total	84 228	3 743	32 054	40 802	185,8	4 907	5 802	2 316	2 566,5	7 625

(1) mrd LIT

(2) 000 UKL

PART II

1. Factors preventing harmonization and comparability of railway accounts are of two types :
 - organizational/structural differences between undertakings
 - differing accounting norms and practices used by undertakings.

2. The structural impediments are manifest in the considerable differences which exist in the field of State/Railway relationships. Certain railways and their accounting systems are integral parts of the State Administration (Denmark and Italy) whilst others have a cooperate entity distinct from the State (Netherlands, UK, Ireland) and are more subject to the discipline of industrial and commercial practices. The purpose and role of railway undertakings differ from Member State to Member State with consequent implications for the degree of State intervention and financial assistance. There exist major differences in legal and financial structures. Certain railways own their infrastructure - UK, Ireland, Netherlands - whilst others are granted concessions to operate railway services for limited periods on State owned infrastructure - Belgium, France - and are responsible only for maintenance of the infrastructure. Differences exist as to the corporate activities and services provided by railway undertakings. BRB is a multi-modal, multi-activity organization, as is CIE, whilst CFL is simply a provider of transport services.

3. These fundamental differences impede both harmonization of accounting systems (i.e. practices, procedures and methods) and inhibit strict comparisons between transposed accounts presented. It is further considered that Regulation 2830/77 is not a suitable instrument to resolve these differences. This can only be achieved within the context of the wider railway policy pursued and legislative provisions existing or envisaged.

4. The Advisory Committee considered that progress could best be achieved, in the short term, by improving comparability of the accounting material

available. Previous reports and work have provided a sound basis for improving comparability and clarifying the issues to be solved - depreciation principles and methods (See Annexe I), deficit coverage, normalization procedures. The Commission considers that greater comparability can now be attained by improving the explanatory notes to the accounts. To this end the Commission suggested ways and means, generally accepted by the Committee, by which the explanatory notes could be expanded over and above the basic requirements specifically laid down in the regulation.

5. The suggestions can be summarized as :

(a) Comprehension, transparency and comparative analysis of Balance Sheet data will be facilitated by :

- (i) inclusion of details of companies in which railways have a shareholding, with remarks and information on the extent of those shareholdings and loans made;
- (ii) statement showing movements over the year in fixed assets and stocks;
- (iii) statement on sources and application of funds;
- (iv) provision of full details on stock breakdown and valuation methods used.

(b) Understanding, transparency and comparative analysis of Profit and Loss Account will be facilitated by :

- (i) inclusion of detailed breakdowns of staff costs. Clear distinctions should be made between remuneration of staff in active employment, direct pension payments, contributions paid by undertakings on behalf of employees to autonomous pension funds and miscellaneous social charges;
- (ii) details on structure and cost of workforce;
- (iii) breakdown of expenditures in the different definable business sectors (suggested breakdown as per Account 70);

- (iv) detailed breakdown of materials supplied and services performed by third parties (Account 61) and contra of costs booked to other accounts (Account 73);
 - (v) using the provisions of the 4th Directive on Accounting (1) concerning the use of "set-offs" when compiling accounts;
 - (vi) specification of the nature of compensation paid under EEC Regulation No 1191/69 on public service obligations, No 1192/69 on normalization of railway accounts and No 1107/70 on aids to transport.
6. These suggestions, it is maintained, would facilitate the establishment of reliable comparative indicators from which would be removed distorting factors (e.g. direct pension payments, capital support, etc.). It is considered that this approach will also fulfill the mandate for more comparative accounting data layed down in Regulation 2830/77 without ;
- prejudicing the autonomy of railway managements (Art. II of Decision of May 1975);
 - infringing the provisions of the 4th Directive on Accounting which is directly applicable to four of the undertakings;
 - requiring changes in national accounting practices and conventions,
- and respecting the principles of industrial and commercial accounting practice as provided for in Article 7 of the 1975 Decision (2) and indeed the spirit and practice of that Decision and Community railway policy.
7. An Analysis of the Transposed Accounts, in the form of comparative indicators, will in future be contained in the Biennial Report on the economic and financial situation of railway undertakings. However consideration is being given to determine what additional information could be included in this report.

(1) OJ N° L 222 Vol. 21 of 14/8/1978

(2) OJ N° L 152/3 of 12/6/1975