

RESTRUCTURING



In the accounting period, the Cabinet instruction of the 23 January 2001 to the Ministry of Transport of the Republic of Latvia – to proceed with the restructuring of *Latvian Railway* in accordance with the time determined by the government and in compliance with the requirements of the Commercial Law – was consistently followed. The Restructuring Action Programme for 2000 – 2003 providing for the establishment of a holding company on the basis of *Latvian Railway* is being gradually implemented. The establishment of the holding company is aimed at increasing efficiency of the railway activity by providing safe and profitable passenger services and freight shipments.

In accordance with the decision taken by the *Latvian Railway* Board, the following structural units were established last year on the basis of the Rolling Stock Department and Riga Wagon Depot: Locomotive Repair Centre *Lokomotīvu serviss*, Wagon Repair Centre *Vagonu serviss* and Traction Rolling Stock Repair Centre *Zasulauks*. These structural units have started independent economic activity and are now undergoing the process of stabilisation in order to perform the functions of a subsidiary enterprise to the holding company in the near future.

On 3 September 2001, the *Latvian Railway* Board made a decision to stop the activity of the passenger service enterprises *Elektrovilciens* (Electric Train) and *Dīzeļvilciens* (Diesel Train). The first subsidiary enterprise – Joint Stock Company *Pasažieru vilciens* (Passenger Train) was established for the provision of domestic

passenger services. As a result, the requirement of the EU Directive 2001/12/ES on the separation of balance sheets and profit and loss statements with regard to the endowed passenger services was complied with. The newly established company started its operation on 2 November 2001.

On 20 December 2001, the *Latvian Railway* Board confirmed the following main tasks to be fulfilled in 2002, in accordance with the Restructuring Action Programme:

- to establish subsidiary to the holding company on the basis of the Traction Rolling Stock Repair Centre *Zasulauks*;
- to transform the Locomotive Repair Centre and the Wagon Repair Centre into subsidiaries to the holding company, reforming the activity of the fuel warehouse and the locomotive equipment centre;
- to establish a subsidiary enterprise for the provision of inter-state passenger services;
- to establish subsidiary to the holding company on the basis of the rail repair enterprises;
- to reform the activity of the Material and Technical Resources Department and the Information Technology Centre;
- to establish a structural unit responsible for the provision of telecommunication services;
- to reform the activity of the Security Unit;
- to transform the Training Centre into a structural unit of *Latvian Railway*;
- to reform the activity of the Freight Shipment Department;
- to restructure *Latvian Railway* into a holding company and as the manager of infrastructure, at the same time changing the structure of the Central Administration, as well as reforming the activity of the Infrastructure Department and the Real Estate Department by optimising their structure and functions aimed at increasing their efficiency.