



Annual Report 2014

Our Business Story

Bord na Móna was initially established to develop Ireland's peat resources for the economic benefit of the State. Today the company operates a diversified portfolio across five main business areas serving markets in Ireland as well as Britain, mainland Europe and North America. These business activities are based on both peat and non-peat products and services and principally cover the power, resource recovery, horticulture, home heating and air and water treatment sectors.

Turnover

€215m **50%**

Peat from the company's 80,000 hectares of peatlands continues to be the main feedstock for the powergen and horticultural growing media sectors, as well as for the manufacture of peat briquettes. A relatively small amount is also used as a biofiltration medium in the clean air and clean water businesses.

Peat Based Businesses



**Peat
Briquettes**

Did you know?

1,000 ha Raised bogs restored by Bord na Móna between 2009 and 2014



**Growing
Media Peat**

Did you know?

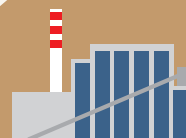
8% of electricity in Ireland is from Peat supplied by Bord na Móna



**Feedstock
Peat**



**Peat
Biofilters**



**Powergen
Peat**

Did you know?

The amount of green energy from our wind farms will supply one in every 25 households in Ireland by 2015



Convenience Products



Residential Coal



Composted Greenwaste



Resource Recovery



Powergen Peaking Plant



Water and Wastewater



Feedstock Biomass



Powergen Wind



Air & Odour Abatement

Did you know?

47% Municipal solid waste diverted from landfill

Did you know?

8,500 Homes that can be powered from Drehid landfill gas utilisation plant

Non-peat Based Businesses

Turnover

€212m **50%**

Bord na Móna has been progressively diversifying away from its traditional peat-based business and now trades in coal and composted biowaste, collects and processes municipal and commercial waste arisings, provides clean air and clean water treatment products and generates electricity from biomass, wind and distillate oil.

Our Vision

**A contract
with nature**

Our Mission

Bord na Móna will continue to fully utilise its peatland resources to create value in order to develop a portfolio of sustainable infrastructure in Ireland, to support customers' requirements for renewable energy, water and resource recovery, whilst driving profitability and shareholder return.

We can achieve this because of our strategic land bank, reputation, development expertise and strategic partnerships.

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Our Values

Resourceful

We live in an ever-evolving landscape. We feel that knowing when it is time to innovate and when it is time to consolidate is a core skill. We believe in adopting a curious mind and encouraging our team to explore all possibilities in our search for more efficient solutions. We believe nothing should be overlooked or wasted.

Engaging

We believe in our people. We believe in a 'one team' ethos driving our business forward. One team of experts, speaking in consistent voice and opening up dialogues with customers and communities on many different levels.

Respectful

We are proud of our past. Experience has taught us that only through a greater understanding of our natural resources can we seek to offer more sustainable solutions to all who engage with us. We listen to planet and people, in equal measure, for it is through a common appreciation of what is desired and what is possible that we will achieve real progress.

Group Performance Indicators

Financial Summary

	% Change	2014 €'000	2013 €'000	inc/(dec) €'000
Turnover	0.2%	426,798	426,120	678
EBITDA	48.4%	90,865	61,244	29,621
Operating profit	113.8%	50,255	23,508	26,747
Profit before tax	218.5%	39,914	12,532	27,382
Net profit after tax	263.0%	33,510	9,232	24,278
Shareholders' funds	22.6%	212,903	173,672	39,231
Net debt	323.9%	(72,207)	(17,035)	55,172

Ratios

	2014	2013
EBITDA/turnover	21.3%	14.4%
Gross return on net capital employed	17.8%	8.4%
Debt/Equity	33.9%	9.8%
EBITDA/interest cover (times)	7.1	6.2
Current ratio (times)	1.3	1.4

	2014	2015
Payroll costs €'000 (gross of employer's pension costs)	113,908	101,747
Payroll costs €'000 (net of employer's pension costs)	110,356	97,018
Numbers employed at peak	2,401	2,386
Average employment numbers	2,061	2,044

Turnover by Business

	2014 €'million	2013 €'million
Powergen	77.2	76.1
Feedstock	78.2	75.3
Resource Recovery	80.3	71.6
Consumer & Professional	177.3	189.3
Anua Environmental and other	13.8	13.8

Chairman's Statement

Meeting the Challenge

I am pleased to present the annual report of Bord na Móna plc in what has been a record breaking year for the company.

I am particularly pleased to report a very strong financial performance for the year. It was a significant trading performance by the Group with a number of record achievements, Turnover increased to €426.8 million, Operating profit to €50.3 million, Profit before tax to €39.9 million and Profit after tax to €33.5 million for 2014.

The financial results showed turnover at €426.8 million for 2014, an increase of €0.7 million on 2013. Sales revenue was up in the Feedstock, Powergen, Resource Recovery and Anua businesses because of increased demand for our products and services. The supply of milled peat by Feedstock increased on the previous year due to increased demand from the ESB and our briquette factories. The Powergen business delivered a steady performance over the course of the year although impacted by an extended scheduled overhaul at the Edenderry power plant. The Resource Recovery business had

the strongest growth in comparison to the prior year, with increased tonnage intake at the recycling and processing facilities and the commencement of the commercial operation of electricity generation using recovered gases from the engineered landfill at Drehid. This will generate enough electricity to power 8,500 homes on an annual basis. The residential and commercial sectors of the collection business experienced significant growth with waste volumes up 8% on the prior year. Sales of odour control units in the Anua business also delivered significant growth on the prior year with the delivery of two large contracts in England.

In the Consumer and Professional business (which comprises fuels and horticulture), sales of fuels products were lower than the prior year because of the short and relatively mild winter season, with residential fuels sales volumes down 12%. The Consumer and Professional horticulture range of

The Group recorded an operating profit of €50.3 million and a profit before taxation of €39.9 million, both records for the Group.

products experienced a 3% growth in volume demand, a favourable sales mix and reduced logistic costs.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for 2014 at €90.9 million, were up €29.6 million on the prior year. In 2013, the Group incurred an exceptional charge of €23.3 million (pre tax) in respect of the poor harvest out-turn. In the current financial year 2014, the Group achieved a very successful harvest with a final yield of 6.6 million tonnes, 2.7 million tonnes up on the target for the year and 5.2 million tonnes up on the prior year. The 2013 shortfall of 2.4 million tonnes was fully recovered and there are sufficient stocks of milled peat at year end to meet anticipated near-term customer demand.

The Group recorded an operating profit of €50.3 million and a profit before taxation of €39.9 million, both records for the Group. The operating profit was up 114% on 2013, driven in particular, by the improved peat harvest of 6.6 million tonnes in 2014 and the improved trading performance of the Resource Recovery business. A number of initiatives were implemented in the Resource Recovery business to improve operating efficiency. As a result, the costs of disposal of waste intake, collection and support services were all reduced in comparison to the prior year.

The profit after tax in 2014 at €33.5 million compares with a profit after tax of €9.2 million in 2013.

Notwithstanding the strong performance in 2014, changes in regulations, especially carbon tax regulations and the current economic environment continue to present difficult challenges to the Group's businesses. The level of competition continues to increase across all of Bord na Móna's activities making it essential to maximise efficiencies and control costs to enable the Group to continue to prosper and deliver an appropriate return to shareholders. We are therefore implementing a wide ranging programme of business transformation initiatives, including both cost reduction programmes and initiatives to expand other non-peat related business areas.



These strategies will require investment of some €50 million, over a three year period and will, when delivered, improve the sustainability of the Group in the future.

In view of the ongoing significant challenges faced by our businesses, the Board has decided that general increases in basic pay rates for employees would be inappropriate.

In the year 2014, the Group continued to focus on implementing its strategic growth and development initiatives across all of its business areas. A number of the key significant steps underway or recently completed include:

- construction of two major wind farms; 84 MW at Mount Lucas, Co. Offaly with an expected commercial operation date in August 2014, and 42 MW at Bruckana on the borders of Laois, Tipperary and Kilkenny, with an expected commercial operation date in October 2014, involving an investment of some €174 million;
- progressing a joint venture with ESB to deliver our 172 MW wind farm project at Oweninny, Co. Mayo, in two phases;
- applying for amended planning approval for the wind energy projects at Oweninny, reflecting recent advances in turbine technology;

- continued growth in our programme to use biomass to generate electricity with 239,000 tonnes of mixed biomass consumed in the year, a co-firing rate of 25%;
- commissioning in October 2013 an electricity generation plant to harness the gas produced by our engineered landfill at Drehid, Co. Kildare, generating 5 MW in renewable electricity;
- obtaining approval to continue to process annually up to 360,000 tonnes of material at the Drehid Recycling facility until December 2015;
- obtaining planning approval from Offaly County Council and An Bord Pleanála for the continued operation of our power plant at Edenderry, County Offaly until 2023. This permission is currently the subject of judicial review proceedings;
- disposal of the Sutton's Oil business which the Board determined was not consistent with the future strategy of the Group;
- construction of a significant upgrade to the environmental and cultural experience for visitors to our flagship site at Lough Boora Discovery Park, and
- continued participation with stakeholders in the annual review of Bord na Móna's Biodiversity Action Plan 2010-2015, once again delivering good progress on various projects and activities to enhance biodiversity on the Company's peatlands.

Chairman's Statement continued



In addition, the Group is continuing to evaluate the potential of its land bank for further renewable energy projects to serve the Irish market in line with Government policy. In this context the Group, over the past two years, actively engaged in a potential project for the export of renewable energy, to the United Kingdom, from large scale wind farms, to be located on the Company's land in the Midlands. Progression of this project beyond the conceptual stage was dependant on an Inter-Governmental Agreement being entered into between the Irish and British Governments. Over the last few months, it became clear that such an agreement was unlikely to be concluded, at least in the near-term. As a result, the Group has suspended further work on the project. Nevertheless, the Group is continuing to focus on the development of further wind farm projects which will help fulfil Ireland's medium term needs for renewable energy.

The Group participated with NewERA and Coillte in the assessment of the potential for closer co-operation between the two companies. Bord na Móna welcomes the Government's decision to establish a joint venture between Bord na Móna and Coillte. The venture arrangement between the two companies will focus on identified areas of synergy, biomass supply, wind energy, consolidation of central support services and recreation and tourism which have the potential to capture efficiency gains and

policy benefits for both companies. Bord na Móna will continue to concentrate on its core business.

The Group paid a dividend of €5.3 million during the year, of which €5.0 million was paid to the State and €0.3 million was paid to the Employee Share Ownership Plan (ESOP).

The situation regarding the substantial deficit in the General Employee Superannuation Scheme (a defined benefit pension scheme), continues to be a matter of concern to the Board. During the year efforts continued through engagement with the scheme's trustees with a view to developing a funding proposal, which balance, in an equitable manner, the interests of the Group, the employees and the pensioners. A resolution to this difficult issue has yet to be achieved, despite significant continuing engagement between the relevant parties.

The Board continues to focus on corporate governance, based on best practice, emerging regulation and trends. Developments during the year included the further implementation of a comprehensive process for considering and reporting on the risks faced by the Group. The Board assesses all significant investments using rigorous methodologies to ensure we meet our responsibility to safeguard the Company's assets while at the same time pursuing economically attractive opportunities. The Board is satisfied that the Group has

an appropriate and responsive system of internal controls to mitigate significant risks, keep exposures at an acceptable level and ensure that Bord na Móna continues its effective approach to corporate governance. The Board agreed a process to evaluate its own performance and this is now being implemented.

In line with our approach to strategy development, the Board reviewed the Group's strategy during the year. We are confident that the strategy of implementing our transformation programme and building on our many core strengths will ensure a successful and vibrant future for the Group and enhance the interests of all our stakeholders. The Group continues to show that we can successfully overcome the challenges we face and deliver sustainable returns.

Bord na Móna is taking an increasingly significant role in Ireland's sustainable future with environmentally friendly policies in energy, water, resource recovery, land use and enhancement of biodiversity.

The Board's role is to provide the environment and resources which will enable the achievement of the strategy thereby delivering excellent returns to shareholders. I am happy to confirm that the Directors are fully committed to fulfilling this role.

I would like to thank my Board colleagues for their commitment and support during the year. I would like to particularly acknowledge the contribution made by Paddy Fox who retired as a Director during the year. Paddy served on the Board for over fifteen years following his election under the Worker Participation Acts in 1999 and contributed significantly to the progress made by Bord na Móna in that period. I welcome his successor, Paschal Maher to the Board. Mr David Taylor also stood down in June 2014 having served as a Director since 2009. I note also David's valuable contributions to Bord na Móna during his term. Mr Denis Leonard and Mr John Farrelly were appointed to the Board on June 2014.

I would like to thank the Minister for Communications, Energy and Natural Resources, Mr Pat Rabbitte T.D. for his ongoing support for Bord na Móna.

I also express my appreciation to Mr Mark Griffin, Secretary General of the Department, Mr Ken Spratt, Assistant Secretary General and the other officers of the Department for their interest and advice.

During the year, the Company interacted on a regular basis on governance matters with the NewERA Division of the National Treasury Management Agency (NTMA) and the Department of Public Expenditure and Reform. I would like to thank Mr John Corrigan of NTMA and Ms Eileen Fitzpatrick and her colleagues in NewERA and the various officials in the Department for their support during the year.

I would also like to take this opportunity to express my sincere thanks to Mr Gabriel D'Arcy, the Group's Managing Director, and to the management team he leads. I thank all our employees for their dedication and hard work in delivering another year of progress for the Group, despite the challenges which emerged.

John Horgan
Chairman

26 June 2014

Bord na Móna is taking an increasingly significant role in Ireland's sustainable future with environmentally friendly policies in energy, water, resource recovery, land use and enhancement of biodiversity.



Managing Director's Review

2014 was a year of records for Bord na Móna including – turnover of €426.8 million, EBITDA of €90.9 million, and operating profit of €50.3 million. The Resource Recovery, Feedstock and Powergen businesses had particularly strong performances with Consumer and Professional and Anua close to target for the year. Given the backdrop of continued slow economic recovery, the outturn has been a significant achievement by the Group and underpins the diversification strategy adopted by the Board in recent years.



We have delivered on a number of key projects in the last year:

- construction of the Mount Lucas and Bruckana wind farms has progressed, on schedule, with commercial operation of both wind farms expected within the next few months;
- continuing progress on the joint venture with ESB for Ireland's largest on-shore wind farm at Oweninny, Co. Mayo;
- increasing the biomass feedstock in Edenderry Power Plant to a co-firing rate of 25%;
- construction and operation of a Landfill Gas Plant at Drehid;
- development and testing of a range of sustainable smokeless fuel products, and
- the introduction of new work practices and efficiencies across the organisation to ensure our future competitiveness.

Powergen – 2014 was a year of fundamental change for Bord na Móna Powergen and our renewable energy portfolio with the commencement of wind farm construction at the Mount Lucas and Bruckana sites, both of which will be operational in fiscal 2015. Additionally, Oweninny Power Ltd (a BnM/ESB joint venture) is on schedule to develop, by 2017, the first 89MW phase of a large scale wind farm in Co. Mayo. The peat/biomass power station at Edenderry had a strong operating performance and the highest yet co-firing rate at 25% biomass. Our combined renewable energy (RES-E) production has now increased to 26% of our portfolio. We remain focused and committed to further reducing carbon intensity and thereby contributing to the renewable targets set under the National Renewable Energy Action Plan.

Feedstock – The 2014 peat harvest was the fourth highest recorded in the Group's history and was timely following

the exceptionally poor harvest of 2013. This has restored peat stocks to levels that will assure continuity of supply to customers in the current year. We remain reliant on favourable weather conditions to continue this trend. The challenge of competitiveness is ever present in all our businesses and our feedstock unit is very active in a number of transformational projects in areas including asset management, production, transport and administration with the objective of sustaining the long-term competitiveness of the business. The key market drivers behind these business model changes include the scheduled ending of the Public Service Obligation framework for the Edenderry Power and the ESB peat stations in 2015 and 2019 respectively, regulatory implications of the carbon emissions from peat, the impact of carbon tax on briquette sales and peat dilution in growing media.

Resource Recovery – since Bord na Móna entered the waste market we have stated our commitment to higher order treatment solutions. A trend in the past year has been the significant increase in the volume of untreated and low grade refuse derived fuel (RDF) waste being exported by our competitors, driven by the increase in landfill levies. A sustainable indigenous waste industry requires investment in new technology solutions. Having received both planning and licensing permission for a 250,000 tonnes Mechanical Biological Treatment (MBT) unit at our site in Drehid, we are well positioned to capitalise on this opportunity.

The business made significant progress in 2014 after a number of difficult years. The market has demonstrated relative stability during the period and our focus on efficiency improvements coupled with increased value from processing activities has resulted in a much improved operating performance.

Consumer & Professional – it was a challenging year for our Consumer & Professional business due to the adverse impact of carbon tax on the demand for solid fuel products, the mild weather during the peak home heating season and restricted peat stocks for the bulk growing media market in the first quarter of the financial year. Achieving turnover of €177.3 million against this backdrop was a satisfactory outcome. The key strategic focus for the business is sustainable product innovation to counter carbon tax increases, the likely introduction of a nationwide smokeless ban on bituminous coal and peat dilution challenges. A number of key projects were advanced during the year to ensure that Bord na Móna will maintain a leadership position in these markets. New international markets are emerging for our professional grade growing media and this will provide additional future growth opportunities.



Anua-Environmental – Anua also encountered another challenging year across all territories as the construction sector continued to seek recovery from the recession. The focus has been on adapting the business model and cost structure to consolidate performance during this period and this resulted in a modestly improved performance for the year. Our clean air technology has benefited from an up-lift in the utility sector in the UK and further recovery is anticipated in the coming year.

Land & Property – The strategic focus of our land and property business is to generate commercial, environmental and social value for the benefit of the Group and the communities we serve. A key input to our decision making is the Bord na Móna 'Strategic Framework for the Future Use of Peatlands.' This is a collaborative document developed in consultation with a number of key stakeholders and informs our approach to our land bank, including rehabilitation plans which are submitted to the Environmental Protection Agency. Our specialist team of ecologists continue their excellent work in the execution of our biodiversity plans as we recreate natural habitats for local and international tourists to enjoy.

Great credit goes to the Feedstock management and staff in preparing and reconfiguring our production areas to achieve over 6.6 million tonnes of production.

Managing Director's Review continued

Operational and Financial Review

A summary of the key Group financial results for the past three years is as follows:

	2014	2013	2012
	€'000	€'000	€'000
Turnover	426,798	426,120	383,826
% change	+0.2	+11.0	+0.5
EBITDA	90,865	61,244	61,146
% change	+48.4	+0.2	-15.9
Profit/(loss) before tax	39,914	12,532	(12,742)
% change	+218.5	+198.4	-176.2
Shareholders' funds	212,903	173,672	181,321
% change	+22.6	-4.2	-21.6

Turnover increased by €0.7 million and €42.3 million in comparison to 2013 and 2012 respectively. The Suttons Oil business was disposed of in January 2014 and in comparison to the prior year reduced the turnover of the Group by €7.9 million. There was reduced sales activity in the home heating sector with briquette and coal sale tonnages down 12% and 10% respectively on 2013 due to the short and mild winter season. Large volumes of private turf and the impact of the introduction of carbon tax on 1 May 2013 also adversely impacted the demand for heating products. Growing media sales into mainland Europe increased on the prior year, when shortages of professional peat following the peat harvest shortfall in the summer of 2012 restricted sales for a period of time. Retail growing media sales in Ireland and the UK were also increased on the prior year reflecting favourable weather during the growing season.

The Feedstock business reduced the sale of milled peat in the year with restricted supplies to the power stations in the first quarter, due to the low opening peat stocks position in April 2013 and an extended scheduled outage at Edenderry power in the summer of 2013. However, sales to the briquette factories were significantly up on the prior year.

Electricity sales in the power-generation business were lower than the previous year due to the extended summer outage, which was required to successfully address

an issue with the turbine. Biomass supplies to the Edenderry power station increased to 239,000 tonnes, a 7% increase on the prior year.

Resource Recovery increased their inbound tonnage intake from commercial customers by 9% and end treatment sales to the Drehid facility increased by 20% on the prior year. The landfill gas electricity generation units were commissioned at Drehid during the year and the gas recovery from the engineered landfill will power 8,500 residential homes on an annual basis.

EBITDA at €90.9 million was €29.6 million up on 2013 reflecting:

- the exceptional costs incurred in 2013 due to the restricted weather related peat harvest with an out-turn of 1.4 million tonnes;
- an out-turn of 6.6 million tonnes of peat harvested in 2014, a surplus of 2.7 million tonnes over the target and full recovery on the shortfall of 2.4 million tonnes in 2013;
- improved gross margins on the waste collection business following the successful implementation of a number of cost reduction initiatives;
- increased inbound tonnage to the Drehid landfill facility, the composting facility and the generation of electricity on recovered gases from the engineered landfill, and
- additional expenditure of €2.0 million on the feasibility of the construction of wind-farms for the exporting of renewable energy.

Profit before tax of €39.9 million was €27.4 million up on 2013 reflecting the enhanced earnings in the Resource Recovery business, the improved peat quality and availability from the 2014 harvest. The prior year included the exceptional costs of €23.3 million (pre-tax) in relation to the harvest shortfall in 2013. The profit before tax for 2013 of €12.5 million was €25.3 million up on 2012, but the financial year 2012 included an impairment charge of €23.7 million on tangible and intangible assets.

Shareholders' funds have increased by €39.2 million in the period, reversing the trend of recent years, mainly as a result of retained earnings of €28.2 million for the year and a decrease of €11.0 million (after tax) in the pension deficits on the defined benefit schemes. The key contributing factor to the decreased pension deficit is the increased return on the scheme assets during the year. The discount rate at 3% remains unchanged from 2013 to 2014.

Funds from Operating Activities

The Group had an operational cash flow of €47.5 million compared to €108.5 million in the prior year. This was driven, in particular, by the significant rebuild in stock levels to compensate for the poor harvest experienced in the prior year. In the prior year the investment in stocks reduced by €40.4 million but in the current year the Group increased investment by €36.7 million, a swing of €77.1 million over the two years. The improved operating profit of €26.7 million in 2014 in comparison to 2013 is the other key contributor to the cash flow variance.

The Group had a net cash outflow of €55.0 million before financing, after an investment in capital expenditure of €86.3 million and dividend payments of €5.3 million which lead to a reduction in cash of €105.9 million on 2013. Net debt increased from €17.0 million at the start of the year to a closing net debt of €72.2 million an increase of €55.2 million. The Group had a closing cash balance of €173.3 million which will fund committed capital expenditure in the Powergen business.

At year end, the Group had net debt of €72.2 million, an increase of €55.2 million in the year – attributable to the level of capital expenditure on the two wind farms which were under construction at year end. The detailed cash flow statement is given on page 53 supported by Note 20 to the Financial Statements on page 69.

Investment for the future

Capital Expenditure and Financial Investment for 2014 amounted to €86.3 million (€41.8 million in 2013). The capital investment programme undertaken during the year included the completion of the sub stations, turbine foundations and roadways on wind farms at Mount Lucas, Co. Offaly and Bruckana on the borders of counties Kilkenny, Laois and Tipperary. The erection of a number of wind turbines has been completed at Mount Lucas, whereas at Bruckana, in accordance with the project schedule, turbine erection has yet to commence. Other key items of expenditure were the production plant for peat harvesting, transport equipment, the construction of the landfill gas generation units and upgrades at the two briquette factories.

Research and Development: During 2014 Bord na Móna spent €4 million on research and development including business development, exclusive of grants (compared with €4 million in 2013). Nine people are directly employed in the Innovation Centre with a further fifteen innovation staff embedded in the operational businesses of the Group.

	2014 €'million	2013 €'million
Net cash flow from operating activities	47.5	108.5
Capital expenditure and investments	(86.3)	(41.8)
Financing costs paid	(10.0)	(11.1)
Disposal of a subsidiary	2.9	0.0
Corporation tax paid	(3.8)	(2.1)
Dividend paid	(5.3)	(2.5)
(Decrease)/increase in net cash	(55.0)	50.8
Non cash movement	(0.2)	(1.1)
Increase/(decrease) in net debt	55.2	(49.7)

Capital Structure and Treasury Policy

The Treasury Policy for the Group is reviewed by the Board on an annual basis. This policy is implemented and monitored by the Group Treasury function. The Treasury policy aims to minimise overall Group funding costs, maintain flexibility in volatile markets, subject to acceptable levels of treasury and counterparty risk.

The overall objective of the Treasury function in managing foreign exchange risk is to contribute to the achievement of the Group financial objective of stable Euro operating profit growth in a risk adverse and cost effective manner and to use natural hedges across the Group wherever possible. Exposures in relation to foreign investments are hedged as far as possible by borrowings in the same currency as the underlying net assets.

The Treasury policy permits derivative instruments to be used to mitigate financial risks and derivatives are executed in compliance with the specification of the Minister for Finance issued pursuant to the 'Financial Transactions of Certain Companies and Other Bodies Act 1992'.

The Group's overall debt position is primarily fixed through swaps. Net borrowings in the current financial year reached a peak of €78 million in December 2013, compared with a peak in the previous year of €80 million. Bank interest and similar charges at €10.3 million was in line with the previous year with, increased capitalised interest offsetting lower interest receivable in 2014.

At year end, the Group had \$330 million (€243.8 million) fixed rate debt raised on the US private placement debt market. In order to hedge the associated US dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of this debt.

The maturity profile of debt at the financial year end was as follows, 17% repayable in the financial year 2015, 26% repayable in 2017, 13% repayable in 2018, 21% repayable in 2019 and 23% repayable in 2020.

Gearing was 34% at year end compared to 9% at the start of the year reflecting the investment in capital expenditure and increased stocks during the year. The gearing ratio will increase in 2015 with further investment in wind farms.

Managing Director's Review continued

Business Review - Powergen

The Bord na Móna Powergen business manages and operates a portfolio of thermal and renewable assets consisting of the Edenderry peat/biomass generating unit, the Cushaling peaking plant, the Bellacorrick and Mount Lucas wind farms, and the Drehid landfill gas plant. The most recent addition to the portfolio has been the Mount Lucas wind farm (84 MW) which is nearing completion and is expected to be an operational asset by quarter two of fiscal 2015. Construction of the wind turbines at the Bruckana wind farm (42 MW) site is underway with commercial operation of the wind farm scheduled for quarter three of fiscal 2015.

Powergen's strategy is focussed on sustainable business growth through the phased development of a diversified portfolio of generating assets. This will be achieved by leveraging Bord na Móna's land assets, project development skills and operation and maintenance capabilities. Powergen will be a leading low carbon electricity generator, with a portfolio including wind, biomass, biogas and other renewable assets supported by a flexible thermal plant.

Achievements

Operations

Having completed a major steam turbine overhaul, the Edenderry station has seen improved operational efficiency and improved availability with fuel quality being a major contributory factor as a result of the excellent peat harvest in 2014. Biomass co-firing rate for the financial year increased from 22% to 25%, and renewable electricity (RES-E) production increased from 23% to 26%.

The Edenderry station demonstrated high reliability, with a forced outage rate of only 0.41% during 2014. The 116 MW Cushaling Power peaking plant had an annual availability of 99.9%, and the Bellacorrick wind farm also continued to perform well.

The operation of the Drehid landfill gas unit and the Mount Lucas wind farm have been successfully integrated into Powergen's Operations & Maintenance activities.

Progressing Development Projects

Powergen is at an advanced stage of completion of the construction of the Mount Lucas wind farm, including completion of the turbine bases and hard stands, commissioning of the substation, erection of the majority of the turbines and completion of the necessary performance testing. The business also completed all civil works on the Bruckana wind farm site, commissioned both the 38kV and 110 kV





substations and built the 38 kV line to take power from the farm to the grid.

Oweninny Power Ltd., the Bord na Móna/ESB joint venture, which is developing the first 172 MW of a large-scale wind farm at Oweninny, Co. Mayo, progressed as planned. Eirgrid confirmed that the existing 110 kV infrastructure can accommodate an initial circa 89 MW of the project on a firm connection basis.

Challenges

Operations

Powergen's major operational challenge is the optimisation of its existing generation asset base, in a changing market and an evolving regulatory environment, so as to preserve the useful asset life of generating assets, while maximising output and economic returns.

Development Agenda

As a result of Powergen's development agenda, the Mount Lucas and Bruckana wind farms need to be completed and commissioned as scheduled; additional fuel handling equipment at Edenderry Power Plant will be installed, in order to increase the biomass co-firing rate; agreement needs to be reached with the Department of Communications, Energy & Natural Resources (DCENR) on the terms and conditions for participating in the REFIT 3 for renewable electricity generation from biomass technologies and the revised planning consent for the Oweninny wind farm needs to be awarded.

Bord na Móna & Better Energy

As a result of Bord na Móna's work under the Voluntary Agreement, we completed and exceeded our energy efficiency targets for the period 2011 – 2013. This work was achieved through a number of domestic retrofit programmes, as well as being involved in the delivery of energy efficiency projects in both the industrial and commercial sectors.

Commitments

Development

Powergen remains fully committed to reducing the carbon intensity of the electricity generated from its portfolio in order to meet both national climate change obligations and also the renewable targets set under the National Renewable Energy Action Plan (NREAP).

Wind Projects

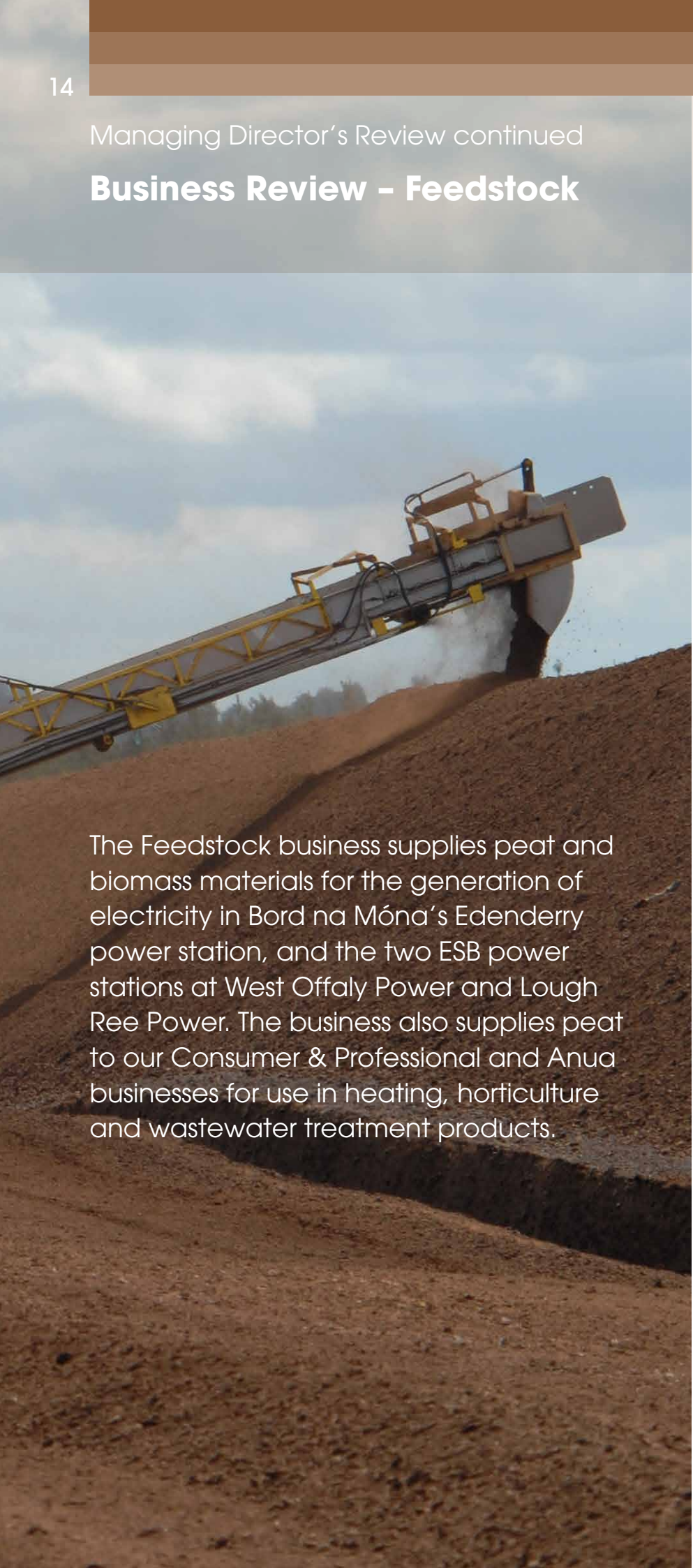
On completion of the 84 MW Mount Lucas wind farm, focus will turn to the completion and successful commissioning of the 42 MW Bruckana wind farm, which is expected to be in operation by quarter three fiscal 2015. Powergen is also committed to the joint development of the first phase of the Oweninny wind farm with the ESB and the turbine procurement process is underway.

Market Opportunities

Powergen will continue to assess the suitability of Bord na Móna's cutaway peatland assets for the development of wind farms, which can contribute to an expanding portfolio of renewable assets and the achievement of both National and European targets. Furthermore, Powergen will monitor and assess the requirement for additional thermal assets which can contribute to system flexibility and security as the proportion of intermittent renewable generation on the Irish electricity system increases.



Business Review – Feedstock



The Feedstock business supplies peat and biomass materials for the generation of electricity in Bord na Móna's Edenderry power station, and the two ESB power stations at West Offaly Power and Lough Ree Power. The business also supplies peat to our Consumer & Professional and Anua businesses for use in heating, horticulture and wastewater treatment products.

Achievements

Peat Production and Supply

Feedstock management implemented several measures to ensure the maximum production potential in advance of the fiscal 2014 peat harvest season. The area available for production was increased and existing peatland areas were reconfigured to maximise peat production and stock pile sizing. The business also invested in additional infrastructure and equipment. These measures, combined with the huge efforts of management and staff enabled the business to take full advantage of excellent and prolonged summer weather conditions. A harvest of 6.6 million tonnes (167% of target) of peat was achieved.

Volunteer Fire Watch

This year, a volunteer fire watch system was introduced involving employees from all areas within Bord na Móna. It was designed to detect, at an early stage, fires adjacent to production bogs, which seriously threaten peat production and peat stocks. This consisted of employees on patrol, outside normal working hours, adjacent to our bogs during periods of high fire risk. Fires detected at an early stage are easier to manage and control. Thankfully no serious fires were encountered during the year.

Feedstock Quality Management System

Feedstock has successfully introduced a quality management system that standardises and optimises all activities that contribute to peat quality and customer supply. This includes bog drainage and maintenance operations, production activities, peat scheduling, stock sampling and protection, peat delivery and customer feedback. It is planned to progress the system to achieve ISO 2060 accreditation.

Feedstock
BiomassFeedstock
Peat

Business Transformation

As part of the planned business transformation process to ensure a successful and sustainable future for both business and employment, Feedstock continued the Asset Management Restructuring project resulting in cost reduction and the de-manning of workshops leading to the roll-out of mobile units. The outline programme for restructuring of production, transport and administration operations was finalised, defining timelines and cost reduction targets. The implementation of this programme commenced in the current financial year.

Biomass Procurement

Biomass procurement and supply to Edenderry Power Ltd. was a record 239,000 energy tonnes. As a result, Powergen achieved a co-firing rate of 25%. Additional biomass products were sourced and tested and strategic alliances with international suppliers were established. Progress was made in the purchase and drying of pulpwood logs which have future potential for increased biomass supply.

Energy Management

As part of Feedstock's efforts to reduce its energy footprint, Mountdillon Works achieved an Energy Management Accreditation from SEAI and it is planned to extend this accreditation programme to other locations within the business. An energy awareness program for all employees is planned as part of this process.

Challenges

Peat Harvest

The achievement of the peat harvest target in any particular year is a critical factor in the overall business and financial performance of Bord na Móna. The availability of suitable weather conditions is a major factor in achieving the target. A strong peat harvest in fiscal 2014 was critical for continuity of supply to customers and to rebuild

stocks to sufficient levels, following the poor fiscal 2013 peat harvest which was unprecedented in the history of Bord na Móna. While it is not possible to control the weather, the business can influence the peat harvest outcome by ensuring preparation and planning will maximise the production potential and this is a primary focus each year.

Business Transformation

The Feedstock business must restructure to a lower cost, and a more flexible operating model in order to ensure a sustainable future. The business faces significant future challenges as a result of a number of key market drivers - the expiry of the peat fuel supply agreements with power station customers, the ending of the Public Service Obligation (PSO) peat support mechanism and the fact that priority dispatch status for the three peat fired power stations will be discontinued, for one station in 2015 and the other two in 2019. There is the added challenges of the impact of carbon tax on briquette sales and peat dilution on the sales of retail growing media.

Biomass Supply Chain / Peat Dilution

In order to fulfil its peat dilution and co-firing strategy, Feedstock needs to procure sufficient quantities of suitable biomass. This biomass must be at the right quality and price and available on site to meet the co-firing schedule. Strategic alliances will be required in order to establish long-term supply chains of indigenous and imported biomass products.

Peatland After use

Feedstock must ensure that the business lives up to our obligations to be responsible corporate citizens and contributes to an after use for peatlands that is rich in biodiversity and is environmentally sustainable. After use should be both economically and socially beneficial to the local communities in which we operate.

Commitments

The Feedstock business continues to focus its commitments on four key areas:

Our Customers: As a result of our continuous cost reduction and peat quality agenda, Feedstock supplies quality products at competitive prices to customers who operate in an increasingly challenging business environment.

Our Employees: Feedstock endeavours to provide a safe place of work and safe systems of work to all employees. The business continues to implement a restructuring agenda which will ensure the continuing economic viability of the business and more sustainable employment in the future.

Our Communities: The business is committed to maintaining a high level of corporate responsibility and engagement in the communities in which we operate. We support local community initiatives and are very aware of our responsibilities to decommission and rehabilitate our cutaway bogs for the commercial and amenity value to the local communities.

Our Environment: The business is committed to minimising the environmental impact of our operations and complying with all conditions of our environmental licences. This is consistent with Bord na Móna's vision of "A Contract with Nature". As the only Environmental Protection Agency (EPA) licensed peat producer in Ireland, Feedstock is de-commissioning and rehabilitating bogs as they exit peat production, providing significant amenity value to local communities as well as adding a unique and invaluable asset to the national biodiversity stock.

Managing Director's Review continued

Business Review – Resource Recovery



Bord na Móna Resource Recovery is an integrated waste management business providing a collection service with full recovery, recycling, composting and residual landfill disposal of all non-hazardous waste streams. Waste collection services operate under the AES brand, providing both domestic waste management throughout the Midlands, North East, South East and Mid West regions, and commercial waste management nationwide.



Achievements

Improved Collection Performance

The AES collection business achieved improved domestic service key performance indicators, lower collection costs and an improved landfill diversion level in excess of 70%, without export of any waste material or Refuse Derived Fuel ("RDF"). The business is also ahead of regulatory targets for the roll-out of the brown bin (organic waste) service in all of its service areas. The business is fully prepared from a technology standpoint, to move to a pay-by-weight billing method for domestic customers.

Increased Processing Capacity

During the year the collection and processing side of the business increased its operational licensed capacity by 75% to an annual level of almost 340,000 tonnes exclusive of the Drehid facility. This increased capacity will allow greater levels of recovery from all commercial and domestic waste streams nearer the point of collection with capacity for some future growth.

Drehid Waste Park Facility

Having received planning approval from An Bord Pleanála for the construction of a 250,000 tonnes per annum Mechanical Biological Treatment (MBT) plant at the Drehid facility, the business this year received the necessary licence for the facility from the Environmental Protection Agency. If it is decided to move ahead with this investment, it will be the most advanced, fully integrated and sustainable resource recovery facility in the country, and will provide an important part of the national resource recovery infrastructure. In addition, the landfill gas project was commissioned and became fully operational in November 2013, with the promise of delivering significant long term returns and providing electricity from landfill gas equivalent to that required by 8,500 homes. Finally, the Drehid landfill facility received approval from An Bord Pleanála to continue operating at the EPA licensed residual waste intake rate of 360,000 tonnes per annum until December 2015.

Challenges

Export of Waste and RDF

The export by competitors of untreated waste and low grade RDF from Ireland for waste-to-energy recovery in Europe increased year on year by 300% in the calendar year 2013. This was encouraged by the increase in the landfill levy to €75 per tonne and had a positive effect on the national landfill diversion targets but has failed to create an environment for a sustainable indigenous recovery infrastructure. In addition, the exporting of waste together with the levy increase has resulted in downward pressure on landfill gate fees which leaves a very difficult trading environment for landfill operations.

Waste Volumes & Operational Costs

The economic downturn that led to a reduction in commercial waste volumes over recent years has seen a stabilisation in the last year, however as highlighted in previous reports, industry over-capacity has prompted aggressive product pricing, resulting in further failure of operators within the sector. In the domestic sector, increased 'pay by use' arrangements have impacted on collection operator efficiency and increased contamination of recycling bin contents, particularly in lower density rural areas.

Commitments

Improved Service Offering

The business seeks to provide ever higher levels of service to its domestic and commercial customers, thereby reinforcing Resource Recovery's position as the service provider of choice. Over the next year the business will deliver a new web based customer interface to its domestic customers with innovative product offerings to move to a full pay by weight and on-line billing system. The business is also investing heavily in a new commercial software package which will provide real-time reporting of recycling and recovery solutions for industrial and commercial customers.

Sustainable Indigenous Processing

The business believes the export of waste is not a long term sustainable solution for the Irish waste market and in particular, through further development of the Drehid Waste Park, including, potentially, the build out of the planned MBT facility, Bord na Móna can provide a strategically located sustainable recovery facility.

Future Growth & Consolidation

Resource Recovery has made significant progress on improving the return from the business, through lower cost operation measures and believes that with the increased licensed processing capacity the business is well positioned for growth. Continued focus on operational efficiencies together with the ability to leverage existing investments in both domestic and commercial customer interfaces and waste collection technologies, leaves the business well positioned for future growth and consolidation in a changing market environment.

Managing Director's Review continued

Business review - Consumer & Professional



The Consumer and Professional division (formerly known as the Retail division) is focused on the commercial sales and marketing of heating solutions and horticultural products across Ireland, the UK and Europe, providing innovative product and supply solutions to meet and exceed customer needs.

Bord na Móna is the market leader in both the solid fuel and horticultural categories in many of the markets where we trade. The business is continually evolving and is now working to deliver on an ambitious plan to lead the market to a more carbon free and smokeless fuel environment, whilst also expanding our portfolio of horticultural products & services. In exports, the company's strength is in the provision of technically strong growing media solutions for the professional markets in Europe and the Middle / Far East.

Achievements

Sales Performance

Consumer & Professional sales at €177.3 million, ahead of expectations by 6% though lower than the prior period due to the disposal of the Sutton's Oil business in the second half of the year. This disposal was one of the key strategic initiatives set for the business at the start of the year and was effected without significant impact to employees or customers. The achievement of the revenue targets should also be viewed in the context of the pricing pressures driven by carbon taxes, the impact of the weather on the growing media market in the spring of 2013, a strong European peat harvest and a mild 2013/14 winter season.

Product Innovation

In this financial year there has been some significant progress in developing into new product areas and new market opportunities. To underpin and deliver our strategic intent in the solid fuel market, Bord na Móna has commenced an innovation programme focusing on the development of new bio-fuel products to meet the challenges of the changed regulatory landscape whilst providing the market with affordable, sustainable products with the performance characteristics required by the solid fuel consumer. These projects are now moving to demonstration scale and in the medium term will involve both the installation of significant expanded processes at Bord na Móna's current fuel manufacturing facilities and potentially the development of new manufacturing capability.

The professional horticulture team has developed new product capabilities and capacities to service the demand for high-end growing media solutions from our existing customer base especially across sod moss, bin turf and black peat product ranges. Initial volumes were shipped during the past year creating the platform for growth in the coming years.



Peat
Briquettes



Residential
Coal



Convenience
Products



Growing Media
Peat



Composted
Greenwaste

Brand

Fiscal 2014 was also significant in leveraging the strength of the brand and our commitment to innovation across the range. The success of the Consumer & Professional business has emphasised the company's commitment to position Bord na Móna as a leading provider of seasonal products, from home heating to growing media to the consumer and professional markets.

Challenges

Solid Fuels: Legislative and Regulatory Changes

The drive for value by our customers continued across all product lines but was most pronounced in solid and convenience fuels as legislative changes pushed consumer prices higher.

The implementation of the carbon tax on solid fuel from 1 May 2013 effectively added approximately 8% to the cost of coal and briquettes and, pre-carbon tax purchases, combined with the poor weather conditions in April stimulated high demand across our depot network in the first trading month of the year. Of most significance was the effect thereafter on sales activity of both an increase in unregulated cross-border trading, driven primarily by the carbon tax and VAT differentials, and unprecedented levels of private turf available in the market as a result of the strong turf harvest in fiscal 2014.

The solid fuel market in Ireland is evolving. There has been significant momentum towards a nationwide ban on bituminous coal in recent years with the number of areas restricted from burning such coal gradually increasing. The expansion of the smokeless zones continued the decline in our bituminous coal business, accelerating our need to actively consider plans to protect our market share by ensuring continuing supply of compliant products to our customer base. Options being considered include possible direct investment in a manufacturing facility for smokeless fuel products.

Growing Media: Peat Dilution and Market Expansion

The market for our horticulture product listing was impacted by the unseasonably cold spring in 2013, however there was some recovery of volumes through the summer months in the UK and Ireland. This business remains challenged by the drive towards peat dilution in the UK and the escalating costs of contracting freight capacities. The professional business continued its drive into new product areas and new market opportunities especially in Turkey, Taiwan and China. The quantities of peat available as a result of strong harvests across Europe place increasing competitive pressures on bulk peat shipments into that market.

Commitments

Sustainability

Within Consumer and Professional, the benefits of moving toward a more sustainable future is recognised and this intent is aligned with the company vision 'A Contract with Nature'. Business activities are progressively becoming more sustainable. In relation to solid fuel, the business is equally committed to supplying high quality smokeless and carbon neutral fuels for the domestic market now and into the future. There is continued focus in the UK on helping our customers meet the regulatory drive for peat-free and sustainable products while remaining competitive in the face of escalating costs and freight charges.

Innovation

As the largest producer and importer of solid fuel products in Ireland, the Consumer & Professional business is committed to developing alternatives to traditional fuels that are not only compliant but also market-leaders in the provision of effective, sustainable and competitive solutions. In this regard, the business is planning ahead of anticipated legislation and regulation in our product development focus, which will support next generation carbon-reduced products.

The business believes that the supply of high quality sustainable smokeless solid fuel will be critical in meeting market demands in the long term. To that end, the business has conducted a manufacturing process review, undertaken a preliminary location selection process and conducted pre-planning assessments on a number of sites.

The business is now entering the final phase of potential site selection for a smokeless coal manufacturing facility with the intention of obtaining planning permission for a large facility to supply high quality, compliant fuel products. The intention is to undertake a rigorous environmental impact assessment on the chosen site with early public consultation to ensure the development is managed in a responsible and sustainable manner.

The business is committed to maintaining our market leadership in the Irish solid fuel market through innovation and investment in capabilities to provide smokeless and carbon neutral products to the market against a backdrop of regulatory and legislative changes.

The business is committed to marketing growing media solutions, from consumer products through to professional grower products, which are sustainable and cost competitive. By innovating in growing media products, in recipes that are compliant with the criteria set for sustainability, we will help our customers in the UK, Europe and beyond to continue to strengthen their business with solutions that are effective, compliant and profitable for them in whatever market they trade.

Above all, the business will continue to support our customers as we have always done to help grow and develop their businesses for our mutual benefit.

Managing Director's Review continued

Business Review - Anua

A photograph of a person with long blonde hair, wearing an orange life vest, paddling a yellow kayak on a calm lake. The person is seen from behind, moving away from the viewer. The water is dark blue with some ripples. In the background, there is a dense line of green trees under a bright blue sky with scattered white clouds. The foreground shows the edge of another red kayak, suggesting the viewer is also on the water.

Anua is a leading provider in design, manufacture and installation of an extensive portfolio of differentiated, sustainable clean-tech technologies, offering clean air and clean water solutions to residential, commercial, municipal/utility and industrial sectors in Europe and North America.

Air & Odour
AbatementWater and
Wastewater

Achievements

Sales Growth

Fiscal 2014 proved to be another challenging trading year. Revenue grew by 7.1% and operating performance improved by 18.1%, from a low base. The revenue increase was driven by a strong project pipeline in the clean air sector in the UK, where Anua achieved significant success in delivery of key projects to the utility sector. Anua returned a credible performance in the clean water sector in North America and Ireland, with activity in the UK somewhat below expectation, reflecting weaker demand and unfavourable weather conditions in quarter four. The UK government initiatives have given optimism for growth in the private housing sector, which should see significant impact in the next financial year.

Strategic Partnerships

The Anua business is based in the UK and Ireland, serviced from Bridgewater in the UK and Newbridge in Ireland. Other geographical markets are serviced remotely and, to this end, new distributor partnership arrangements have been put in place in North America and mainland Europe. These strategically positioned distributors are expected to drive sales growth for both clean air and clean water technologies.

Challenges

Construction Activity

Fiscal 2014 was a challenging year for construction activity in the residential, commercial, municipal/utility, industrial clean air/clean water sector. The trading year was marked by an unexpected slow start in construction activity in Europe and North America. Although quarter two saw increased growth, this declined again in quarter four. Increased signs of economic stability and strengthening consumer confidence, supported by key business indicators, suggest a gradual improvement in construction impetus for the coming year.

Economic Recovery

There is encouraging evidence to suggest that an economic recovery may be emerging in specific territories. Whilst being somewhat patchy in places, Anua's activities in UK and North America are showing encouraging signs for growth. Anua will focus on and prioritise these opportunities in the year ahead.

Commitments

Technology & Innovation

Ensuring a continuous flow of new product developments has always been a core priority for Anua and presents key opportunities for the business. This innovative focus will ensure that Anua maintains a competitive advantage and meets the ever changing environmental and customer dynamics in its key markets. Innovative projects range from product enhancement in our current offering, to new products that will allow Anua to extend its competitive advantage.

Customer Service

The business will continue to improve the quality of its customer support and service capability. In doing so, Anua will demonstrate its operational and field service excellence in all the markets it serves.

Regulatory Engagement

In order to ensure delivery and alignment of Anua's new technologies, the business will need to stay abreast of the ever-changing regulatory environmental dynamics in its different markets. This requires participation with a wide range of regulatory stakeholders, including the European WG41 committee which formulates testing policy/procedures for CEN certification of wastewater treatment products. The committee comprises members of Irish Water Treatment Association, British Water, and Rainwater Harvesting Association in the UK. In the US the regulatory stakeholders include NSF, Joint Committee for Wastewater Treatment in the US and Virginia Sewer Advisory Committee.

Gabriel D'Arcy
Managing Director

26 June 2014

Energy Efficiency Obligation and Energy usage

in the calendar year 2013

Bord na Móna consumes much of its energy in harvesting peat for three peat fired power stations and two briquette factories which fall outside the scope of Statutory Instrument 542/2009. In the calendar year 2013, Bord na Móna recorded to SEAI a Prime Energy consumption of 128,905 MWh of energy, consisting of:

- 63,242 MWh of electricity (Prime Energy);
- 5,178 MWh of fossil fuels for thermal energy purposes, and
- 60,485 MWh of fuel for transport fuels.

Actions undertaken in 2013 (calendar year)

In 2013 Bord na Móna undertook a range of initiatives to improve the Group's energy performance, including:

- route optimisation which delivered annual fuel savings of 115,000 litres of derv in the resource recovery business, by reducing the kilometres travelled to provide a bin collection service to the customer;
- bog water pumping optimisation – a project that focused on water management in the operational peat harvesting bogs;
- group wide energy management system which resulted in increased energy consumption awareness across senior and middle management levels, improved energy reduction targeting and monitoring as well as improved efficiency in reporting consumption;
- tractor fleet engine re tuning – adjusting engine parameters to maximise engine efficiency when in operation on the bogs;
- Bord na Móna's power generating asset at Edenderry secured a renewal of its EN 50001 accreditation;
- introduction of higher standard fleet efficiency in the company cars;
- installation of efficient lighting and lighting controls at the head office in Newbridge as well as at the Boora offices;

- promotion of sustainability and energy efficiency to the staff as part of an awareness campaign;
- the Drehid Landfill gas utilisation project construction commenced and was commissioned for commercial operation in 2013;
- a number of the facilities secured EN50001 in 2013 (production facility and power station);
- upgraded Incumbent Fuel Management System in our Energy business at the Mountdillon facility;
- road fleet trailer covers implementation to ensure efficient truck haulage on empty runs, and
- service locomotive engine upgrades were carried out to phase out old inefficient engines; the selection of new engines was determined by performance and fuel economy at the required loadings.

Altogether, these and other energy saving measures are saving Bord na Móna in financial terms as well as MWh consumption.

Actions Planned for 2014

In 2014 and future years, Bord na Móna intends to further improve the energy performance by undertaking the following initiatives:

- further deployment of route optimisation which will save approximately a further 600 - 900 MWh annually;
- fleet haulage efficiency program;
- further enhancing the tractor fleet engine tuning for maximum efficiency. In addition, analysis of data captured from tractors to review opportunities to reduce idle time;
- eco driver behaviour program including road fleet driver behaviour program (with monitoring system in place) and tractor eco driver training;
- further progress the initial staff awareness campaign with assistance from SEAI in the Engaging People program;
- introduction of landfill gas cleaning at Drehid to further increase the electricity produced at this facility;
- fuel handling project that reviews fuel management & storage as well as delivery & dispensation;
- covering peat piles in storage on our bogs, and
- heating efficiency program review in our workshops – possible introduction of more efficient heating, as well as maximising day light and energy efficient lighting.

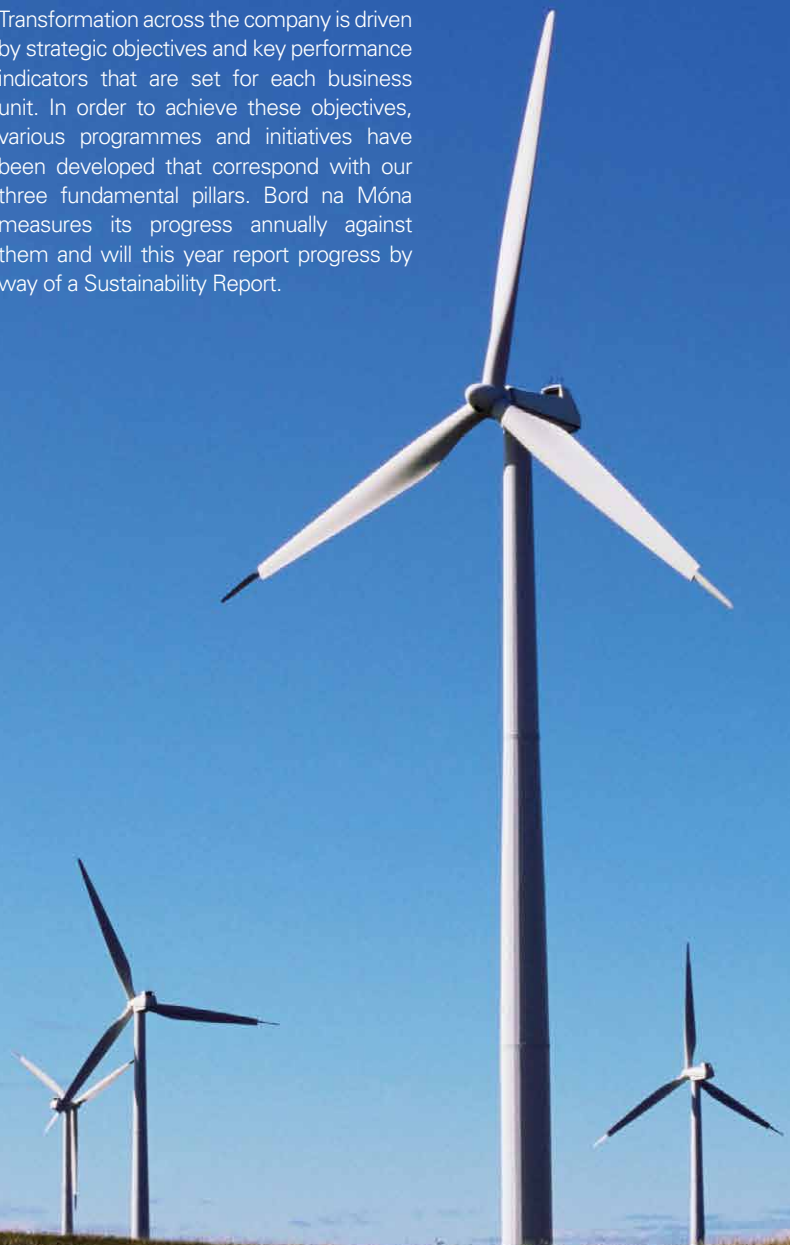
Sustainability Statement

Our vision 'A Contract with Nature' underpins Bord na Móna's mission, objectives, strategy and values and sets out a clear sustainable path for the company into the future. This roadmap outlines how the company is transforming itself into a leading provider of sustainable products and services, both in Ireland and abroad. Our sustainability agenda comprises three fundamental pillars; people, planet and profit.

'A Contract with Nature' contextualises Bord na Móna's mission, objectives, strategy and values and outlines a clear sustainability path for the company. It means that all of our business activities, both direct and supporting, will progressively become increasingly sustainable from an environmental and social point of view while continuing to yield profits. This not only drives demand for innovative solutions to the sustainability challenges facing the current activities of each of our operating business units, but also acts as a necessary filter for screening new business development opportunities to ensure ultimate strategic fit.

We live in an ever changing world. As the developed worlds' economies move towards a low carbon platform, significant opportunities exist for Bord na Móna to become a strong player in the provision of sustainable products and services. Bord na Móna is focused on maximising these opportunities in implementing its vision of 'A Contract with Nature'.

Transformation across the company is driven by strategic objectives and key performance indicators that are set for each business unit. In order to achieve these objectives, various programmes and initiatives have been developed that correspond with our three fundamental pillars. Bord na Móna measures its progress annually against them and will this year report progress by way of a Sustainability Report.



Lough Boora

Lough Boora Parklands, a beautiful landscape situated at the centre of Ireland, is a paradise for outdoor enthusiasts and families alike. Through a creative combination of nature and the human hand, and under the direction of Bord na Móna and its contract with nature, new habitats are forming on the cutaway bogs.

The Bord na Mona Boora complex in Co. Offaly is one of the oldest areas of commercial peat production in Ireland. Over recent years, large tracts of bog have become cutaway (The term used to describe an area once all commercial peat has been removed) and in line with the company policy on Sustainability, we have endeavoured to return the land to its natural state, for the benefit and enjoyment of the local community and all visitors.

Later this year, the new visitor reception centre will be opened which is hoped will improve access for visitors, schools and communities to enjoy the Parklands. This is in addition to the 10km extension to the current tracks and trails that Bord na Móna recently launched in association with the West Offaly Enterprise Fund.

Lough Boora Parklands consist of three main walks within a perimeter of approximately 20 kilometres. Various internal walkways and routes offer a wonderful vista of scenic beauty, local heritage sites and an impressive collection of sculptures. The parklands consist of natural & man-made lakes, wetlands, woodland areas, 50km of walkways, natural re-colonisation and pastureland whilst providing a new habitat for wildlife, flora & fauna.

When undertaking the Farmlands Walk, the Mesolithic Walk and the Sculpture Walk, visitors will come across the beautiful flora of Lough Boora Parklands, including rich wildflower meadows, where orchids such as the Common Spotted, Bee, Early purple and fragrant can be found. The wetlands are characterised

by species of Bog Cotton whilst other areas are dominated by Fen species such as Blunt Flowered or Fen Rush, Yellow Sedge and Marsh speedwell.

The area has become an important refuge for wildlife, including some of Ireland's most endangered species. Over 130 varieties of Birds can be found, with roughly half of them breeding on site. Included here is the Native Grey Partridge Conservation Project, which houses the last remaining population of the bird. From an initial figure of 24 birds in Autumn 2000, this has now grown to the hundreds throughout the project.



Gerry Ryan, Company Secretary and Head of Land and Property, speaking at the recent launch of the 10km extension in Lough Boora.

The parklands is a fabulous new habitat for a variety of wildlife, flora and fauna.

The Board



John Horgan (Chairman)



Gabriel D'Arcy (Managing Director)



Paudge Bennett



Denise Cronin



Gerard O'Donoghue



Colm Ó Gógáin



David Taylor

John Horgan (Chairman)

John Horgan was appointed to the Board in April 2012 and as Chairman in September 2012. He is an independent Human Resource Consultant. He has a degree in Social Science from University College Dublin, MA in Industrial Relations from Warwick University and an MA in History from NUIG. Following positions in the UK and Irish public service he was appointed Deputy Chairman and then Chairman of the Labour Court. Subsequently he worked for GPA in Shannon and was HR Director for a number of multinational companies.

Gabriel D'Arcy (Managing Director)

Gabriel D'Arcy was appointed as Managing Director in February 2008. Prior to joining Bord na Móna, he held a number of management positions in the Kerry Group, most recently Commercial Director, Kerry Ingredients Europe. He previously served as a Captain in the Defences Forces. He holds a B.Sc (Hons) from University College Galway, an MSc from University College Dublin, an M.B.A. from Kingston University Business School, an Advanced Diploma in Management Practice from University of Ulster and an Institute of Directors' Diploma in Company Direction. He is a Chartered Director of the Institute of Directors.

Paudge Bennett

Paudge Bennett was appointed to the Board in January 2007 and reappointed in 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1973 and became a member of permanent staff in 1975. He has been a store man in Boora Works since then. He served as a Trustee of the Bord na Móna Pension Schemes for 11 years until 2006.

Denise Cronin

Denise Cronin was appointed to the Board in September 2011. She is an Accounting Manager for the European operations of a US multinational technology company. She has worked in finance roles in a number of Irish companies across a range of industries. Denise is a fellow of the Institute of Chartered Accountants in

Ireland and holds a B.Comm (Hons) from University College Cork. She also serves with a number of not for profit bodies.

Paddy Fox

Paddy Fox was appointed to the Board in January 1999 and reappointed in 2003, 2007 and 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna as a seasonal worker in 1970 and became a member of permanent staff in 1975. He has been a team leader since 1990. He holds a Diploma in Management and Industrial Relations. Mr Fox retired from Bord na Móna on 30 April 2014 having reached normal retirement age and consequently his term of office as a Director expired with effect from that date.

Pat McEvoy

Pat McEvoy was first appointed to the Board in January 1995 and served on the Board until December 2006. He was reappointed in January 2011, under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1967 as an apprentice and subsequently served as a fitter-turner in a number of locations. He is currently in the position of Health & Safety Auditor.

Paschal Maher

Paschal Maher was appointed to the Board in May 2014 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1980 as a seasonal worker in peat production and was appointed as a full time Machine Driver in 1983. In 1986 he moved to transport operations and was appointed as a Team Leader in 1990, which position he currently holds. He has been assigned to the Blackwater Works throughout his career.

Gerard O'Donoghue

Gerard O'Donoghue was appointed to the Board in October 2012. He is a practising Solicitor and was appointed as a Notary Public in July 2005 by the Supreme Court. He is principal in the practice of White O'Donoghue and Company, Solicitors, Abbeylax, Co Laois.



Paddy Fox



Pat McEvoy



Paschal Maher



Denis Leonard



Elaine Treacy



Barry Walsh



Peter Wyer



John Farrelly

Colm Ó Gógáin

Colm Ó Gógáin was appointed to the Board in January 2011 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1974 and has held various positions including Chief Executive Bord na Móna Fuels Ltd, Director of Bord na Móna Environmental Ltd and is currently Head of Strategic Infrastructure. He holds a B.E. (Mechanical) from University College Dublin, is a Chartered Engineer and a Fellow of The Institute of Engineers of Ireland.

David Taylor

David Taylor was appointed to the Board in June 2009. He is an independent strategic advisor on sustainable energy and holds professional qualifications in engineering (BE Chemical) and management (MSc Management). Formerly CEO of Sustainable Energy Ireland he has represented the Irish Government's energy research and development interests at European Union and International Energy Agency fora. His term of office expired on 8 June 2014.

Elaine Treacy

Elaine Treacy was appointed to the Board in July 2012. With almost 20 years experience in the technology industry, Elaine has a wealth of expertise in international sales, marketing and business strategy coupled with capital fundraising and mergers and acquisitions. Her career spans PLC, public sector and start-up organisations. She is currently Vice-President, Sales & Marketing at Cicero Networks, a leading software company in the telecommunications industry. Elaine holds a Masters of Business Studies (MBS) and a Bachelor of Commerce from National University of Ireland, Galway.

Barry Walsh

Barry Walsh was appointed to the Board in October 2012. He is accountant by profession and has worked for most of his career in senior financial positions in the Irish Life Group. He is currently Company Secretary of the Irish Life Group and Chairman of the Irish Life Staff Pension Scheme. Prior to joining Irish life he was an Inspector of Taxes in the Revenue Commissioners.

Peter Wyer

Peter Wyer was appointed to the Board in May 2008. He has a Commerce and Law Degree from the National University of Ireland Galway. Having spent some time in Merchant Banking he moved into sales where he spent most of his career. He joined Arch Motors Ltd Galway in 1976 where he is currently Sales Director and Company Secretary. He is also a director of a number of other related companies. His term of office expired on 1 May 2013.

Denis Leonard

Denis Leonard was appointed to the Board in June 2014. He is the director of a further education college in Dunboyne as well as having served as a member of Westmeath County Council and the Longford Westmeath Education Training Board. He has a degree in arts and a masters degree in equality studies from UCD, as well as post graduate degree in Guidance from NUI Maynooth. He has served on the boards of Greenpeace, VOICE, and a North South Children's Charity. He has extensive experience in the area of the environment producing and presenting a radio programme in this area for five years. He has worked for many local and national community development, transport, environment and charity organisations and has served as Chairperson of the Westmeath Heritage e Forum.

John Farrelly

John Farrelly was appointed to the Board in June 2014. He is a Director of DNG Royal County Auctioneers and Estate Agents. He served as a Senator from 1993 to 1997 and was a member of Dail Eireann from 1981 to 1992 and 1997 to 2000. He was a member of and Chairman of Meath County Council and was Chairman of Meath Tourism. He also served as Chairperson of the East Border Region. He is currently a Director of the Kells Literary Hay Festival and has served on a number of other bodies during his career. He is a graduate of Warrenstown Agricultural College.

Directors' Report

Introduction

The Directors present their annual report and the audited financial statements of Bord na Móna plc for the financial year ended 26 March 2014.

Principal Activities and Business Review

The Group supplies electricity generated from peat, wind, oil and biomass at its generating stations and supplies peat as a fuel to other electricity generating stations. The Group develops and operates wind farms and renewable energy projects. It also manufactures peat briquettes and horticultural products, supplies waste management services, coal, wastewater treatment and odour emissions products, environmental consultancy and commercial laboratory services.

The Chairman's Statement on pages 4 to 7, the Managing Director's Review on pages 8 to 21 contain a review of the development of the Group's business during the year, the state of affairs of the businesses at 26 March 2014, recent events and likely future developments.

Results for the period

	€'000
Profit for the financial year	33,510
Dividend paid	(5,263)
Profit retained for financial year	28,247

Details of the financial results of Bord na Móna plc for the financial year ended 26 March 2014 are given on pages 47 to 76.

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Minister for Communications, Energy and Natural Resources. Seven of the Directors are normally appointed for a term of five years. Four of the Directors are appointed for a term of four years, in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988. The Managing Director is appointed to the Board on appointment to that position. As at 26 March 2014 there was one vacant position but of the 26 June, the Board was restored to its full complement of twelve members. The names of the persons who were Directors during the period are set out below.

John Horgan	Chairman
Gabriel D'Arcy	Managing Director
Paudge Bennett	
Denise Cronin	
Paddy Fox	Term of office expired on 30 April 2014
Pat McEvoy	
Paschal Maher	Appointed to the Board with effect from 1 May 2014
Gerard O'Donoghue	
Colm Ó Gógáin	
David Taylor	Term of office expired on 8 June 2014
Elaine Treacy	
Barry Walsh	
Peter Wyer	Term of office expired on 1 May 2013

Denis Leonard and John Farrelly were appointed as Directors on 17 June 2014.

Corporate Governance

As part of its commitment to quality the Group has continued to implement best practice in relation to the conduct of its business and in relation to financial and general reporting. The Group complies with the provisions of the Department of Finance's "Code of Practice for the Governance of State Bodies" updated in 2009 ("the Code"). The Code sets out the governance framework agreed by Government for the internal management and the internal and external reporting relationships of Commercial State Bodies.

The Board

The Board is responsible for overseeing and directing the Bord na Móna Group and ensuring its long-term success. Decisions are made after appropriate information has been made available to Board members and with due consideration of the risks identified through the risk management process.

The Board has reserved a schedule of matters for its decision, including:

- approval of Group Strategy, Five Year Plans, Annual Budgets and interim and annual financial statements;
- review of operational and financial performance;
- approval of major capital expenditure;
- review of the Groups' system of financial control and risk management;
- appointment of CEO, and
- appointment of the Company Secretary.

The Board is provided with regular information on a timely basis which includes key performance indicators for all areas of the business. Reports and papers are circulated to the Directors in preparation for Board and Committee meetings.

All members of the Board have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The Group's professional advisers are available for consultation by Directors as required. Individual directors may take independent professional advice in line with specified procedures.

Each Director received appropriate briefing on being appointed to the Board and access to training is provided by the Group during a Director's term of office.

The Board has agreed and commenced implementation of a process for evaluating its performance.

The Board considers that all Directors are independent in character and judgement. However, the Board notes that the Managing Director and four Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 have contracts of employment with Bord Na Móna.

The Board and Management maintain an ongoing dialogue with stakeholders on strategic issues.

Remuneration of Directors

Fees for Directors are determined by the Government and set out in writing by the Minister for Communications, Energy and Natural Resources. Directors remuneration is outlined in note 4 to the financial statements on page 56. The aggregate expenses paid to the Directors in 2013/2014 were €33,001 (2012/2013: €42,925).

Board Meetings

The Board met 11 times during the financial year.

Committees of the Board

There are four standing Committees of the Board which operate under formal terms of reference.

The members of the *Risk and Audit Committee* (RAC) as at 26 March 2014 were Denise Cronin (Chairperson) and Barry Walsh. The Committee met four times during the financial year. The Committee meets periodically with the internal auditor and the external auditor to discuss the Group's internal accounting controls, the internal audit function, the choice of accounting policies and estimation techniques, the external audit plan, the statutory audit report, financial reporting, risk management and other related matters. The internal auditor and external auditor have unrestricted access to the Risk and Audit Committee. The Chairman of the Committee reports to the Board on all significant issues considered by the Committee and the minutes of its meetings are circulated to all Directors.

The *Remuneration Committee* deals with the remuneration and expenses of the Managing Director and senior management within Government guidelines. The members as at 26 March 2014 were John Horgan (Chairman), Elaine Treacy and Gerard O'Donoghue. The Managing Director, Gabriel D'Arcy, attends the Committee except when his own position is being discussed. The Committee met seven times during the financial year.

The *Finance Committee* considers the financial aspects of matters submitted to the Board, such as the Group annual plan and annual budget and the procurement, disposal and leasing of land, buildings and facilities. The members as at 26 March 2014 were John Horgan (Chairman), Gabriel D'Arcy, Pat McEvoy, Colm Ó Gógáin and David Taylor. The Committee met twice during the financial year.

Directors' Report continued

The *Health & Safety Committee* advises the Board on Health & Safety matters within the Bord na Móna Group. The members as at 26 March 2014 were Paddy Fox (Chairman), Paudge Bennett, Gabriel D'Arcy and Gerard O'Donoghue. The Committee met three times during the financial year.

From time to time the Board also establishes temporary Committees to deal with specific matters under defined terms of reference. On 23 January 2014 the Board established a Committee to oversee the process for the appointment of a Managing Director with effect from 1 February 2015, when the contract of employment of the current Managing Director expires. The members of the Committee are John Horgan (Chairman), Denise Cronin and Barry Walsh. The Committee met three times during the financial year.

Attendance at Board and Committee Meetings

The table below summarises the attendance of Directors at Board and Committee meetings which they were eligible to attend during the year ended 26 March 2014.

Director	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
J Horgan, Chairman	11/11	9/9
G D'Arcy, Managing Director	11/11	5/5
P Bennett	9/11	3/3
D Cronin	11/11	4/4
P Fox ⁽¹⁾	9/11	3/3
P McEvoy	10/11	2/2
G O'Donoghue	10/11	10/10
C Ó Gógáin	11/11	2/2
D Taylor ⁽²⁾	10/11	2/2
E Treacy	9/9	6/7
B Walsh	11/11	4/4
P Wyer ⁽³⁾	1/1	-
P Maher ⁽⁴⁾	-	-

Notes:

1. Mr P Fox – retired 30 April 2014.
2. Mr D Taylor - term of office expired 8 June 2014.
3. Mr P Wyer – term of office expired 1 May 2013.
4. Mr P Maher was appointed as a Director with effect from 1 May 2014.

Internal Controls

The Directors have overall responsibility for the Group's systems of internal control and for reviewing its effectiveness. These systems are designed to manage risk and can give reasonable, but not absolute, assurance against material misstatement or loss. The Board confirms that it has reviewed the effectiveness of the system of internal control.

Management is responsible for the identification and evaluation of significant risks, together with the design and operation of suitable internal control systems. The system of internal control is designed to ensure that transactions are executed in accordance with Management's authorisation, that reasonable steps are taken to safeguard assets and to prevent fraud, and that proper financial records are maintained. Management reports to the Board on material changes in the business and external environment which affect risk.

The principal procedures which have been put in place by the Board to provide effective internal control include:

- an organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities;
- clearly defined management responsibilities have been established throughout the Group and the services of qualified personnel have been secured and duties properly allocated among them;
- a statement of decisions reserved to the Board;
- a risk management process which enables the identification and assessment of risks, that could impact business performance and objectives and ensures that appropriate mitigation plans are formulated to minimise the residual risk;
- a comprehensive budgeting process for each business and the central support services culminating in an annual Group budget approved by the Board;
- a comprehensive planning process for each business and the central support services culminating in an annual Group long-term plan, approved by the Board;
- a comprehensive financial reporting system with actual performance against budget, forecasts, performance indicators and significant variances reported monthly to the Board;
- a set of policies and procedures relating to operational and financial controls including capital expenditure;
- procedures for addressing the financial implications of major business risks, including financial instructions, delegation practices, and segregation of duties and these are supported by monitoring procedures;
- management at all levels are responsible for internal control over its respective business functions, and
- procedures for monitoring the effectiveness of the internal control systems include the work of the RAC, management reviews, the use of external consultants and internal audit.

Internal audit considers the Group's control systems by examining financial reports, by testing the accuracy of transactions and by otherwise obtaining assurances that the systems are operating in accordance with the Group's policies and control requirements. Internal audit report directly to the RAC on the operation of internal controls and make recommendations on improvements to the control environment if appropriate.

The Group has a robust framework in place to review the adequacy and monitor the effectiveness of internal controls covering financial, operational, risk management and compliance controls. The Board is satisfied that the system of internal control in place is appropriate for the business.

The Board has reviewed the effectiveness of the system of internal control up to the date of approval of the financial statements. The RAC performed a detailed review and reported its findings back to the main Board. The process used to review the effectiveness of the system of internal controls includes:

- review and consideration of the internal audit work programme and consideration of its reports and findings;
- review of the regular reporting from internal audit on the status of the internal control environment and the status of recommendations raised previously from their own reports and reports from the external auditor;
- review of reports from the external auditor which contain details of any material internal financial control issues identified by them in their work as auditor, and
- review of the risk register reports, the counter measures in place to mitigate the risk, the remaining residual risk and actions required or being taken to further mitigate the risks.

Risk Management

The Board has overall responsibility for risk management including determining the nature and extent of significant risks that it is willing to accept in pursuit of its strategic and operational objectives.

To address this, the Board has established a risk management system that provides for the continuous identification, assessment, monitoring and reporting of significant risks within Bord na Móna.

The RAC is the forum for risk governance within Bord na Móna acting under delegated authority from the Board.

The RAC is responsible for assisting the Board in fulfilling its oversight activities with regard to assessing, reviewing and monitoring the risks inherent in the business and the control processes with respect to such risks. The RAC is supported on a day to day basis by an appointed Chief Risk Officer (CRO).

The CRO is responsible for overseeing the day to day risk management activities and has responsibility for ensuring that an effective risk management system, proportionate to the nature, scale and complexity of Bord na Móna is developed and maintained.

Directors' Report continued

Bord na Móna now has a well established enterprise wide risk management system that ensures that risks are consistently identified, assessed, recorded and reported across all business units and support functions. The risk management system provides appropriate governance structures to support sound risk management practices, formal assignment of risk responsibilities throughout Bord na Móna as well as the procedures to be used in the identification, assessment, monitoring and reporting of risks, including relevant mitigation actions and controls.

The key concepts of this risk management system include:

- a clearly defined risk management strategy that includes risk management objectives, key risk management principles, and the assignment of risk management responsibilities within Bord na Móna;
- a risk management framework and reporting cycle to identify, assess, manage, monitor and report on the risks that Bord na Móna is or may be exposed to. Bord na Móna use a combination of a 'top down' and 'bottom up' risk assessment and management process as outlined in the diagram below;
- as part of the "bottom up" risk assessment, regular risk workshops are held each year with the business units and support units. At these risk workshops each individual risk is assessed, scored and the mitigating controls in place identified. The top risks to the Group are identified, collated and presented to the Senior Management Team. They then discuss, review, amend and score these risks before and after mitigating controls to identify the top Group risks. This review is an important part of the annual overall "top down" risk assessment carried out in the Group;
- a risk monitoring plan that outlines the review, challenge and oversight activities of the CRO;
- reporting procedures which ensures that risk information is actively monitored, managed and appropriately communicated at all levels within Bord na Móna. On a quarterly basis each business and support unit updates their risk assessments as part of the risk review and reporting process. These are then reviewed with the RAC on a semi-annual basis, and
- embedding a strong risk management culture across all levels of the Group.

Principal Risks

Regulatory

Bord na Móna's business activities are subject to a broad range of legislative provisions and regulations. The scope of activities subject to material regulatory changes makes this a significant risk affecting all Bord na Móna's businesses. The company operates diverse businesses increasingly affected by regulatory change. The Group continually monitors relevant legislative and regulatory changes. Some of the key regulatory risks affecting our businesses are:

- In the Consumer & Professional business:
 - o the increasing restrictions on the sale of bituminous coal due to its carbon content and the imposition of carbon taxes, and
 - o the trend towards replacement of peat with non-peat based materials in retail Horticulture products in the UK market.
- In the Powergen business:
 - o a new evolving EU regulatory framework for electricity from 2017 affecting the Single Electricity Market (SEM);
 - o the changing regulatory landscape which is driving increased biomass usage in the peat fired generating stations with consequential supply chain and cost implications, and
 - o the phased reduction in EUA carbon allowances for power plants (and briquette factories) resulting in increased costs.
- In the Resource Recovery business:
 - o the impact of increased landfill levies which may not be recoverable in the market place, and
 - o the expected imposition of pay per lift on domestic refuse collection which may adversely affect the business model.
- In the Feedstock business:
 - o increased regulation around environmental licences and peat extraction, and
 - o the expiration of the public service obligation on the peat fired stations.

The Group's ability to put effective controls in place to mitigate the impact of some of these Regulatory risks can be limited.

Business Continuity

The Group's operations are subject to operational risks, disruption and other unforeseen risk events such as I.T. system failure, critical plant failure and environmental disruption. The Group has identified the necessity to upgrade its I.T. systems and a phased implementation of a Tier 1 ERP system has now commenced. The occurrence of some of the risk events identified could result in significant financial and reputational damage to the Group. The Group has specific mitigation plans to address business disruption if such events were to occur.

Weather

The weather can have a significant impact on the Group's operating performance. For instance, adverse summer weather can impact on our ability to harvest peat and to maintain sufficient peat stocks to meet the needs of our customers resulting in a material adverse impact on the operating performance of our peat related businesses. The sales demand for growing media, briquettes, and coal is also weather dependent. Operating profits from the Group's recent significant investment in two wind farms at Mount Lucas and Bruckana will depend on actual wind yields. While we believe that the expected wind yields have been modelled on a sufficiently conservative basis to give a high level of confidence in the long term level of return on investment, it can be anticipated that there will be volatility in the returns actually achieved in any specific period due to weather variations.

Pensions

Bord na Móna operates three defined benefit pension schemes for employees, former employees and pensioners. The financial position of the schemes is subject to fluctuations due to changes in long term interest rates, salary inflation, changes in life expectancies and the level of returns on the scheme assets. The General Employees Superannuation Scheme (GESS) has a material pension deficit for a number of years. Management have been engaged in protracted negotiations with the various relevant stakeholders seeking an agreement on a funding proposal to address the deficit. To date, agreement has not been reached on an acceptable solution.

Competitiveness

The Group faces strong competition in all of the markets in which it operates. The Company needs to continually respond to changing market conditions. In particular our mature businesses must focus on cost reduction in order to remain competitive in the changing market environment. To this end a number of crucially important Business Transformation projects aimed at increasing efficiency and reducing costs are underway. Successful implementation of these Business Transformation projects is essential to the medium to long term economic viability of these businesses. The nature of the changes envisaged, could adversely affect industrial relations in certain parts of the Company.

Financial Risk

The Group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk, liquidity and interest rate risk. The Group has in place a risk management programme that seeks to manage the financial exposures of the Group by monitoring foreign exchange exposure together with debt finance and the related finance costs.

The Group's treasury operations are managed in accordance with policies approved by the Board. These policies provide principles for overall financial risk management and cover specific areas such as interest rate, credit, liquidity and foreign exchange risk.

Price risk

The Group is exposed to commodity price risk. Due to competitive pressures the Group's ability to pass on price increases may be limited. Actively hedging these exposures is in many cases not possible or is prohibitively expensive. As a result, the Group accepts, in certain instances, the inherent exposures associated with dealing in these commodities. The Directors will reconsider the appropriateness of this policy on a regular basis and, in particular, should the Group's operations change in size or nature.

Foreign exchange risk

Bord na Móna's functional currency is the euro. Group policy is to minimise the impact of material variations due to foreign exchange movements. The Group is exposed to foreign exchange risks in the normal course of business, principally on the sale and purchase of both sterling and US dollar. Certain natural economic hedges exist within the Group and the Group policy is to match and hedge the currencies across different divisions. At the year end, the Group had \$330 million fixed rate debt which was hedged by swap arrangements.

Credit risk

The Group continually examines its credit policies in light of changing economic conditions that the Group operates in. Management, with the approval of the Board, has an ongoing programme of mitigating actions to reduce identified credit risks which include improved exception reporting and automated use of credit limits to manage risk. In addition, credit insurance is in place for the larger customers of the Group.

Counterparty risk

The Group is exposed to credit risk from the counterparties with whom it holds its bank accounts and transacts within financial markets. Bord na Móna policy is to continually manage counterparty risk taking account of, amongst other relevant factors, published credit ratings. Bord na Móna closely monitors and measures its counterparty limits for all financial institutions that cash deposits are placed with. This matter is regularly reviewed by the Board.

Directors' Report *continued*

Liquidity risk

Overall, the Group's operations are cash generative. The Group is now primarily financed by short and medium term debt with this debt maturing on dates between 2015 and 2020. Funding/liquidity risk has reduced over the past year as much improved banking market conditions have emerged and a return to more normal funding conditions has occurred.

Interest rate and cash flow risk

In order to ensure stability of cash outflows and hence manage interest rate risk, the Group has a policy of maintaining at least 50 per cent of its debt at fixed rate. Through a series of interest rate swaps, the Group has fixed the interest rates on all its debt. At March 2014, the Group had fixed 100% (2013: 100%) of its private placement debt. Further to this the Group seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. Financial instruments are used to manage interest rate and financial risk. The Group does not engage in speculative activity and the treasury operating policy is risk averse.

Health and Safety and Environmental Risk

The Group's operations are subject to an increasingly stringent range of environmental regulations, health and safety law and other regulations and standards. A breach of any such law or regulation could result in the imposition of material sanctions on the Group and could have a material adverse effect on the Group's businesses. The Group employ special expertise to ensure full compliance, together with continuous staff training and robust monitoring procedures designed to prevent a material breach of statutory or other regulatory obligations.

Directors' and Secretary's Shareholdings

The Bord na Móna Employee Share Ownership Plan (ESOP) continues to hold 5% of the total ordinary shares in Bord na Móna plc on behalf of 2,102 eligible participants (serving and retired employees) in the Bord na Móna Employee Share Ownership Trust or the Bord na Móna Approved Profit Sharing Scheme (APSS).

Mr P Bennett, Mr P Fox, Mr P McEvoy, Mr P Maher and Mr C Ó Gógáin and the Secretary are participants in the Bord na Móna Employee Share Ownership Plan and each has a notional allocation of 1,771 ordinary shares in Bord na Móna plc which are held in the Bord na Móna Approved Profit Sharing Scheme. The other Directors and their families had no interests in the shares of Bord na Móna plc or any other Group company during the year ended 26 March 2014.

Codes of Conduct

The Code of Conduct for Employees continued in place during the 2014 financial year. A Code of Conduct for Directors was adopted in April 2002 and remains in place.

Human Resources

Bord na Móna adopts a coherent HR Strategy that creates a progressive business culture with empowered managers leading committed capable people, all focused on delivering the Company strategy. Bord na Móna strives to attract target candidates, whilst recognising and retaining the best people, through a commercially competitive reward policy, an investment in the development of our people and our offer of interesting and worthwhile opportunities.

Our reward policy is designed to reward individuals in accordance with their contribution, potential and market worth. During the year, the Company implemented a revised Annual Performance Payments model that is more suitably connected to the overall Company strategy.

We continue to invest in the development of our employees throughout the year by implementing an informed succession planning and talent development programme to help harness the identified talent amongst the management population.

The Company revised its approach to the Graduate programme, focusing our effort on introducing individuals at an early career level who bring the latest academic knowledge and contribute to the overall commercial results of the Group. In addition, Bord na Móna continue to support the many and varied labour reactivation programmes (JobBridge, Springboard, Momentum and a number of similar local initiatives), providing meaningful placements for participants to re-enter the workforce.

Bord na Móna continues its support of the change management effort in various Business Units and support functions through the provision of subject matter experts and the development of a new Business Transformation toolkit for Managers. The Company agreed a new IR Protocol with the Group of Unions which facilitates stronger working relationships, allowing both parties to work together on any future business challenges through joint engagement on a timely basis.

Quality and Customer Service

The Board has adopted a policy that Bord na Móna will voluntarily obtain the relevant ISO accreditation and/or other relevant accreditation for all its activities.

The Group has adopted the Code of Practice for the Delivery of Services to Customers of Commercial State Companies.

Going Concern

The Directors, having made enquiries, believe that Bord na Móna has adequate resources to continue in operation for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Post Balance Sheet Events

There were no post balance sheet events that would require adjustment to, or disclosure in, the 2014 financial statements.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990, with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account are kept at the Group's registered office, Main Street, Newbridge, Co Kildare.

Prompt Payment of Accounts

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 (S.I. No. 388 of 2002) ("the Regulations"). Procedures have been implemented to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy during the year under review was to comply with the requirements of the Regulations.

Political donations

The Board made no political donations during the current or prior year.

Auditor

In accordance with Section 160(2) of the Companies Act, 1963, the auditor KPMG, Chartered Accountants will continue in office.

On behalf of the Board:

Signed:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

26 June 2014

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' report and the consolidated and company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and company financial statements for each financial year. Under that law, the directors have elected to prepare the consolidated and company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable Irish law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The consolidated financial statements are required by law to present fairly the financial position and performance of the Group. The Companies Acts, 1963 to 2013 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. The company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the consolidated and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that these financial statements comply with the Companies Acts, 1963 to 2013. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts, 1963 to 2013.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on Bord na Móna's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Senior Leadership Team

Michael Barry – Head of Finance

Tom Bradley – Head of Anua

Ger Breen – Group Financial Controller

John Corcoran – Head of Consumer and Professional

John Daly – Head of Resource Recovery

Gabriel D’Arcy – Managing Director

Tom Egan – Acting Head of Powergen

Hubert Henry – Head of Innovation

Gerry O’Hagan – Head of Strategy, Marketing and Communications

John Reilly – Head of Powergen Development

Paul Riordan – Head of Feedstock

Gerry Ryan – Company Secretary/Head of Land and Property

Jim Stockwell – Head of Human Resources

Independent Auditor's Report to the Members of Bord na Móna plc

We have audited the Group and Parent Company financial statements ("the financial statements") of Bord na Móna plc for the year ended 26 March 2014, which comprise the Group profit and loss account, the Group and Parent Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses, the Group and Parent Company reconciliation of movements in shareholders' funds, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Financial Reporting Council.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the Group financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's affairs as at 26 March 2014 and of its profit for the year then ended;

- the Parent Company balance sheet gives a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, as applied in accordance with the provisions of the Companies Acts, 1963 to 2013, of the state of the Company's affairs as at 26 March 2014; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The Parent Company balance sheet is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Parent Company balance sheet on page 52, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 26 March 2014 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

- under the Companies Acts, 1963 to 2013 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made, and
- under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code, as included in the directors' report on page 28, does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

Laura Gallagher

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

26 June 2014

Accounting Policies And Estimation Techniques

Reporting entity

Bord na Móna plc (the "Company") is a company domiciled in Ireland. The consolidated financial statements of the Company as at and for the year ended 26 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements and have been consistently applied by all Group entities. There were no new standards adopted during the year.

Basis of preparation and statement of compliance

The consolidated and Company financial statements have been prepared in accordance with financial reporting standards of the Financial Reporting Council as promulgated by the Institute of Chartered Accountants in Ireland (generally accepted accounting principles in Ireland) and applicable Company Law.

The Company has taken advantage of the exemption available to it under Section 148(8) of the Companies Act, 1963 which permits a company that publishes its Company and Group financial statements together not to present to its members its own profit and loss account and related notes that form part of the approved Company financial statements.

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet:

- investment property is measured at fair value, and
- the defined benefit plan liability is recognised as plan assets less the present value of the defined benefit plan obligations.

Functional and presentation currency

The financial statements are prepared in Euro, which is the functional currency of the Company. All financial information presented in Euro has been rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on the preparation of the consolidated financial statements.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, i.e. when control is transferred to the Group. Control is the ability of an undertaking to direct the financial and operating policies of another undertaking with a view to gaining economic benefits from its activities.

Upon the acquisition of a business, the identifiable assets and liabilities acquired are included in the consolidated financial statements of the acquirer at their fair values at the date of acquisition. The difference between these and the cost of acquisition is recognised as goodwill or negative goodwill. The cost of acquisition is the amount of cash or cash equivalents paid and the fair value of other purchase consideration given by the acquirer, together with the associated transaction expenses. Goodwill acquired in a business combination is allocated to the income generating units that are expected to benefit from the synergies of the combination.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests. Any resulting gain or loss is recognised in the profit and loss account.

Joint ventures

Joint ventures are undertakings over which the Group exercises control jointly with one or more parties. Joint ventures are accounted for using the gross equity method in the consolidated financial statements. Under the gross equity method the investment in a joint venture is recognised initially at cost and adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the joint venture. The cost of the investment includes transaction costs. Any goodwill arising on the acquisition of joint ventures is included in the carrying amount of the investments.

The amounts included in the consolidated financial statements in respect of the post-acquisition profits/losses of joint ventures are taken from their latest audited financial statements made up to the balance sheet date.

Investments in joint ventures are shown in the Company balance sheet as a financial asset and are measured at cost less provisions for impairment in value.

Accounting Policies And Estimation Techniques

continued

Turnover

Sale of goods and services

Turnover from the sale of goods and services in the course of ordinary activities is measured at the fair value of consideration received or receivable, excluding value added tax and net of returns, trade discounts and including other levies on goods and services to external customers. Turnover from services is recognised when those services are delivered.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs can be measured reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

The Group supplies electricity to ESB Electric Ireland under a Power Purchase Agreement ('PPA') which expires in December 2015. Turnover is recognised for (i) capacity availability and (ii) energy supplied, on the basis of contractual performance in accordance with the terms of the PPA. Related pass through costs are recognised in accordance with the terms of the PPA.

Long-term contracts

Turnover on long-term contracts is recognised using the percentage-of-completion method. The amount of turnover and profit recognised in each accounting period reflects the work performed in that period based on costs incurred.

Rental income

Operating lease rental income is recognised on a straight-line basis, with any lease incentives granted recognised as an integral part of the total rental income over the term to the next market rent review.

Deferred revenue and accrued revenue

On receipt of payment from customers in advance of the performance of the Group's contractual obligations to its customers, the Group recognises deferred revenue on the balance sheet, representing the Group's unperformed obligations under the contract terms. When the Group performs its obligations and thereby obtains the right to consideration, the related revenue is recognised in the profit and loss account. The costs associated with the delivery of the services are charged to cost of sales as incurred.

Revenue earned on goods/service delivery but unbilled is recognised in accordance with contractual terms as accrued revenue on the balance sheet.

Exceptional items

With respect to exceptional items, the Group has applied a profit and loss account format which seeks to highlight significant items within Group results for the year. The Group exercises judgement in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the profit and loss account and related notes as exceptional items. The Group believes that such a presentation provides a more helpful analysis as it highlights material items of a non-recurring nature.

Foreign currencies

Transactions denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the transaction date or, if hedged, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract. The resulting exchange differences are included in the profit and loss account.

The financial statements of foreign subsidiaries are translated into Euro using the closing rate method. Profits and losses arising on the re-translation of foreign subsidiaries are taken to reserves and recognised in the statement of total recognised gains and losses. Exchange differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against Group equity investment in foreign subsidiaries, are also taken to reserves and recognised in the statement of total recognised gains and losses.

Derivative financial instruments

The Group uses derivative financial instruments including a number of cross currency interest rate swaps and forward foreign exchange contracts. In order to hedge the exchange rate exposures and fix the floating interest rates on the Group's two private placement facilities, the Group entered into a number of swap arrangements which match the maturity profile of the unsecured loan notes. The Group's forward foreign exchange contracts are used to hedge expected foreign transaction cash flows.

These derivatives are not recognised on the balance sheet. The fair value of the financial instruments is disclosed at each balance sheet date.

Emissions allowances

Purchased:

Emissions allowances purchased are recorded as intangible assets at cost and are not amortised as they are held for settlement of the emission liability. As emissions arise, a charge is recorded in the profit and loss account to reflect the amount required to settle the liability to the Government Authority. This liability will include the carrying amount of the emission allowances held plus the current market value of any additional allowances required to settle the obligation. These allowances, together with any additional allowances received, are returned to the relevant Authority within four months of the end of that calendar year, in order to cover the liability for actual emissions during that year. The intangible asset is reduced on settlement of the liability. Certain of the emissions costs are recoverable from ESB Electric Ireland under the PPA. The amount recoverable is included within revenue.

Granted:

In accordance with the provisions of the European Union emissions trading scheme, emissions allowances covering a percentage of the expected emissions during the year are granted to one of the Bord na Móna companies at the beginning of each year by the relevant Government Authority. Emissions allowances granted are recognised at nil. The corresponding liability that will be settled using granted allowances is also recognised at nil.

Tangible fixed assets

Recognition and measurement

Freehold land, other than peatland, is measured at cost less any accumulated impairment losses. Peatland and all other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs associated with this; and
- capitalised borrowing costs.

When parts of an item of tangible fixed asset have different useful lives, then they are accounted for as separate items (major components) and depreciated separately.

Any gain or loss on disposal of a tangible fixed asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The Group has a policy of capitalising finance costs. Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Where funds are borrowed specifically for the purpose of financing the construction of a tangible fixed asset, the amount of finance costs capitalised is limited to the actual costs incurred on the borrowings during the period in respect of expenditure on the tangible fixed asset. The capitalisation of finance costs ceases when the asset is commissioned or where active development has been interrupted for an extended period of time.

Depletion and depreciation

Tangible fixed assets are depreciated from the date that they are available for use or, in respect of assets in the course of construction, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of tangible fixed assets less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss.

A depletion charge is recorded in respect of peatland, drainage and railways. Other tangible fixed assets are depreciated on a straight line basis at the rates indicated:

Plant & Machinery	5% to 12.5%	per annum
Motor Vehicles	20%	per annum
Buildings	5% to 10%	per annum
IT Equipment	20% to 33.3%	per annum

The Group's power plant at Edenderry is depreciated on an electrical output basis in order to relate the depreciation to the estimated production capability of the plant. The Group supplies electricity to ESB Electric Ireland under the PPA on a priority dispatch basis. This PPA expires in 2015 and the plant's contractual entitlement to priority dispatch ceases at that date. The electrical output method of depreciation seeks to relate the depreciation charge to the estimated production capability of the plant.

Accounting Policies And Estimation Techniques

continued

The Group's peaking plant at Edenderry is depreciated on a straight line basis with the charge calculated to write the cost of the asset down to its estimated residual value. The use of the straight line basis of depreciation reflects the anticipated consumption of the economic benefit of the plant on a consistent basis over the useful life of the plant based on its availability to the grid.

The infrastructural cost of the landfill asset is depreciated over the licensed life of twenty years. The landfill cells and associated assets such as capping are depreciated on the basis of the usage of void space.

No depreciation is charged on assets in the course of construction.

Financial assets

Interests in subsidiary undertakings and joint ventures are measured at cost less provisions for impairment in value on the Company balance sheet.

In the consolidated balance sheet, the Group's interest in joint ventures is accounted for using the gross equity method.

The Group carries out an impairment test if events or changes in circumstances indicate that the carrying value of the financial asset may not be recoverable.

The recoverable amount is determined by comparing the carrying value of the financial asset against the higher of its net realisable value and its value in use. The value in use is determined by discounting estimated future cash flows expected to be derived from the financial asset, to net present value. To the extent that the carrying amount exceeds the recoverable amount, the financial asset is impaired and is written down.

Investment properties

Investment property is an interest in land and/or buildings that is held for investment potential. Investment properties are included in the balance sheet at their open market value and are not depreciated. Movements in value are recorded as a movement in the revaluation reserve through the statement of total recognised gains and losses, unless a valuation indicates a permanent diminution. Revaluations below original cost are regarded as permanent and are charged to the profit and loss account in the period.

Goodwill and intangible assets

Purchased goodwill is capitalised on the balance sheet and amortised over its estimated useful economic life (between three and twenty years).

The carrying amounts of the Group's tangible fixed assets and goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If events or changes in circumstances indicate that the carrying value of tangible fixed assets, Intangible assets or goodwill may not be recoverable, the Group carries out an impairment test.

For impairment testing assets are grouped together into the smallest group of assets that generate income that is largely independent of the Group's other income streams. The recoverable amount in respect of income generating units ('IGUs') is the higher of its net realisable value and the value in use. The value in use is determined by discounting to present value the estimated future cash flows expected to be derived from the income generating unit. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or the IGU.

To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss arising is recognised in the profit and loss account.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Research and development costs

Expenditure on pure or applied research is expensed in the profit and loss account as incurred.

Development costs are expensed in the profit and loss account unless the criteria for capitalisation as an intangible asset are satisfied, in which case they are capitalised from that date. The criteria for capitalisation include: (i) sufficient evidence that an asset has been created (ii) future inflow of benefit will occur and (iii) it can be measured with sufficient reliability.

Grants

Capital grants received and receivable under EU-assisted schemes are recognised when received or when their receipt can be foreseen with virtual certainty. Grants received in respect of tangible fixed assets are treated as a deferred credit and amortised to the profit and loss account annually over the economic useful life of the related tangible fixed assets.

Revenue grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Stocks, work in progress and long term contracts

Stocks and work in progress are valued at the lower of cost and net realisable value. Coal stocks are valued at weighted average actual cost. Briquette stocks are valued on the lower of actual costs or the standard normalised cost. Growing media stocks are valued at weighted average actual costs.

Cost of milled peat includes all direct expenditure incurred in bringing products to their existing location and condition under normal operating conditions. The cost of milled peat stock harvested is determined at each peatland location as the cost of the annual harvest allocated over the normal levels of harvest production calculated based on standard tonnage. The unit cost is reduced to actual cost where actual cost per tonne is lower than standard cost per tonne. The costs of milled peat stocks include a depletion charge, direct labour, other costs and related production overheads. Variations from standard tonnage (i.e. up tonnages where the actual output tonnages are greater due to improved moisture content) are recognised on measurement of the peat when the stock pile is fully outloaded. The additional bonuses of work groups which only arise when up-tonnage is recognised are provided for when the related up-tonnages are identified and recognised as part of this measurement process.

Net realisable value is based on estimated selling price in the ordinary course of business less the estimated cost of completion, costs necessary to make the sale and any penalty payments.

Profit on long-term contracts is recognised once the outcome can be assessed with reasonable certainty. Losses on long-term contracts are provided as soon as they are foreseen. Long-term work in progress is stated net of payments received on account.

Provision is made for damaged, deteriorated, obsolete and slow moving items where appropriate.

Trade debtors

Trade debtors are initially recognised at fair value and subsequently at amortised cost less any impairment losses. Trade debtors are considered for impairment on an on-going basis. Provisions for impairment of trade debtor balances are recorded against identified doubtful debtors.

Cash

Cash and cash equivalents comprise of cash at bank and in hand and short-term deposits.

Borrowings

Interest bearing loans and borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis, with any lease incentives granted recognised as an integral part of the total rental expense over the term to the next rent review.

Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, a reliable estimate of that obligation can be made and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The unwinding of the discount is recognised in the profit and loss account as finance cost.

Accounting Policies And Estimation Techniques

continued

The amount of a provision is reviewed each year and amended as appropriate. Where the corresponding entry to the recognition of the provision was to capitalise it into a related asset, any changes to the amount of the provision arising from changes in the amount or timing of cash flows or the discount rate are capitalised into the relevant assets and depreciated prospectively.

Environmental reinstatement provision

Provision is made for environmental reinstatement costs relating to the after-use of cutaway peatland and decommissioning costs. The provision is recorded when the circumstances giving rise to the obligation to reinstate the assets occur. The amount of the provision represents the present value of the expected future costs. A depletion charge is recorded in the profit and loss account in order to charge the cost of capitalised reinstatement costs to the profit and loss account reflecting extraction.

Landfill restoration provision

A provision is recorded for the present value of the Group's unavoidable costs in relation to the aftercare and the restoration cost of the landfill facility. This value is capitalised as a tangible fixed asset. Provision is made for the present value of post closure costs based on the forecast costs expected to incur for the thirty year period post closure. Similar costs incurred during the operating life of the sites are also provided for and expensed directly to the profit and loss account.

Provision for generating assets and manufacturing plants closure

The provision for closure of generating stations represents the present value of the current estimate of the costs of closure of the stations at the end of their useful lives.

The present value of the estimated costs of closing stations are recognised as a provision and capitalised in the tangible fixed asset where they are depreciated in the same way as the generating asset itself.

Self insurance provisions

Self insurance provisions relate to the estimated liability in respect of costs to be incurred under the Group's self insurance programmes for events occurring on or prior to the year end. The provision is estimated based on a case by case assessment by the independent loss adjusters of the likely outturn on each case. In addition there is an estimated liability for claims incurred but not yet reported at the balance sheet date.

Legal provisions

Provisions for legal claims are included in the financial statements, for legal and other matters on the basis of the amounts that the Group consider will become payable, after evaluating the recommendations of legal advisors, their in-house legal teams, and other experts.

Warranty provision

The Group issues warranties for certain goods and services. The warranty costs are provided for based on the duration of the warranty period.

Redundancy provision

Redundancy costs are provided for by the Group, once a detailed formal plan has been prepared and approved and the Group is irrevocably committed to implementing the plan.

Pensions and post retirement benefits

The Group has both defined benefit and defined contribution pension arrangements.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are received.

Defined benefit schemes: Group

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution plan. Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. Pension scheme surpluses, to the extent that they are considered recoverable are presented on the balance sheet as an asset net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The difference between the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income/expense.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

Where the scheme rules require a surplus arising in the scheme to be shared between the employer and the members, the amount attributable to the members is treated as an increase in the scheme liabilities. The movement in the share attributable to members is recognised in the statement of total recognised gains and losses.

Defined benefit schemes: Company

The Company is a member of the Group defined benefit scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, the Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Company's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation including deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax represents the amount expected to be paid in respect of taxable profit for the year and is calculated using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board.

Deferred tax is measured, on an undiscounted basis, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholder and are no longer at the discretion of the Company.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements that have the most significant effect on the amounts recognised in the financial statements include the following areas:

(a) Pension scheme assets and liabilities

The actuarial valuation of pensions is based on assumptions regarding inflation, discount rates, the expected return on plan assets, salary increases, increases in pension payments and mortality rates. The assumptions adopted by the Group at 26 March 2014 are outlined in Note 25 to the financial statements and have been determined with assistance from the Group's actuarial advisors.

Accounting Policies And Estimation Techniques

continued

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the 'balance of cost' defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 26 March 2014, 100% of the pension scheme deficit on the GESS and BnM Fuels schemes and 50% of the surplus on the RWESS scheme has been recognised in the financial statements.

(b) Impairment of assets including goodwill

Intangible assets and property, plant and equipment and goodwill are tested for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The recoverable amount of income generating units is determined based on the determination of a value in use for the income generating unit. This determination is based on forecasted future cashflows.

The Group's resource recovery business is continuing to operate in challenging and highly competitive economic conditions and in a changing regulatory environment. The determination of the value in use requires application of an appropriate weighted average cost of capital and assessment of a long-term growth rate for the sector. The potential impact on the recoverable amount of changes in these key assumptions is set-out in Note 7 to the financial statements.

(c) Carrying value of power plants

The Group's power plant at Edenderry operates a fifteen year PPA with ESB Electric Ireland to provide electricity on a priority dispatch basis. This PPA expires in December 2015. The plants contractual entitlement to priority dispatch will cease as at that date. The Group anticipate that the plant will continue to operate in the period post 2015 in the single electricity market ('SEM') co-fired by biomass and peat. The related goodwill is being amortised over the period to 2025 reflecting a useful economic life of 20 years. In considering the carrying value of the plant at Edenderry and the goodwill arising on acquisition of the business, a number of key assumptions are made in respect of the operation of the plant in the period post 2015. These assumptions are considered on an annual basis on assessment of the appropriateness of the carrying value of the plant and the related goodwill.

(d) Environmental obligations

The Group has certain environmental obligations arising as a result of its land, and landfill operations. Determination of the provisions for the related environmental rehabilitation obligations in the period to and post extraction and operation reflects certain key assumptions in respect of the associated costs. These assumptions are reviewed on an on-going basis reflecting actual experience.

New GAAP

In late 2012 and early 2013 the Financial Reporting Council in the UK issued a suite of standards that replace existing UK and Irish Accounting Standards ("Old UK GAAP" and "Old Irish GAAP"). Entities that are currently required by applicable law and regulation to apply EU endorsed International Financial Reporting Standards ("EU-IFRS") will continue to do so. Other entities, subject to eligibility, will be able to choose to prepare their financial statements in accordance with EU-IFRS, FRS 101 – Reduced Disclosure Framework, FRS 102 – The Reporting Standard applicable in the UK and Republic of Ireland, or the Financial Reporting Standard for Smaller Entities ("New GAAP"). The mandatory effective date for moving to New GAAP is accounting periods commencing on or after 1 January 2015, although early adoption is permitted.

The Group is currently considering its accounting options and assessing the impact of the change in GAAP on the Group including its accounting and risk management systems, hedging strategies, remuneration arrangements and loan covenants.

Consistent with prior years, the 2014 financial statements are prepared under Old UK /Irish GAAP and the 2015 financial statements will be prepared on the same basis. The financial statements for the year ended 30 March 2016 will be prepared under the selected "New GAAP" with comparatives restated as appropriate.

Accounting year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period 28 March 2013 to 26 March 2014 (prior year: 52-week period 29 March 2012 to 27 March 2013).

Group Profit and Loss Account

for the year ended 26 March 2014

	Note	2014 Total €'000	2013 Total €'000
Continuing operations			
Turnover	2	426,798	426,120
Cost of sales	2	(297,478)	(324,510)
Gross profit		129,320	101,610
Distribution costs	2	(31,780)	(33,167)
Administration expenses	2	(47,285)	(44,935)
Operating profit		50,255	23,508
Share of loss of joint venture	10	(60)	(717)
Profit before finance charges and taxation		50,195	22,791
Interest receivable and similar income	5	2,675	6,133
Interest payable and similar charges	5	(13,054)	(15,581)
Other finance income and charges	5	98	(811)
Profit on ordinary activities before taxation		39,914	12,532
Taxation on ordinary activities	6	(6,454)	(3,309)
Profit after taxation on ordinary activities		33,460	9,223
Equity minority interests	19	50	9
Profit for the financial year		33,510	9,232

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Group Statement of Total Recognised Gains and Losses

for the year ended 26 March 2014

	Note	2014 €'000	2013 €'000
Profit for the financial year		33,510	9,232
Actuarial gain/(loss) recognised on pension schemes	25	12,553	(16,247)
Deferred tax related to actuarial gain/(loss)	17(e)	(1,545)	1,870
Exchange loss on translation of foreign subsidiaries		(24)	(4)
Total recognised gains/(losses) for the financial year		44,494	(5,149)

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Reconciliation of Movement on Shareholders' Funds

for the year ended 26 March 2014

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss Account €'000	Shareholders' Funds €'000
THE GROUP					
Profit for the financial year ended 27 March 2013		0	0	9,232	9,232
Dividend paid	3	0	0	(2,500)	(2,500)
Profit retained for the financial year ended 27 March 2013		0	0	6,732	6,732
Actuarial loss recognised on pension schemes	25	0	0	(16,247)	(16,247)
Deferred tax related to actuarial loss	17(e)	0	0	1,870	1,870
Exchange loss on translation of foreign subsidiaries		0	0	(4)	(4)
Net decrease in shareholders' funds		0	0	(7,649)	(7,649)
Shareholders' funds at 28 March 2012		82,804	1,959	96,558	181,321
Shareholders' funds at 27 March 2013		82,804	1,959	88,909	173,672
Profit for the financial year ended 26 March 2014					
		0	0	33,510	33,510
Dividend paid	3	0	0	(5,263)	(5,263)
Profit retained for the financial year ended 26 March 2014		0	0	28,247	28,247
Actuarial gain recognised on pension schemes	25	0	0	12,553	12,553
Deferred tax related to actuarial gain	17(e)	0	0	(1,545)	(1,545)
Exchange loss on translation of foreign subsidiaries		0	0	(24)	(24)
Net increase in shareholders' funds		0	0	39,231	39,231
Shareholders' funds at 27 March 2013		82,804	1,959	88,909	173,672
Shareholders' funds at 26 March 2014		82,804	1,959	128,140	212,903

Reconciliation of Movement on Shareholders' Funds

for the year ended 26 March 2014 (continued)

	Note	Called up Share Capital €'000	Share Premium €'000	Profit and Loss account €'000	Shareholders' Funds €'000
THE COMPANY					
Loss for the financial year ended 27 March 2013		0	0	(34,443)	(34,443)
Dividend paid	3	0	0	(2,500)	(2,500)
Net decrease in shareholders' funds		0	0	(36,943)	(36,943)
Shareholders' funds at 28 March 2012		82,804	1,959	52,085	136,848
Shareholders' funds at 27 March 2013		82,804	1,959	15,142	99,905
Profit for the financial year ended 26 March 2014		0	0	47,443	47,443
Dividend paid	3	0	0	(5,263)	(5,263)
Net increase in shareholders' funds		0	0	42,180	42,180
Shareholders' funds at 27 March 2013		82,804	1,959	15,142	99,905
Shareholders' funds at 26 March 2014		82,804	1,959	57,322	142,085

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to shareholders at the annual general meeting and from filing it with the Registrar of Companies. The Company's result for the financial year, determined in accordance with Irish GAAP, is a trading profit of €47,443,000 after receipt of dividends of €55,000,000 (2013: loss of €34,443,000) and a retained profit of €42,180,000 (2013: retained loss of €36,943,000).

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Group Balance Sheet

as at 26 March 2014

	Note	26 March 2014 €'000	27 March 2013 €'000
Fixed Assets			
Intangible assets	7	30,071	19,338
Tangible assets	8	315,654	244,333
Investment properties	9	9,000	7,750
Financial assets	10	2,166	976
		356,891	272,397
Current Assets			
Stocks	11	91,678	55,228
Debtors	12	78,278	76,047
Cash at bank and in hand		173,250	247,171
		343,206	378,446
Creditors - amounts falling due within one year	13	(175,442)	(117,530)
Net current assets		167,764	260,916
Total assets less current liabilities		524,655	533,313
Creditors - amounts falling due after more than one year	14	(214,113)	(254,440)
Provisions for liabilities	17	(59,902)	(53,664)
Net assets before pension funds assets and liabilities		250,640	225,209
Pension fund in a net asset position	25	2,966	0
Pension funds in a net liability position	25	(41,159)	(51,943)
Net assets after pension funds assets and liabilities		212,447	173,266
Capital and Reserves			
Called-up share capital	18	82,804	82,804
Share premium	18	1,959	1,959
Profit and loss account		128,140	88,909
Equity shareholders' funds		212,903	173,672
Minority shareholders' interests:			
Equity interests	19	(456)	(406)
		212,447	173,266

On behalf of the Board:

John Horgan **Gabriel D'Arcy**
Chairman Managing Director

Company Balance Sheet

as at 26 March 2014

	Note	26 March 2014 €'000	27 March 2013 €'000
Fixed Assets			
Tangible assets	8	6,438	3,812
Financial assets	10	88,246	88,246
		94,684	92,058
Current Assets			
Debtors - amounts falling due after more than one year	12	262,581	223,612
Debtors - amounts falling due within one year	12	63,338	43,567
Cash at bank and in hand		158,903	231,889
		484,822	499,068
Creditors - amounts falling due within one year	13	(220,808)	(233,827)
Net current assets		264,014	265,241
Total assets less current liabilities			
		358,698	357,299
Creditors - amounts falling due after more than one year	14	(203,197)	(243,666)
Provisions for liabilities	17	(8,922)	(9,040)
Net assets before pension fund liabilities		146,579	104,593
Pension fund liabilities	25	(4,494)	(4,688)
Net assets after pension fund liabilities		142,085	99,905
Capital and Reserves			
Called-up share capital	18	82,804	82,804
Share premium	18	1,959	1,959
Profit and loss account		57,322	15,142
Equity shareholders' funds		142,085	99,905

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Cash Flow Statement

for the year ended 26 March 2014

	Note	2014 €000	2013 €000
Net cash inflow from operating activities	20(a)	47,448	108,468
Returns on investments and servicing of finance	20(b)	(10,073)	(11,105)
Tax paid		(3,834)	(2,185)
Capital expenditure and financial investment	20(b)	(86,250)	(41,833)
Acquisitions and disposals of subsidiary undertakings	20(b)	2,961	0
Equity dividends paid to shareholders	3	(5,263)	(2,500)
Net cash (outflow) / inflow before use of liquid resources and financing		(55,011)	50,845
Financing	20(b)	(19,577)	0
(Decrease) / increase in cash		(74,588)	50,845

Reconciliation of Net Cash Flow to Movement in Net Debt

(Decrease) / increase in cash during the year	20(c)	(74,588)	50,845
Decrease in debt financing	20(b)	19,577	0
Change in net debt resulting from cash flows		(55,011)	50,845
Change from non-cash movements	20(c)	(161)	(1,166)
Net debt at beginning of the financial year		(17,035)	(66,714)
Net debt at end of the financial year		(72,207)	(17,035)

On behalf of the Board:

John Horgan
Chairman

Gabriel D'Arcy
Managing Director

Notes to the Financial Statements

1. Consolidation

One ordinary share is held by the Minister for Communications, Energy and Natural Resources. 5% of the ordinary shares are held by the employees of the Group through an Employee Share Ownership Plan (ESOP). The remainder of the issued share capital is held by the Minister for Finance (whose shares stand transferred to the Minister for Public Expenditure and Reform under the Minister's and Secretaries Act 2011).

The Group financial statements consolidate the financial statements of Bord na Móna plc and all of its subsidiaries.

2. Profit before taxation

	2014	2014	2014	2013	2013	2013	2013	2013
	Gross	Less	Total	Gross	Less	Before	Exceptional	Total
	€'000	Inter	€'000	€'000	Inter	exceptional	items	€'000
Continuing operations		Group			Group	items		
		€'000			€'000	€'000	€'000	€'000
Turnover ¹								
Powergen	77,635	(439)	77,196	76,046	0	76,046	0	76,046
Feedstock	142,142	(63,933)	78,209	137,150	(59,285)	77,865	(2,543)	75,322
Resource Recovery	80,730	(433)	80,297	71,806	(180)	71,626	0	71,626
Consumer and Professional	187,936	(10,597)	177,339	199,308	(9,967)	189,341	0	189,341
Anua-Environmental and other	14,268	(511)	13,757	14,170	(385)	13,785	0	13,785
	502,711	(75,913)		498,480	(69,817)			
Net third party turnover			426,798			428,663	(2,543)	426,120
Cost of sales			(297,478)			(303,723)	(20,787)	(324,510)
Gross profit			129,320			124,940	(23,330)	101,610
Distribution costs			(31,780)			(33,167)	0	(33,167)
Administration expenses ²			(47,285)			(44,935)	0	(44,935)
Operating profit ³			50,255			46,838	(23,330)	23,508

¹The Group is organised into five business units, Powergen, Feedstock, Consumer and Professional (previously named Retail), Resource Recovery and Anua-Environmental. Analyses by business are based on the Group's management structure. No analysis of Group operating profit or assets by business segment is provided in accordance with SSAP 25, 'Segmental Reporting', as the Directors are of the opinion that such disclosure would be seriously prejudicial to the Group's interests.

²Administration expenses include:

- (i) following the appraisal of certain of the Group's businesses, the Group conducted valuation reviews of its assets, in accordance with the Group's accounting policies. This process resulted in a revaluation gain of €1,250,000 in the current year on investment properties (Note 9) (2013: impairment charge of €910,000), an impairment charge against goodwill of €205,000 (Note 7) (2013: €Nil) and an impairment charge against tangible assets of €208,000 (Note 8) (2013: €Nil).
- (ii) a charge for reorganisation and redundancy costs of €797,000 (2013: €488,000).

³The harvesting of peat, which is weather dependant, is a significant operation within the Group's activities. In the prior year, the Group experienced an increase in the amount of rainfall in the months from June 2012 to August 2012 inclusive which resulted in a record low annual harvest yield of 1.4 million tonnes, 37% of the target and a shortfall of 2.4 million tonnes against the target. In accordance with the Group's exceptional cost accounting policy, the Group treated the impact as an exceptional cost that reduced the operating performance by €23,330,000 and profit for the year by €20,534,000. There was no corresponding exceptional item during the current year.

2. Profit before taxation (continued)

	2014 €'000	2013 €'000
Profit before taxation is arrived at after charging/(crediting)		
Auditors' remuneration¹		
Statutory audit of Group financial statements	265	265
Other assurance services	4	10
Tax advisory services	160	44
Other non-audit services	27	93
Operating lease rentals		
Plant and machinery	1,299	1,502
Land and buildings	1,038	1,182
Staff costs²:		
Wages and salaries	99,654	87,698
Social welfare costs	10,702	9,320
Pension costs	3,552	4,729
	113,908	101,747
Staff costs capitalised	(1,446)	(1,555)
Net staff costs	112,462	100,192
Depreciation (Note 8)	40,562	35,686
Impairment of tangible assets (Note 8)	208	0
Profit on disposal of other fixed assets	173	63
Amortisation of intangible assets (Note 7)	2,338	2,501
Impairment of intangible assets (Note 7)	205	0
(Revaluation gain)/impairment of investment property (Note 9)	(1,250)	910
Research and business development expenditure	4,007	4,011
Capital grants amortised (Note 16)	(1,453)	(1,361)
Loss on disposal of business operation (Note 21)	(9)	0
Number of employees	2014	2013
Average numbers employed		
Manufacturing and production	1,520	1,527
Administration	541	517
	2,061	2,044
Peak employment	2,401	2,386

¹ During the year, the Company obtained audit services from KPMG at a cost of €10,000 (2013: €10,000).

² Staff costs include a charge of €797,000 (2013: €488,000) in respect of reorganisation and redundancy costs.

The Group incurred an actuarial gain on its pension schemes of €12,553,000 (2013: actuarial loss €16,247,000) which was recognised in the Group statement of total recognised gains and losses (Note 25).

3. Dividends

	2014 €'000	2013 €'000
To the Minister for Finance	5,000	2,375
To Bord na Móna ESOP Trustee Limited	263	125
	5,263	2,500

The Company paid a dividend of €0.0807 per share during the year (2013: €0.0383). The total dividend payment for the year was €5,263,000 (2013: €2,500,000).

Notes to the Financial Statements

continued

4. Directors' remuneration

	Fees €'000	Salary €'000	Performance related pay €'000	Company contributions to pension €'000	Taxable benefits €'000	Total €'000
Executive directors						
Gabriel D'Arcy						
Year ended 26 March 2014	13	231	0	58	20	322
Year ended 27 March 2013	13	226	0	58	20	317

	Fees €'000	Other remuneration ¹ €'000	Company contributions to pension €'000	Total €'000
Directors - Worker Participation				
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 26 March 2014	50	438	35	523
Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 27 March 2013	50	319	35	404

Non executive Directors

Other non executive directors (7) - 26 March 2014	86	0	0	86
Other non executive directors (9) - 27 March 2013	90	0	0	90

The non-executive chairman receives a fee of €21,600 and each of the Directors receive an annual fee of €12,600. These amounts are adjusted on a pro rata basis where a term of office commences or concludes during the year.

The total remuneration paid to Directors during the year was €931,000 (2013: €811,000) made up of fees of €149,000 (2013: €153,000) and other remuneration of €782,000 (2013: €658,000).

¹Other remuneration represents payments made for roles other than Directors' roles.

5. Finance (charges)/income

	2014 €'000	2013 €'000
(a) Interest receivable and similar income		
Interest receivable	2,675	6,133
(b) Interest payable and similar charges		
Bank overdraft	(7)	(34)
Unsecured loan notes	(15,298)	(15,829)
Amortisation of issue costs	(161)	(176)
Net interest payable	(15,466)	(16,039)
Less capitalised interest ¹	2,412	458
	(13,054)	(15,581)
(c) Other finance income and charges		
Other finance income - pension schemes (Note 25)	1,089	299
Financing charges on provisions (Note 17)	(991)	(1,110)
	98	(811)
Finance charges, net	(10,281)	(10,259)

¹ The Group capitalises interest on capital projects that take a substantial period of time to complete. The interest is included as part of the initial measurement of the cost of the tangible fixed asset (Note 8).

6. Taxation

	2014 €'000	2013 €'000
(a) Amounts recognised in profit or loss account		
Taxation based on the profit for the year:		
Irish corporation tax		
Current tax for the year	7,315	2,818
Adjustments in respect of prior years	156	14
	7,471	2,832
Foreign taxation		
Current tax for the year	5	12
Adjustments in respect of prior years	0	0
	5	12
Total current tax (see note below)	7,476	2,844
Deferred tax - origination and reversal of timing differences (Note 17)	(1,022)	465
Tax on profit on ordinary activities	6,454	3,309
(b) Reconciliation of effective tax rate		
Factors affecting corporation tax charge for the year		
Profit before taxation	39,914	12,532
Standard rate of corporation tax for the year	12.50%	12.50%
Profit/(loss) before taxation multiplied by standard rate	4,989	1,567
Effects of:		
Expenses not deductible for tax purposes	266	254
Expenses not yet deductible for tax purposes	1,011	0
Depreciation and amortisation in excess of capital allowances	254	16
Ineligible depreciation	1,006	984
(Revaluation gain)/impairment of tangible assets and investment property	(130)	114
Amortisation of intangible assets	292	312
Impairment of intangible assets	28	0
Taxation rate differences	(6)	5
Pension contribution relief in excess of pension cost charge	(390)	(422)
Adjustments in respect of prior years	156	14
	7,476	2,844

Notes to the Financial Statements

continued

7. Intangible assets

	Goodwill 2014 €'000	Other intangibles 2014 €'000	Assets in course of construction 2014 €'000	Total 2014 €'000	Goodwill 2013 €'000	Other intangibles 2013 €'000	Assets in course of construction 2013 €'000	Total 2013 €'000
THE GROUP								
Cost								
At beginning of the financial year	66,889	7,858	1,269	76,016	66,878	503	0	67,381
Reclassification	0	0		0	0	7,355	0	7,355
Additions	0	3,424	9,849	13,273	0	0	1,269	1,269
Exchange adjustment	8	0		8	11	0	0	11
At end of the financial year	66,897	11,282	11,118	89,297	66,889	7,858	1,269	76,016
Amortisation And Impairments								
At beginning of the financial year	52,585	4,093	0	56,678	50,476	503	0	50,979
Reclassification	0	0	0	0	0	3,187	0	3,187
Charge for year	1,959	379	0	2,338	2,098	403	0	2,501
Impairment (Note 2)	205	0	0	205	0	0	0	0
Exchange adjustment	5	0	0	5	11	0	0	11
At end of the financial year	54,754	4,472	0	59,226	52,585	4,093	0	56,678
Net Book Amounts								
At beginning of the financial year	14,304	3,765	1,269	19,338	16,402	0	0	16,402
At end of the financial year	12,143	6,810	11,118	30,071	14,304	3,765	1,269	19,338

At the beginning of the prior year the Group reclassified its capitalised grid connection costs from tangible assets to intangible assets. The gross value of capitalised grid connection costs was €7,355,000 and the accumulated amortisation at the date of transfer was €3,187,000 (Note 8).

Assets in course of construction represent grid connection and sub-stations costs that are in the course of construction.

The carrying value of goodwill of €12,143,000 (2013: €14,304,000) is represented by goodwill in the Powergen business of €5,781,000 (2013: €6,357,000), goodwill in the Resource Recovery business of €6,362,000 (2013: €7,705,000) and goodwill in the Anua-Environmental business of €nil (2013: €242,000).

In accordance with the Group's accounting policies, the Group has tested the carrying value of goodwill for impairment. The recoverable amounts of each of the identified income generating units (IGU) were estimated based on a value in use calculation using cash flow projections based on the financial five year plans as approved by the Board. Cash flows beyond five years are extrapolated based on a perpetuity growth rate of 2.0% (2013: 2.3%) and a pre tax weighted average cost of capital of 9.0% (2013: 9.0%) which are consistent with the Group's expectation for market development and growth in market share where applicable. Based on these reviews there was an impairment charge of €205,000 (2013: €nil) in the Anua business of the carrying value of goodwill which was recognised in administration expenses.

8. Tangible assets

(i) THE GROUP	Bogland, Drainage & Production Buildings €'000	Landfill €'000	Railways, Plant & Machinery €'000	Generating Assets €'000	Freehold land, Administration & Research Buildings €'000	Assets in course of construction €'000	Total €'000
At Cost	0				0	0	
At 27 March 2013	128,271	30,363	239,616	155,965	17,608	31,498	603,321
Additions at cost ¹	5,190	3,300	12,289	3,530	17	88,342	112,668
Disposals/retirements ²	0	0	(3,220)	(53)	0	0	(3,273)
Disposal of subsidiary (Note 21)	(2)	0	(2,546)	0	0	0	(2,548)
Transfers out of assets under construction	0	1,559	3,215	504	0	(5,278)	0
Exchange adjustment	0	0	(8)	0	26	0	18
At 26 March 2014	133,459	35,222	249,346	159,946	17,651	114,562	710,186
Accumulated Depreciation and Impairment	0				0		
At 27 March 2013	90,497	19,059	184,851	54,093	10,488	0	358,988
Charge for year	9,630	4,799	15,648	10,037	448	0	40,562
Impairment (Note 2) ³	124	0	84	0	0	0	208
Disposals/retirements ²	0	0	(2,919)	(53)	0	0	(2,972)
Disposal of subsidiary (Note 21)	(2)	0	(2,241)	0	0	0	(2,243)
Exchange adjustment	0	0	(10)	0	(1)	0	(11)
At 26 March 2014	100,249	23,858	195,413	64,077	10,935	0	394,532
Net Book Value							
At 27 March 2013	37,774	11,304	54,765	101,872	7,120	31,498	244,333
At 26 March 2014	33,210	11,364	53,933	95,869	6,716	114,562	315,654

¹ Additions includes:

- (i) a sum of €5,383,000 in respect of decommissioning and restoration assets (2013: €1,016,000) (Note 17).
- (ii) the Group capitalised borrowing costs of €2,412,000 (2013: €458,000) in respect of assets in the course of construction during the year (Note 5). The rate of interest applied was 7.3% (2013: 7.3%).
- (iii) Additions to assets in course of construction includes wind farms under construction of €108,425,000 which are expected to be commissioned in summer 2014.

² Retirements/disposals during the year primarily relate to fully depreciated assets.

³ In accordance with the provisions of FRS 15 - 'Tangible Fixed Assets' the Group conducted impairment reviews of the Group's tangible assets. This process has resulted in an impairment charge of €208,000 in the Consumer and Professional business (2013: €nil).

Notes to the Financial Statements

continued

8. Tangible assets (continued)

(ii) THE COMPANY	Bogland, Drainage & Production Buildings €'000	Railways, Plant & Machinery €'000	Freehold land, Administration & Research Buildings €'000	Asset in course of construction €'000	Total €'000
At Cost				0	
At 27 March 2013	559	11,022	6,187	0	17,768
Additions at cost	0	963	17	2,466	3,446
Disposals	0	(89)	0	0	(89)
At 26 March 2014	559	11,896	6,204	2,466	21,125
Accumulated Depreciation					
At 27 March 2013	0	10,223	3,733	0	13,956
Charge for year	0	632	188	0	820
Disposals	0	(89)	0	0	(89)
At 26 March 2014	0	10,766	3,921	0	14,687
Net Book Value					
At 27 March 2013	559	799	2,454	0	3,812
At 26 March 2014	559	1,130	2,283	2,466	6,438

Assets in the course of construction represent IT infrastructure.

9. Investment properties

	2014 €'000	2013 €'000
At beginning of the financial year	7,750	8,660
Revaluation gain/(impairment) during the year and credited/(charged) to the profit and loss account	1,250	(910)
At end of the financial year	9,000	7,750

The investment property is stated at market value as at 26 March 2014. Market value means 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

The valuation of the Group's freehold interest in the property was carried out by DTZ Sherry Fitzgerald, qualified professional valuers acting in the capacity as external valuer. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards Global, 8th Edition (the 'Red Book'). The valuation was carried out as at 26 March 2014 and resulted in a revaluation upwards of €1,250,000 (2013 an impairment charge of €910,000) which is included in administration expenses (Note 2) as it represents the reversal of previous impairment charges recognised in the profit and loss account.

The market value of the investment property has been primarily derived using comparable market transactions on arm's length terms and an assessment of market sentiment. The valuation reflects, where appropriate, the type of tenant actually in occupation or likely to be in occupation after letting of vacant accommodation and the market's perception of their creditworthiness and the remaining useful life of the property.

10. Financial assets

	2014	2013
THE GROUP	€'000	€'000
Joint Venture		
At beginning of the financial year	976	1,193
Investment during the year	1,250	500
Group share of loss	(60)	(717)
At end of the financial year	2,166	976
Share of gross assets	3,275	2,025
Share of gross liabilities	(1,109)	(1,049)
Share of net assets	2,166	976

The following transactions were carried out with the joint venture:	2014	2013
	€'000	€'000
(a) Purchase of services	197	185
(b) Loans advanced	1,250	500
(c) Interest receivable	68	35
(d) Amounts receivable from joint venture	115	111

Oweninny Power Limited was incorporated in September 2011 as a joint venture between Bord na Móna Energy Limited and ESB Wind Development Limited to develop a 172MW wind farm in Oweninny, Co. Mayo. The joint venture is developing the wind farm project and has not yet commenced trading.

At the balance sheet date the Group had a commitment to provide additional funding of €750,000 (2013: €1,700,000) to fund the development of the wind farm.

THE COMPANY

	Subsidiary undertakings			
	Unlisted shares	Convertible loan stock	Loans	Total
	€'000	€'000	€'000	€'000
At beginning and end of the financial year	0	480	87,766	88,246

In the prior year the Company reviewed the carrying value of investments in subsidiary companies which resulted in an impairment of the value of unlisted shares of €6,853,000. At 26 March 2014 the Company also reviewed the carrying value of the loans of €87,766,000 and there is no impairment on the loans (2013: € nil).

The convertible loan stock was issued by the Company's 55% owned subsidiary, Derryarkin Sand and Gravel Limited, with the balance of the stock held by the minority shareholders (Note 19). It is convertible at par value into ordinary shares of Derryarkin Sand and Gravel Limited by agreement between the stockholders and the Company. All convertible stock not previously redeemed or converted will be redeemable at par upon the expiration of ten years from the date of issue which is March 2013. Derryarkin Sand and Gravel Limited repaid €nil (2013: €302,000) of loan stock to the Company during the year.

Notes to the Financial Statements

continued

10. Financial assets (continued)

The principal subsidiary and joint venture companies in the Group at 26 March 2014 are as follows:

Subsidiary company	Business	Registered office	Shareholding
Bord na Móna Energy Limited ¹	Production and sale of milled peat	Newbridge, Co Kildare	100
Bord na Móna Allen Peat Limited	Production and sale of milled peat	Newbridge, Co Kildare	100
Bord Na Mona Powergen Limited ¹	Power Generation	Newbridge, Co Kildare	100
Edenderry Power Limited	Power Generation	Newbridge, Co Kildare	100
Edenderry Power Operations Limited	Maintenance of power plants	Newbridge, Co Kildare	100
Cushaling Power Limited	Power Generation	Newbridge, Co Kildare	100
Renewable Energy Ireland Limited	Power Generation	Newbridge, Co Kildare	89
Mount Lucas Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100
Mount Lucas Supply Company Limited	Wholesale distribution of electricity	Newbridge, Co Kildare	100
Bruckana Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100
Bruckana Supply Company Limited	Wholesale distribution of electricity	Newbridge, Co Kildare	100
Bord na Móna Fuels Limited ¹	Production, sale and distribution of solid fuels	Newbridge, Co Kildare	100
BnM Fuels Limited	Production, sale and distribution of solid fuels	Newbridge, Co Kildare	100
Suttons Limited	Distribution of oil	Newbridge, Co Kildare	100
Bord na Móna Horticulture Limited ¹	Production and sale of horticultural products	Newbridge, Co Kildare	100
Bord na Móna UK Limited			
Bord na Móna Environmental Limited ¹	Production, sale and installation of environmental products.	Newbridge, Co Kildare	100
Bord na Móna Environmental Products (UK) Limited	Sale and installation of environmental products	Bridgewater, Somerset, England	100
Bord na Móna Environmental Products US Inc.	Sale and installation of environmental products	Delaware, U.S.A.	100
Bord na Móna Resource Recovery Limited ¹	Resource recovery and recycling	Newbridge, Co Kildare	100
Advanced Environmental Solutions (Ireland) Limited	Resource recovery and recycling	Newbridge, Co Kildare	100
Bord na Móna Property Limited ¹	Property holding	Newbridge, Co Kildare	100
Bord na Móna Treasury Limited ¹	Treasury Holdings	Newbridge, Co Kildare	100
Derryarkin Sand and Gravel Limited ¹	Extraction and sale of sand and gravel	Newbridge, Co Kildare	55
Joint venture company			
Oweninny Power Limited	Power generation	St. Stephen's Green, Dublin 2	50

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its Irish subsidiaries. As a result, these companies will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

¹Shareholding held directly by Bord na Móna plc.

11. Stocks

	THE GROUP	
	2014 €'000	2013 €'000
Raw materials	25,396	15,896
Work in progress	16	41
Finished goods	60,729	33,474
Maintenance spares	5,537	5,817
	91,678	55,228

The replacement cost of stocks is not significantly different from their balance sheet values.

12. Debtors

	THE GROUP		THE COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Trade debtors	55,646	60,168	108	0
Accrued revenue	13,723	6,103	0	0
Amounts due from Group companies	0	0	323,137	261,899
Amount owed by joint venture undertaking	141	111	26	9
Value-added tax	0	29	125	139
Corporation tax	299	753	0	69
Deferred tax (Note 17(e))	1,948	1,162	588	309
Prepayments	3,585	3,156	1,177	1,224
Other debtors	2,936	4,565	758	3,530
	78,278	76,047	325,919	267,179
Amounts fall due as follows:				
- within one year	78,024	74,426	63,338	43,567
- after more than one year	254	1,621	262,581	223,612
	78,278	76,047	325,919	267,179

Debtors after more than one year in the Company represent loans advanced to subsidiary companies which will be repaid from cash generated by the businesses. The Company reviewed the recoverability of the loans advanced to subsidiaries and impaired the loans by €nil (2013: €19,348,000).

Notes to the Financial Statements

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13. Creditors - amounts falling due within one year

	THE GROUP		THE COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Loans (Note 15)	41,593	20,540	40,603	19,550
Bank overdraft (Note 15)	667	0	110,159	145,050
Capital grants (Note 16)	1,700	1,358	247	0
Trade creditors	84,017	56,465	2,024	735
Deferred revenue	14,065	8,465	130	194
Accruals	16,650	18,108	6,687	8,998
Other creditors	6,050	5,472	483	0
Amounts due to Group companies	0	0	58,128	56,950
Creditors in respect of taxation and social welfare (see below)	10,700	7,122	2,347	2,350
	175,442	117,530	220,808	233,827

Creditors in respect of taxation and social welfare comprise:

Income tax deducted under PAYE	1,320	1,311	1,305	1,296
Pay-related social insurance	956	969	937	952
Corporation tax	5,002	1,814	0	0
Value-added tax	3,273	2,926	0	0
Other taxes	149	102	105	102
	10,700	7,122	2,347	2,350

14. Creditors - amounts falling due after more than one year

	THE GROUP		THE COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Unsecured loan notes (Note 15)	203,197	243,666	203,197	243,666
Capital grants (Note 16)	10,916	10,774	0	0
	214,113	254,440	203,197	243,666

15. Bank loans, overdrafts and unsecured loan notes

	Within One Year	Between One and Two Years	Between Two and Five Years	After more than Five Years	Total
	€'000	€'000	€'000	€'000	€'000
THE GROUP					
Convertible loan notes (Note 20(c))	990	0	0	0	990
Unsecured loan notes ¹	19,550	40,569	96,746	106,351	263,216
At 27 March 2013	20,540	40,569	96,746	106,351	264,206
Convertible loan notes (Note 20(c))	990	0	0	0	990
Overdrafts	667	0	0	0	667
Unsecured loan notes¹	40,603	0	147,634	55,563	243,800
At 26 March 2014	42,260	0	147,634	55,563	245,457
THE COMPANY					
Overdrafts ²	145,050	0	0	0	145,050
Unsecured loan notes ¹	19,550	40,569	96,746	106,351	263,216
At 27 March 2013	164,600	40,569	96,746	106,351	408,266
Overdrafts²	110,159	0	0	0	110,159
Unsecured loan notes¹	40,603	0	147,634	55,563	243,800
At 26 March 2014	150,762	0	147,634	55,563	353,959

¹ Net of unsecured loan note capitalised issue costs. At the balance sheet date the value of capitalised issue costs was €514,000 (2013: €675,000).

On 26 March 2014 the Group had US\$330,000,000 (€243,800,452 equivalent) fixed rate debt arising from two US private placement transactions, which were completed on 22 June 2006 (US\$125,000,000 : €97,885,670) and 6 August 2009 (US\$205,000,000 : €146,428,572). In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes.

Fair value of the financial instruments:

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation or sale. The fair value of the cross currency swap at 26 March 2014 was a liability of €6,891,635 (2013: asset €19,850,000). In line with the Group's accounting policies, the fair value of derivative financial instruments is not recognised in the balance sheet. The unsecured loan notes are carried in the balance sheet at the hedged rate.

² The Company and certain of its subsidiary companies have entered into a "Cashpool Agreement" with their principal bankers. The Cashpool Agreement includes cross guarantees and a Master Netting Agreement in respect of specified accounts contained within that agreement.

Notes to the Financial Statements

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16. Deferred income - capital grants

	THE GROUP		THE COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
At beginning of the financial year	12,132	13,493	0	0
Received during the year	1,937	0	247	0
Amortised during the year (Note 2)	(1,453)	(1,361)	0	0
At end of the financial year	12,616	12,132	247	0
Amounts due as follows:				
- within one year (Note 13)	1,700	1,358	247	0
- after more than one year (Note 14)	10,916	10,774	0	0
	12,616	12,132	247	0

17. Provisions for liabilities

THE GROUP	Environmental Reinstatement	Reorganisation & Redundancy	Insurance	Other	Deferred Tax excluding deferred tax on pension deficit	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 27 March 2013	36,912	162	6,851	1,966	7,773	53,664
Reclassification ¹	0	0	0	(55)	0	(55)
Charge to the profit and loss account	1,102	807	1,751	1,203	833	5,696
Credit to the profit and loss account	(170)	(10)	(724)	(489)	(1,461)	(2,854)
Financing charge (Note 5)	991	0	0	0	0	991
Capitalised during the year (Note 8)	5,383	0	0	0	0	5,383
Utilised during the year	(1,164)	(500)	(1,131)	(128)	0	(2,923)
At 26 March 2014	43,054	459	6,747	2,497	7,145	59,902

Amounts due as follows:

- within one year	5,929	459	1,500	2,497	1,250	11,635
- after more than one year	37,125	0	5,247	0	5,895	48,267
	43,054	459	6,747	2,497	7,145	59,902

THE COMPANY	Environmental Reinstatement	Reorganisation & Redundancy	Insurance	Other	Deferred Tax excluding deferred tax on pension deficit	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 27 March 2013	2,192	40	6,808	0	0	9,040
Charge to the profit and loss account	0	9	1,750	0	0	1,759
Credit to the profit and loss account	0	0	(720)	0	0	(720)
Utilised during the year	(17)	(49)	(1,091)	0	0	(1,157)
At 26 March 2014	2,175	0	6,747	0	0	8,922

Amounts due as follows:

- within one year	2,175	0	1,500	0	0	3,675
- after more than one year	0	0	5,247	0	0	5,247
	2,175	0	6,747	0	0	8,922

¹Reclassification of amounts previously included in other accruals (Note 13).

17. Provisions for liabilities and charges (continued)

(a) Environmental Reinstatement

Environmental reinstatement costs include:

- (i) Costs that will be incurred at the end of the economic lives of the peatlands. Under FRS 12 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for these costs when the circumstances occur giving rise to the obligation under the Group's Integrated Pollution Prevention Control licence to decommission and reinstate the peatlands post peat production. The provision of €18,093,000 as at 26 March 2014 represents the present value of the expected future costs of decommissioning and reinstatement. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.
- (ii) Environmental provisions of €7,073,000 recognised in accordance with FRS 12 in respect of the Group's assessment of environmental liabilities in relation to an AES site which was in existence prior to the Group's acquisition of the business in May 2007 and in respect of a new facility taken under lease during the year. The provisions are based on the Group's estimate of the present value of future remediation costs, based on advice received from third party environmental experts.
- (iii) The cost of maintaining the landfill facility post closure (2028) and the cost of capping existing engineered cells in use. The Group's minimum unavoidable costs measured at present value amount to €12,927,000 at 26 March 2014. The Group continue to review the composition and quantum of these costs which may be impacted by a number of factors including changes in legislation and technology. The total post closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately thirty years.
- (iv) Certain other environmental restoration costs of €2,175,000 are recognised in accordance with the provisions of FRS 12, being the Group's estimate of waste removal and waste management costs associated with certain of its lands. These costs may be impacted by a number of factors including changes in legislation and technology. These estimates are reviewed annually based on advice from third party environmental experts.
- (v) A provision of €1,685,000 is made for power station closure costs based on the present value of the current estimate of the costs of closure of generating stations at the end of their useful economic lives. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.
- (vi) A provision of €1,101,000 is made for plant closure costs based on the present value of the current estimate of the costs of closure of briquette and horticulture compost plants at the end of their useful economic lives. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

(b) Reorganisation and Redundancy

A provision for reorganisation and redundancy costs is recognised when a constructive obligation exists. The provision represents the Directors' best estimate of the cost of these measures and it is expected to be used within the next year. Included in debtors at 26 March 2014 is a sum of €nil (2013: €194,000) which is recoverable from the Department of Enterprise, Trade and Innovation.

(c) Insurance

The insurance provision relates to employer's, public and product liability claims covered under the Group's self-insurance policy. This provision is determined on completion of a case by case assessment. The provision includes a sum for incidents incurred but not reported at the balance sheet date.

(d) Other

Other provisions include various anticipated warranty, refundable deposits and other costs, including costs yet to be incurred relating to contracting work carried out.

Notes to the Financial Statements

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17. Provisions for liabilities and charges (continued)

(e) Deferred Tax

The deferred tax provision is comprised of:

	THE GROUP		THE COMPANY	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Accelerated capital allowances	6,767	7,095	(173)	(173)
General provisions	(1,449)	(353)	(415)	(136)
Unutilised tax losses	(121)	(131)	0	0
Undiscounted provision for deferred tax	5,197	6,611	(588)	(309)
Pension asset - deferred tax liability (Note 25)	424	0		
Pension liability - deferred tax asset (Note 25)	(5,238)	(6,751)		
Deferred tax liability/(asset) including that relating to pension deficit	383	(140)		
The movement on deferred tax during the year was as follows:				
Deferred tax at the beginning of the financial year	(140)	1,265	(309)	(335)
Deferred tax charge / (credit) in the profit and loss account excluding charge related to pensions ¹	(1,414)	82	(279)	26
Deferred tax charge in the profit and loss account related to pensions	392	383	0	0
Net deferred tax charge / (credit) in the profit and loss account (Note 6)	(1,022)	465	(279)	26
Deferred tax on pension liability in statement of total recognised gains and losses	1,545	(1,870)	0	0
Loss relief surrendered to minority shareholder	0	0	0	0
Provision at the end of the financial year	383	(140)	(588)	(309)
Deferred tax provision	7,145	7,773	0	0
Deferred tax asset (Note 12)	(1,948)	(1,162)	(588)	(309)
Deferred tax liability related to pension fund asset (Note 25)	424	0	0	0
Deferred tax asset related to pension fund liability (Note 25)	(5,238)	(6,751)	0	0
	383	(140)	(588)	(309)

¹The deferred tax credit of €1,414,000 to the profit and loss account is an increase in deferred tax assets in debtors of €786,000 to €1,948,000 and a decrease in the deferred tax provision of €628,000 to €7,145,000.

At 26 March 2014 the Group had other potential deferred tax assets amounting to €2,064,000 (2013: €1,380,000). These assets relate to unutilised losses and are unrecognised due to uncertainty over recoverability.

18. Share capital

18. Share capital				2014	2013	
				€'000	€'000	
Authorised						
300,000,000 ordinary shares of €1.27 each				380,921	380,921	
Allotted and fully paid	2014 Share Capital €'000	2014 Share Premium €'000	2014 Total €'000	2013 Share Capital €'000	2013 Share Premium €'000	2013 Total €'000
At beginning of the financial year	82,804	1,959	84,763	82,804	1,959	84,763
At end of the financial year	82,804	1,959	84,763	82,804	1,959	84,763

At 26 March 2014 the total number of ordinary shares allotted and fully paid was 65,212,638 (March 2013: 65,212,638).

19. Minority shareholders' interest

	Equity interests €'000	Total €'000
At 27 March 2013	(406)	(406)
Share of loss for the financial year	(50)	(50)
At 26 March 2014	(456)	(456)

20. Amounts included in cash flow statement**(a) Reconciliation of operating profit to net cash flow from operating activities**

	2014 €'000	2013 €'000
Operating profit	50,255	23,508
Depreciation of tangible assets	40,562	35,686
Impairment of tangible assets	208	0
Amortisation of intangible assets	2,338	2,501
Impairment of intangible assets	205	0
(Revaluation gain)/impairment of investment property	(1,250)	910
Loss on disposal of subsidiary undertaking (Note 21)	9	0
Profit on sale of fixed assets	(173)	(63)
Amortisation of capital grants	(1,453)	(1,361)
Difference between provisioning charges and payments	(81)	1,486
Difference between pension charge and cash contributions	(2,067)	(3,762)
(Increase)/decrease in stocks	(36,713)	40,371
(Increase)/decrease in debtors	(8,857)	(2,141)
Increase in creditors	4,465	11,333
Net Cash Flow from Operating Activities	47,448	108,468

(b) Analysis of cash flows for headings netted in the cash flow statement

	2014 €'000	2013 €'000
Returns on investments and servicing of finance		
Interest paid	(15,533)	(15,990)
Interest received	5,460	4,885
Net Cash Outflow	(10,073)	(11,105)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(74,138)	(38,718)
Proceeds from disposal of fixed assets	474	179
Payments to acquire intangible fixed assets	(13,273)	(1,269)
Capital grants received	1,937	0
Investment in joint venture	(1,250)	(2,025)
Net Cash Outflow	(86,250)	(41,833)
Acquisitions and disposals		
Disposal of subsidiary undertakings (Note 21)	2,961	0
Net Cash Inflow	2,961	0
Financing		
Repayment of unsecured loan notes	(19,577)	0
Net Cash Outflow	(19,577)	0

Notes to the Financial Statements

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20. Amounts included in cash flow statement (continued)

(c) Analysis of changes in net debt

	At beginning of year €'000	Cash Flow €'000	Non-cash €'000	At end of year €'000
Unsecured loan notes (Note 15)	(263,216)	19,577	(161)	(243,800)
Convertible loan note (Note 15) ¹	(990)	0	0	(990)
Overdrafts	0	(667)	0	(667)
Cash	247,171	(73,921)	0	173,250
Net debt	(17,035)	(55,011)	(161)	(72,207)

21. Disposals

In January 2014 the Group disposed of its entire holding in Suttons Oil Limited for a consideration, net of transaction costs (€60,000), of €3,216,000 resulting in a loss of €9,000. Details of the values of the assets and liabilities disposed of and the consideration received are set out below.

	26 March 2014 €'000
Tangible assets	305
Stocks	263
Debtors	2,601
Bank and Cash	255
Creditors	(199)
Net assets disposed of	3,225

The consideration was satisfied as follows:

Cash consideration net of transaction costs	3,216
Loss on disposal of subsidiary	(9)

The gross costs of tangible assets disposed of was €2,548,000 and the accumulated depreciation was €2,243,000.

22. Capital commitments

Expenditure contracted for but not provided is estimated to be as follows:

	2014 €'000	2013 €'000
THE GROUP		
Tangible asset commitment	55,363	141,690
	55,363	141,690
THE COMPANY		
Tangible asset commitment	863	462
	863	462

The Group is developing two wind farms at Mount Lucas, Co. Offaly and Bruckana on the borders of counties Kilkenny, Laois and Tipperary and has entered into a number of related contracts.

23. Operating lease commitments

At 26 March 2014 the Group had annual commitments under non-revocable operating leases expiring as follows:

	Land and Buildings 2014 €'000	Plant and Machinery 2014 €'000	Land and Buildings 2013 €'000	Plant and Machinery 2013 €'000
THE GROUP				
Operating leases which expire:				
Within one year	78	601	49	384
Within one to five years	236	1,409	322	1,271
After five years	687	0	681	0
	1,001	2,010	1,052	1,655

	Plant and Machinery 2014 €'000	Plant and Machinery 2013 €'000
THE COMPANY		
Operating leases which expire:		
Within one year	9	5
Within one to five years	184	180
After five years	0	0
	193	185

24. Guarantees and contingent liabilities

In the normal course of business the Company provides guarantees in respect of liabilities of certain of its subsidiaries.

From time to time Group companies are party to various negotiations over contractual commitments or obligations, various legal proceedings and in respect of industrial relations matters arising in the normal course of business. It is the opinion of the Directors that these negotiations and proceedings will have no material adverse impact on the financial position of the Group.

25. Pension schemes

(i) Defined benefit schemes

(a) Description of the Bord na Móna Pension schemes

The Group operates three contributory defined benefit pension schemes covering the majority of employees, each of which is funded by contributions from the Group and the members. Contributions are based on the advice of a professional qualified actuary obtained at regular intervals at average rates of pensionable emoluments.

The two principal schemes in operation are the General Employees Superannuation Scheme (GESS) which covers management, professional and clerical employees and the Regular Works Employees Superannuation Scheme (RWESS) which covers remaining categories of employees. A third scheme BnM Fuels Pension scheme covers employees who became Group employees on the acquisition of the Coal Distributors Group, Sutton Group and Sheehan and Sullivan.

Bord na Móna plc had awarded unfunded pension benefits to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the balance sheet at €4,494,000 based on an actuarial valuation at 26 March 2014 (March 2013: €4,688,000).

(b) Actuarial valuations and funding position of schemes

The actuarial method used (aggregate method) determines a contribution rate which should, if continued until the last of the present members retires, provide a fund which is sufficient to provide their benefits. The assumptions which have the most significant effect on the results of the actuarial valuation are those relating to the return on investments and the rate of increase in remuneration.

The most recent valuations for the GESS and RWESS schemes are dated 31 March 2011 and the BnM Fuels scheme valuation is dated 1 April 2012. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 3% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €241.5 million.

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25. Pension schemes (continued)

The most recent actuarial valuations of these three schemes showed the following :

- (i) a deficit of €34.2 million on the GESS scheme
- (ii) a deficit of €4.8 million on the RWESS scheme
- (iii) a deficit of €2.5 million on the BnM Fuels scheme

At March 2011 after allowing for expected future increases in earnings and pensions in payment, the valuations indicated that the actuarial value of total scheme assets was sufficient to cover 72% and 97% of the benefits that had accrued to the members of the GESS and RWESS schemes respectively at the valuation dates. These actuarial valuations are available for inspection by members of the schemes but not for public inspection. In relation to the BnM Fuels scheme the actuarial value of total scheme assets was sufficient to cover 74% of the benefits that had accrued to members at the valuation date.

In common with many other defined benefit pension schemes, all three defined benefit plans are in net deficits, when the total value of the respective scheme assets is compared to the actuarial value of the accrued benefits of the members.

A funding proposal to address the RWESS scheme benefits was approved by the Board and shareholders and active members during the 2010 financial year. The revised funding arrangement required the active members to increase their contribution rate by 1.5% of their pensionable salary. The Group agreed to match the active members contributions. The approved terms of the revised funding proposals include the provision of increased benefits for members under the N200, which provided for improved benefits for members whose uplifted pensionable salary falls below a threshold multiple of the State pension. The other terms of the restructuring arrangements included a cap on pensionable salaries and the closure of the scheme to new entrants. The increased benefits provided to those active members, effective from 1 January 2010, accrue over future service from 1 January 2010 until the sixtieth birthday of each member. The present value of the estimated cost at 26 March 2014 was €6,500,000 and the Group will meet the capital cost by way of fixed annual capital payments by 30 June over a period of no more than twelve years.

Discussions in relation to the GESS deficit are ongoing with the various stakeholders with a view to formulating an agreed funding proposal. Current pensions regulations allow, in situations such as this, for a funding solution over a period of up to 10 years. A funding solution over such a period would allow the scheme to benefit from both additional employer and employee contributions and also from a potential recovery in global equity markets, which would increase the value of the scheme assets.

A funding proposal to address the BnM Fuels pension deficit was approved by the Board, shareholders and active members during the year. The proposal consists of (i) closure of the scheme to future accrual with effect from June 2013 and the cessation of employee contributions and (ii) employer contributions for the period up to December 2023 for which an additional liability of €600,000 is recognised in accruals. Under the proposal, employer contributions have been agreed that reasonably satisfy the Funding Standard and the Funding Standard Reserve by December 2023. A curtailment gain of €132,000 arises on the closure of the scheme.

(c) FRS 17 'Retirement Benefits'

For the purposes of FRS 17 the actuarial valuations of the defined benefit schemes were updated to 26 March 2014 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 26 March 2014.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the "balance of cost" defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 26 March 2014, 100% of the pension scheme deficits on the GESS and BnM Fuels defined benefit schemes have been recognised in the financial statements. The RWESS defined benefit scheme had a surplus and the Group has accounted for its share of the pension scheme surpluses on a 50:50 basis between members and the Group. As 100% of the current service cost and finance costs were charged to the profit and loss account in the past, this amount has been reflected in the statement of recognised gains and losses during the year ended 26 March 2014 as noted below.

Current service costs, determined using the projected unit method, and any past service items stemming from benefits enhancements or curtailments are dealt with as components of operating costs or set against provisions as appropriate. The interest cost associated with the pension schemes' liabilities together with the expected return on pension schemes' assets are included within other finance income and charges in the profit and loss account.

25. Pension schemes (continued)**The amounts recognised in the Balance Sheet are as follows:**

	March 2014	March 2013
	€'000	€'000
Fair value of the schemes' assets	284,006	271,717
Present value of schemes' liabilities and unfunded pensions liabilities	(323,623)	(330,411)
Members' share of surplus on RWESS scheme	(3,390)	0
Revised present value of schemes' liabilities and unfunded pension liabilities	(327,013)	(330,411)
Pension deficit	(43,007)	(58,694)
Related net deferred tax asset (Note 17(e))	4,814	6,751
Net pension deficit	(38,193)	(51,943)

The net pension deficit is comprised as follows:

Pension asset	3,390	0
Related net deferred tax liability (Note 17(e))	(424)	0
Pension asset net of deferred tax as per Group balance sheet	2,966	0
Pension deficit	(46,397)	(58,694)
Related net deferred tax asset (Note 17(e))	5,238	6,751
Pension deficit net of deferred tax as per Group balance sheet	(41,159)	(51,943)
Net pension deficit	(38,193)	(51,943)

The amounts recognised in the Profit and Loss Account are as follows:

	March 2014	March 2013
	€'000	€'000
Analysis of the amount charged to operating profit		
Current service cost	(2,944)	(2,710)
Curtailment gain	132	0
	(2,812)	(2,710)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	11,004	12,169
Interest on schemes' liabilities	(9,915)	(11,870)
Net return on finance income (Note 5)	1,089	299
Total profit and loss account charge	(1,723)	(2,411)
Actual return on schemes' assets	17,164	23,067

The amounts recognised in the Statement of Total Recognised Gains and Losses are as follows:

	March 2014	March 2013
	€'000	€'000
Actual return less expected return on schemes' assets	6,160	10,898
Experience gains arising on schemes' liabilities	6,611	7,050
Changes in assumptions underlying the present value of schemes' liabilities	3,172	(35,310)
Actuarial gain/(loss) recognised	15,943	(17,362)
Less members' share of movement on scheme surplus during the financial year	(3,390)	1,115
Actuarial gain/(loss) recognised by the Group	12,553	(16,247)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 26 March 2014 is €60,586,000 (2013: €73,139,000 actuarial loss).

Notes to the Financial Statements

continued

25. Pension schemes (continued)

Balance Sheet as at 26 March 2014

Movement in schemes' assets and liabilities	Scheme Assets €'000	Scheme Liabilities €'000	Scheme Deficit €'000
At 28 March 2012	251,169	(297,675)	(46,506)
Service cost charged to the profit and loss account	0	(2,710)	(2,710)
Interest on scheme liabilities	0	(11,870)	(11,870)
Expected return on assets	12,169	0	12,169
Members' share of reduced pension surplus at start of year	0	1,115	1,115
Actual less expected return on assets	10,898	0	10,898
Experience losses on liabilities	0	7,050	7,050
Change in actuarial assumptions	0	(35,310)	(35,310)
Contributions by members	3,411	(3,411)	0
Employer's contributions paid	6,470	0	6,470
Benefits paid	(12,400)	12,400	0
At 27 March 2013	271,717	(330,411)	(58,694)
Service cost charged to the profit and loss account	0	(2,944)	(2,944)
Curtailment gain	0	132	132
Interest on scheme liabilities	0	(9,915)	(9,915)
Expected return on assets	11,004	0	11,004
Members' share of increased pension surplus during the year	0	(3,390)	(3,390)
Actual less expected return on assets	6,160	0	6,160
Experience gains on liabilities	0	6,611	6,611
Change in actuarial assumptions	0	3,171	3,171
Contributions by members	3,260	(3,260)	0
Employer's contributions paid	4,858	0	4,858
Benefits paid	(12,993)	12,993	0
At 26 March 2014	284,006	(327,013)	(43,007)

All of the schemes' liabilities with the exception of the liability of €4,494,000 recognised in respect of the pensions paid to former managing directors are funded.

Expected contributions for the year to 25 March 2015 are €4,728,000.

Risks and rewards arising from the assets

At 26 March 2014 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities, properties and cash. The fair value of the assets at year end was €284,006,000 (2013: €271,717,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	March 2014	March 2013
	%	%
Equities	40.5	42.3
Bonds	47.3	36.1
Property	5.1	4.7
Cash	6.4	16.9
Alternatives	0.7	0.0
Total	100	100

The schemes' assets do not include any ordinary shares issued by the Company. In addition the schemes' assets do not include property occupied by, or other assets used by the Company.

25. Pension schemes (continued)

Basis of expected return on schemes' assets

The expected return on the schemes' assets is determined based on the weighted average expected return of the underlying asset class. For equities the expected return is 7.0% and is expected to exceed that of bonds by on average 4.0%. The expected rate of return on cash is 1% and for property assets the expected rate of return is rate of return is 6.0%. The pension levy deduction is 0.75%. The overall expected rate of return on scheme assets at 26 March 2014 was 3.92%.

Financial assumptions

The main financial assumptions (long term actuarial assumptions) used in the valuations were:

	March 2014	March 2013
Rate of increase in salaries	2.25%	2.50%
Rate of increase in pensions in payment - RWESS scheme	1.25%	1.25%
Rate of increase in pensions in payment - GESS scheme	0.00%	0.00%
Discount rate	3.00%	3.00%
Revaluation assumption	1.50%	1.75%

Mortality assumptions

The mortality assumptions are based on standard tables reflecting typical pensioner mortality. The tables used are based on mortality rates in the year 2030 for all employees without allowance for additional improvements.

Retiring today

	March 2014	March 2013
Males (RWESS)	20.5	20.5
Females (RWESS)	23.4	23.4
Males (Other)	22.7	22.5
Females (Other)	24.0	23.9

A male is assumed to be three years older than his spouse.

History of defined benefit obligations, assets and experience gains and losses

The movement on the schemes' assets and liabilities for the current and previous four years are as follows:

	2014	2013	2012	2011	2010
	€'000	€'000	€'000	€'000	€'000
Defined benefit present value of obligation	(327,013)	(330,411)	(296,560)	(254,012)	(252,417)
Fair value of plan assets	284,006	271,717	251,169	240,225	233,444
Pension deficit	(43,007)	(58,694)	(45,391)	(13,787)	(18,973)
Experience adjustments arising on:					
the schemes' liabilities	6,611	7,050	4,362	5,914	7,220
as a percentage of the schemes' liabilities at March	2.0%	2.1%	1.5%	2.3%	2.9%
the schemes' assets	6,160	10,898	(322)	(4,567)	40,015
as a percentage of the schemes' assets at March	2.2%	4.0%	(0.1%)	(1.9%)	17.1%

All scheme assets are stated to bid market values.

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25. Pension schemes (continued)

Company pension fund liability

	2014 €'000	2013 €'000
At the beginning of the financial year	4,688	4,395
Utilised during year	(338)	(346)
Charge for year	144	639
At the end of the financial year	4,494	4,688

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are a number of inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The table below outlines the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in Assumption	Present value of plan liabilities	Impact on plan liabilities	% Impact on plan liabilities
An increase in the discount rate	0.25%	313,181	(10,442)	(3%)
An increase in salary inflation	0.25%	326,401	2,778	1%
An increase in pension escalation	0.25%	331,239	7,615	2%

(ii) Defined contribution schemes and personal retirement savings accounts (PRSA).

The Group made employer contributions payable under a defined contribution scheme in respect of certain employees. Contributions payable by the employer to the defined contribution schemes in the year to 26 March 2014 amounted to €934,000 (2013: €797,000) which were charged to the profit and loss account and €108,000 (2013: €81,000) was payable at year end.

In addition and in compliance with the provisions of the Pensions Act 1990 (as amended), Bord na Móna plc has appointed personal retirement savings accounts (PRSAs) providers. During the year to 26 March 2014 the Group contributed €212,000 (2013: €249,000) on behalf of its employees. This was charged to the profit and loss account and €2,205 (2013: €1,280) was payable at year end.

26. Related party transactions

Ownership of the Company: Bord na Móna plc is a majority state owned company. 95% of the issued share capital is held by the Minister for Finance. The other 5% is held by the employees of the Group.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods, property and provided services to entities controlled by the Irish Government, the principal of these being ESB. The Group operates a long-term agreement with ESB in relation to the sale of peat and provision of ancillary services to the power stations. Supply of these services in the year to 26 March 2014 amounted to €144.8 million (2013: €137.6 million) and amounts due from these entities to the Group at 26 March 2014 for these services amounted to €12.3 million (2013: €12.2 million).

From time to time the Group placed monies on deposit with financial institutions controlled by the State. The Group had placed monies on deposit of €15.0 million with Allied Irish Banks plc at 26 March 2014 (2013: €87.0 million). The Group earned rental income from Allied Irish Banks plc of €0.1 million (2013: €0.1 million) and from Irish Bank Resolution Corporation (in special liquidation) of €nil million during the year (2013: €0.8 million)

27. Post balance sheet events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require disclosure and/or adjustment to the financial statements.

28. Board approval

The Board approved the financial statements on 26 June 2014.

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