BORD NA MÓNA
Naturally Driven

Continuing the change
for a sustainable future

Bord na Móna
Annual Report 2018

Our Story:

When Bord na Móna was first established over 80 years ago its remit was to deliver a sustainable industry in Ireland by harnessing the country's indigenous and natural resources. Today we are on a journey of transformation as we work towards our goal to become the leading provider of sustainable solutions to Irish consumers. Our transformation will be driven by unlocking the true potential of our land and creating value for the societies and communities to which it belongs. Bord na Móna is an integral part of the economic, social and environmental fabric of Ireland and Irish life. As a key employer in the Midlands, we are conscious that our obligations go beyond purely commercial and environmental – and we realise that we also have a social responsibility to our employees and the communities we serve. It is our role, therefore, and our absolute priority to ensure that our long-term strategy delivers on all of these important areas in a robust and balanced way.

Our Mission:

To lead the change to more sustainable resources; to responsibly power, heat, recover and grow for the benefit of our communities.

Our Values:

Resourceful

Driven naturally by our curiosity for seeing the possibilities in everything around us and imagining the possibilities for the future – we believe in using our natural resourcefulness to deliver ever more efficient solutions.

Engaging

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

Respectful

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 to offer more sustainable solutions to all.

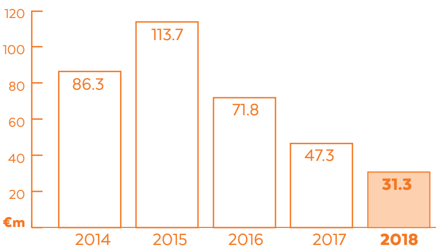
Contents

A Year in Review

FY18 saw one of the most challenging business years in some time but we made significant progress as we continue to change to maintain stability to ensure the future sustainability of the business.

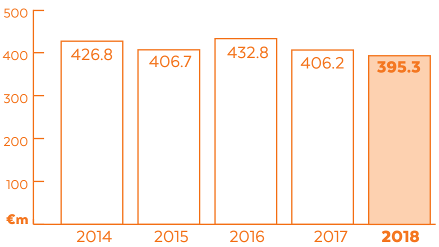
Investment

€31.3m



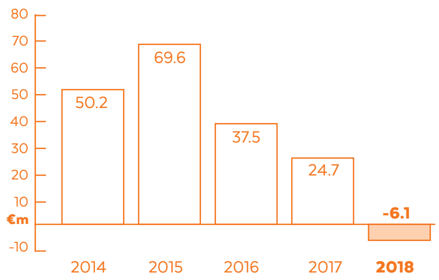
Turnover

€395.3m



Operating Profit / (Loss)

-€6.1m



How we are Continuing the Change

Culture programme

We initiated a process of engagement with our employees so we could better understand the key aspects of the Bord na Móna culture, a process which helped us to identify specific issues that we needed to address. We have developed a programme of actions to address these and have also put in place clear leadership standards, which set out what is expected of those in a leadership position within the company.

Domestic biomass

We continue to develop our domestic biomass supply chain by working closely with suppliers in Ireland to develop long-term supply arrangements, which are mutually beneficial to both suppliers and the company. We provide a long term market to producers of biomass, including growers of energy crops, sawmills which supply us with sawmill residues and Coillte, who supply us with pulpwood. We have dramatically increased the supply of domestic biomass to Edenderry Power Plant in recent years with 350,000 tonnes sourced domestically in FY18.

Oweninny

We reached financial close - together with our Joint Venture partner ESB - on the €180 million Oweninny wind project in North Mayo. Following resolution of the final planning hurdles, we moved forward with the civil and electrical construction on site. Delivery of turbines is expected to commence towards the end of 2018, with the commercial operation of the wind farm due to start in late 2019.

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Fuels restructuring

In March 2018 the solid fuel market continued to be challenged by low home heating oil prices, carbon tax and grey market trading - which has adversely affected solid fuel sales volumes. Given these significant challenges, the business has made a number of tough decisions that will rightsize the organisation and enable us to participate in this market into the future.

FSS/Oracle

Over the past three years, at our Newbridge facility, we have developed and implemented a Shared Services Centre, on an Oracle platform. This project has allowed us to centralise back office transaction processing and accounts preparation for all of our Irish businesses. This involved a fundamental re-design and standardisation of our previously disparate accounting systems, several of which were old and no longer supported by the original developers. This project - which achieved significant efficiencies and cost savings - was completed on time and on budget.

We are continuing the change across Ireland, creating employment and benefiting communities by unlocking the true potential of our land.

CSR

Eco Rangers
Over 50,000 pupils took part in Bord na Móna's Eco Rangers primary schools programme.

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Resource Recovery

Investing in technology
Bord na Móna AES continued to invest in its fleet which provides a superior environmentally efficient performance and quieter operation.

Communities

Mountlucas Park Run
30,000 annual visitors are now able to enjoy the walkways and cycle paths at Mountlucas with a Park Run – an increasingly popular phenomenon – taking place there every Saturday morning.

Jobs in the Midlands

Direct and indirect employment
It is estimated that Bord na Móna supports nearly 4,000 full time jobs in the economy in the Midlands.

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Energy Solutions

The Race
To help Ireland achieve its energy and environmental targets, Bord na Móna has teamed up with eLight, who install and manage energy efficient LED solutions for the commercial sector at no cost through 'The Race'.

Electricity Exchange

Business Growth:
Bord na Móna acquired a 50% interest in Electricity Exchange in September 2016. In 2018 its headcount is set to double from 24 people.

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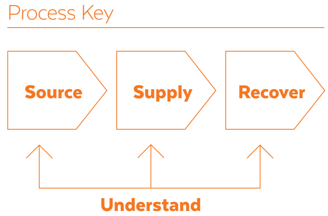
Our Business Model
Using our resources for the benefit of all

Bord na Móna believes that, in order to achieve sustainable success, we need to be acutely aware of the long-term interests of our shareholders, customers, employees and communities. Our unique business model sets clear priorities which allow us to actively manage a diverse portfolio to create shareholder value. This model supports economic development and helps to improve the quality of life of our communities through our focus on renewable energy. Our diverse businesses enable us to generate a range of employment, investment and infrastructure.



Inputs

The resources and relationships we depend on to operate as a business

People
- Knowledge
- Experience

Land
- Scale and location

Resources
- Wind
- Sun
- Peat
- Biomass
- Waste

Financial capital
- Profits re-invested
- External capital

Shareholder expectations

Communities
- Engagement and consultation

What we do

Understand

Market

Customers

Consumers

External influences
- Political
- Environmental
- Social
- Technological

Community requirements

Regulatory

Source

Indigenous sources
- Peat
- Wind
- Solar
- Biomass
- Waste

Imported sources
- Biomass

Supply

Electricity
- Renewable
- Peat
- Ancillary Services

Growing media
- Retail
- Professional

Solid fuel

Waste collection and processing
- Domestic
- Commercial

Biomass

Recover

Land rehabilitation

Resource Recovery
- Paper
- Plastics
- Composting
- Tyres

Energy from waste

Green waste composting

Stakeholder Benefits

Key stakeholders:

Shareholders
Employees
Communities
Customers
Suppliers
Investors
Consumers

Key benefits:
- High quality sustainable employment centred in the Midlands
- Securing indigenous renewable energy to deliver government policy
- Guardianship of 200,000 acres of land
- Amenities
- Investment
- Infrastructure
- Social responsibility programmes
- Reputation
- Quality goods and services
- Innovation
- Cash
- Consistent rate of return
- Cleaner environment
- Attracting inward investment
- Shareholder dividends

Key Performance Indicators

We have set ourselves ambitious goals in Bord na Móna and we will face many challenges throughout our journey of transformation as we work together to achieve them.

Over the next decade, as we move increasingly to renewable energy and resource recovery, we will meet a number of regulatory and market challenges along the way. But we are an agile and dynamic organisation and we will adapt and build on our unique strengths and our core assets of people, land, brand and reputation.

	Benchmark	How we performed	Performance targets		
KPI	2017	2018	2020	2025	2030
Renewable Energy Generation (Homes powered by renewable energy)	141k	155k	221k	385k	616k
Biomass (Energy Tonnes)	456k	430k	1.5m	1.7m	1.8m
Carbon Intensity (tonnes per MW hr)	0.48	0.44	0.33	0.16	0.04

Statement from the Chairman

» As a Board we are tasked by our shareholder with ensuring that Bord na Móna contributes to regional economic development and provides sustainable, quality employment in the Midlands of Ireland.

On behalf of the Board I am pleased to present the Annual Report for the Bord na Móna Group for the fiscal year ended 28 March 2018.

Having joined the Board as Chairman in October 2017, I quickly came to realise that this company is a lot more than a simple peat company but that it is also a diverse and complex company facing fundamental change as it prepares to exit the business of peat extraction for energy production by 2030. As a Board we are tasked by our shareholder with ensuring that Bord na Móna contributes to regional economic development and provides sustainable, quality employment in the Midlands of Ireland. We also need to continue to contribute to the development of renewable energy - whilst remaining a profitable company. This is a role that the company fulfills at present, supporting almost 4,000 direct and indirect jobs in an economically deprived area. However, as we prepare to exit the peat business, the challenge for the Board is to ensure the continued viability of the traditional businesses for as long as possible while continuing to grow the renewable power generation and resource recovery businesses. It is also important for us to identify new ways in which Bord na Móna can continue to fulfill its mandate in respect of the Midlands by leveraging its key assets including its people and its land bank.

The results for the year ending 28 March 2018, reflect the difficult decisions taken by the Board during the financial year in respect of the closure of the Littleton briquette factory, the decision to exit the coal business and also the close out of compliance issues with the company's 2016 acquisition in the UK. The results show a significant reduction in operating profit, before exceptional items, to €33.2 million in FY18 from €38.3 million in FY17. In addition, we are reporting an operating loss, after exceptional items, of €6.1 million for FY18, compared to a profit of €24.7 million in FY17. The company's balance sheet remains strong with a very manageable level of debt and we have remained comfortably in compliance with our debt covenants. Cash flows during FY18 remained strong resulting in a reduction in net debt of €94.4 million.

The decisions taken by the Board were not arrived at lightly. However, I am satisfied that they were the correct decisions. The Board has a responsibility to act in the best interests of the company and to ensure that the company as a whole has a sustainable future. An integral part of each of these decisions was a direction from the Board to Management to ensure that as many redeployments as possible were sought and also that the exit of all of the remaining employees would be dealt with in a respectful manner. While discussions are still ongoing in respect of the exit from the coal business, I am satisfied that this mandate was completed with regard to Littleton. This is demonstrated by the fact that 94% of the employees in Littleton voted in favour of the final exit package agreed with the unions.

The Board was disappointed with the outcome of our 2016 acquisition of White Moss in the UK. The Board took the compliance issues encountered very seriously and has taken steps to review the acquisition process to ensure that an issue like this does not happen again.

One of the key pillars for the Board at present is ensuring that the company comes to a commercial agreement with the ESB in respect of the continued supply of peat and the supply of sustainable biomass to their Lough Ree and West Offaly power stations. Between Bord na Móna and ESB, these two power stations and their supply chains have been cornerstones of their communities in Longford and Offaly. The two companies have been working very closely together to ensure that the stations have a sustainable future at least until 2030. The Board is optimistic that a commercial arrangement that meets both companies' needs will be reached. In the meantime ESB has been progressing the planning applications for the two stations.

I am delighted to report that the company has also experienced significant successes during the year. We reached financial close - together with our Joint Venture partner ESB - on the €180 million Oweninny wind farm project in Mayo, on a site formerly used for peat harvesting - where we had built Ireland's first commercial wind farm in 1992. This project demonstrates how we, in Bord na Móna, can use our land bank of over 200,000 acres to support national policy, by investing in new forms of renewable energy which are secure and sustainable. In addition this project and investment will support the longer term sustainability of the overall Bord na Móna business.

The Board continues to prioritise an approach to corporate governance which is based on best practice and emerging regulation and trends. A full review of the revised Code of Practice for the Governance of State Bodies has been ongoing since the Code was first published in September 2016 and any required changes were implemented. In addition, an independently facilitated Board Evaluation was carried out since the year end and recommendations for improvements are being implemented. These processes confirm that the Group has an effective system of corporate governance in place. I am satisfied that the Board has an appropriate and responsive system of internal controls to mitigate significant risk, keep exposures at an acceptable level and ensure that Bord na Móna continues its effective approach to corporate governance.

During the year the Group paid a dividend amounting to €2.45 million of which €2.33 million was paid to the State and €0.12 million paid to the Employee Share Ownership Plan (ESOP). The Trustees of the ESOP also launched the first Internal Market in the ESOP shares during the year.

My sincere thanks to my Board colleagues for their support and commitment throughout the year, especially in this, my first year on the Board. I would like to thank the Minister for Communications, Climate Action and Environment, Mr Dennis Naughten TD for his continued support of Bord na Móna. I also express my appreciation to Mr Mark Griffin, Secretary General of the Department, Ms Patricia Cronin, Assistant Secretary General and Ms Barbara Leeson, Principal Officer and the other officers of the Department for their support and advice.

Over the year the company has interacted on a regular basis on governance matters with the NewERA division of the National Treasury Management Agency and the Department of Public Expenditure and Reform and I wish to thank Eileen Fitzpatrick and her colleagues in NewERA and the various officials in the Department for their support during the year.

On the departure of Mike Quinn as Managing Director in October 2017 Michael Barry agreed to take up the position of Managing Director for a period of 6 months until a new Managing Director could be appointed. I would like to thank Michael for agreeing to take on the role and for carrying it out so capably. It was very important for the Board to ensure that the company was well managed for this interim period.

One of my first tasks as Chairman was, together with my Board colleagues on the Recruitment Committee, to complete the appointment of a new Managing Director. Tom Donnellan was appointed as the new Managing Director and Chief Executive Officer of Bord na Móna with effect from 16th April 2018.

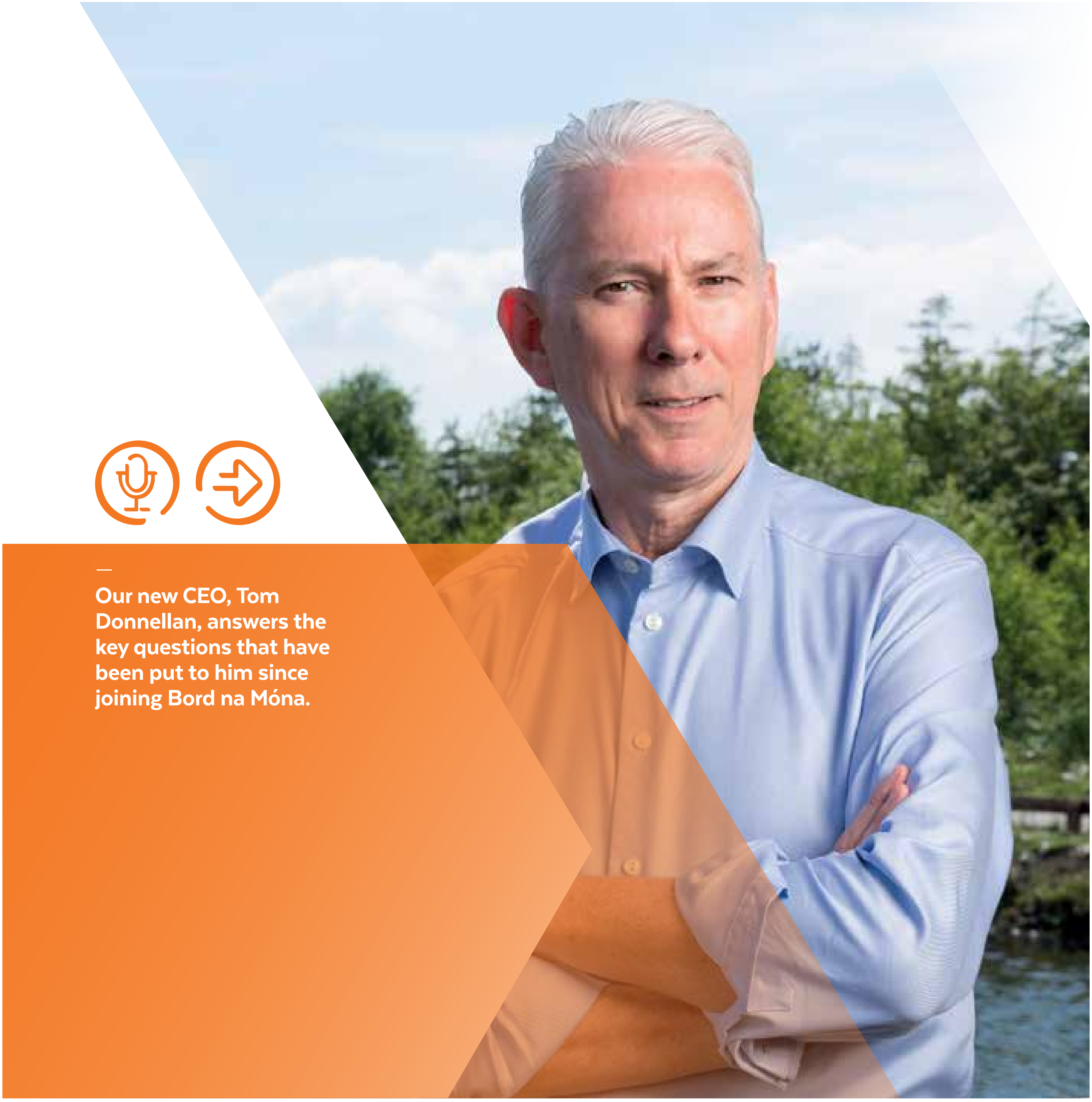
The Board is delighted to welcome someone of Tom's ability to the company as he brings with him extensive leadership experience along with a strong commercial acumen gained in the rapidly evolving industries of Telecoms & IT.

Bord na Móna continues to operate in a challenging business environment and I am confident that Tom will successfully lead the company and ensure the company's long-term sustainability.

Geoffrey Meagher
Chairman

» My sincere thanks to my Board colleagues for their support and commitment during the year, especially in this, my first year on the Board.

Q&A with the Chief Executive Officer



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Our new CEO, Tom Donnellan, answers the key questions that have been put to him since joining Bord na Móna.

» A priority during a transition period is to be resilient, to continue to be commercially focused whilst at the same time making sure that we create a competitive environment which will allow the company to grow and thrive.

Q> **Tom, you're the new Bord na Móna CEO, can you tell me what interested you about the role?**

A> There are a number of drivers that led me to take on this role. Bord na Móna is an iconic brand name in Ireland, a highly respected and valued state company which we have all grown up with. The breadth of the company's business activities attracted me to the position, particularly in areas such as renewable energy and resource recovery.

One of the key elements of the role is managing the necessary transition the company is going through, as we exit the peat business which has been the core of the company for the last 80 years – and embark on a period of important transformation.

In addition I was also very interested in how we are becoming more of a technology based company, where I have a strong background, which I think will be extremely challenging and stimulating as we move forward.

Q> **What knowledge and experience do you think you can bring to Bord na Móna from the telecoms and IT industries?**

A> I have over 30 years' experience in large infrastructure and IT based companies and I have specialised in working in organisations going through transformation, like Bord na Móna. I have faced similar challenges, managing a company through transition and bringing key stakeholders with you. A priority during a transition period is to be resilient, to continue to be commercially focused whilst at the same time making sure that we create a competitive environment which will allow the company to grow and thrive.

Q> **As the new CEO, how do you plan to lead Bord na Móna? What is your leadership style? With the change in leadership should one expect a change in the culture of the business?**

A> My leadership style is one of strong values and is people driven. As a large organisation with multiple stakeholder groups, all with vested interests in the company, I think it's essential to bring people on a journey with you. I need to listen to all the inputs and use these to formulate the final plan that is in the best long term interest of the Company. However, in the end as leader you must make the final call.

Bord na Móna already has a motivated and skilled workforce which are important characteristics during key periods of transformation. As we move into new areas of business, new skills will be required to give us the competitive edge we need – which will inevitably bring about some challenges. I believe that we have the right foundations and values in place to progress and move forward with focus and purpose.

Q> **As a new CEO to the business how would you assess Bord na Móna's strengths today and where do you see opportunity for the future?**

A> Our biggest strengths are our people, our land bank and our reputation. We also have great talent and knowledge in current business operating areas which we need to capitalise on. Our Powergen and Resource Recovery businesses are areas where we have tremendous opportunities and where we can continue to grow. Our strength in biodiversity – restoration and rehabilitation – is second to none and we have a highly respected and recognised brand – all of which provide us with strong and solid foundations for the future. Our Peat, Fuels and Horticulture business are each leaders in their respective areas so we must continue to protect and optimise these business segments.

Q&A with the Chief Executive Officer

Q What are the key challenges facing the business, and how can you address them?

A We have faced, and will face, many challenges including the expiry of the Public Service Obligation for peat, reduction in peat requirements as we introduce more biomass, and the deregulation of the electricity market. It's important that we stabilise the company and regain competitiveness through business transformation. We have many opportunities where we are in a leadership position to build a sustainable future for the company and its communities. Each business will have to re-examine itself and how it operates, in order to become more competitive, agile, innovative and ultimately drive growth.

Q What are your priorities for the year ahead?

A In the context of ongoing transformation, I need to ensure stability, meet commitments and deliver the FY19 plan. Develop the medium to long term plan, for the next 5-10 years and put the building blocks in place, which we can begin to implement. We need to drive competitiveness throughout the organisation and accelerate innovation – these are key features to be a successful and sustainable company into the future.

Q How would you summarise the operational and financial year and what is the outlook for Bord na Móna in FY19?

A We had a very difficult year, with a reduction in our workforce. We reported a significant reduction in operating profit before exceptional items to €33.2 million in FY18 from €38.3 million in FY17. In addition, we recorded an operating loss after exceptional items of €6.1 million in FY18 compared to a profit of €24.7 million in FY17. We are in a period of fundamental transition from a peat based past to a more renewable future. But the ultimate goal is to redefine the company to ensure it is sustainable, profitable and provides jobs in the future.

The year ahead will also present challenges as that transition journey continues but we will maintain stability and build a plan for the future.

Q How are you continuing the change?

A There is a recognition amongst us all of the need for change. My role is to clarify and communicate what that looks like, paint a picture of the future, disseminate that around the organisation and communicate continuously to all our stakeholders. Therefore we will accelerate the strategic planning process and speed up the implementation.

Q It is now over 2 years since the Sustainability 2030 target was announced. Are Bord na Móna's plans and targets still valid until 2030?

A Yes, Bord na Móna is very committed to those targets and plans, and we are on track to deliver. We are decommissioning bogs as we exit peat, so the requirement for restoration and rehabilitation will ramp up over the next year and into the future.

We need to build on the current businesses and introduce new business areas by understanding market demands and stakeholder needs, by innovating and continuing to be relevant – all of which we can deliver with a skilled, motivated, and energised workforce.

In Summary

We need to maintain stability. We've had a turbulent year with challenges and difficult decisions and more on the horizon. We need to be agile, resilient and competitive to overcome these and succeed.

We will build a clear roadmap for our transition journey to ensure the sustainability of the Company. We will communicate and engage with key stakeholders and continue to invigorate our vibrant and motivated workforce.

Importantly we must remember that we have an excellent foundation to build on. As a strong Irish brand with a rich heritage, we have been through many periods of change and continued to succeed. We will do this again. I believe we have many strengths and many opportunities which we can leverage to ensure we come through this period of transition stronger than ever, with a bright future for our stakeholders, our communities and most importantly, our employees. This is a new and exciting direction in our on-going journey of sustainability and I am delighted to lead and continue the change for Bord na Móna.

Chief Financial Officer's Review

The results for FY18 adjusted for exceptional items were in line with budget expectations. During the year, the group restructured the Fuels business, closing the Littleton Briquette Factory and outlined plans to exit the coal business. Following acquisition of the White Moss business in FY 17 all remaining compliance issues were corrected to the satisfaction of the U.K. Environment Agency.

There was a significant reduction in Net Debt in FY18 from €170.5 million to €76.1 million, as a result of which, the Group remains on a sound financial footing. This was achieved through prioritisation of Capital Expenditure on sustainable projects, sale of the Baggot Street Investment Property along with improved working capital performance.

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

	FY18 €'M	FY17 €'M
Revenue	395.3	406.2
Operating profit as reported	(6.1)	24.7
Investment property gain	-	(2.0)
Exceptional costs/Impairments	39.3	15.6
Adjusted operating profit	**33.2**	**38.3**
Depreciation/Amortisation	41.1	43.9
EBITDA adjusted for exceptional items	74.3	82.2
Total assets	**551.2**	**636.8**
Capital expenditure	27.4	42.7
Net debt	76.1	170.5
Shareholders' funds	218.1	231.6

Turnover decreased by 3% from €406.2 million to €395.3 million, a decrease of €10.9 million in challenging market conditions.

Closure of the Littleton briquette factory, anticipated costs for restructuring the fuels business and costs to correct compliance issues at White Moss are classified as exceptional items.

Operating profit adjusted for exceptional costs reduced €5.1 million on FY17 with adjusted EBITDA decreasing by €7.9 million.

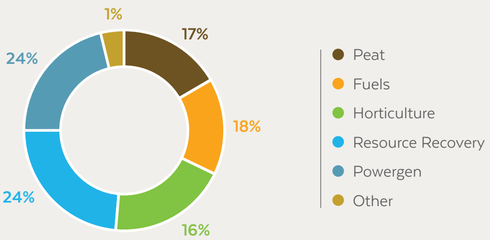
Net debt reduced by €94.4 million with disposal of property assets including the Baggot Street premises realising €40 million along with strong operating cash flow.

Chief Financial Officer's Review

The key sales variances year on year were as follows:

- Both thermal and wind energy performed ahead of prior year. Electrical output on windfarms increased revenue by €1.0 million with higher wind yields. Thermal energy revenues increased by €0.7 million as a result of higher market prices for electricity;
- Revenues in the Horticulture division increased by €8.0 million as a result of the full year impact of the White Moss acquisition, increased professional sales, partly offset by a reduction in UK retail sales.
- Sales of peat decreased by €11.8 million in aggregate due primarily to scheduled outages at the ESB power stations, Lough Ree Power and West Offaly Power.
- Waste treatment sales at the Drehid facilities decreased by €4.1 million following the anticipated reduction in consented licence tonnage. This reduction was partially offset through increased electrical output on recovered gas. Waste collection sales increased by €0.9 million with an increase in domestic customer numbers and increased commercial tonnage;
- Fuels sales performance was boosted in the final quarter where sales increased resulting from below average temperatures, offsetting a contracting market. Annual coal sales decreased by 10.2% while briquette sales increased by 6.2%. Overall, Fuels sales declined by €4.6 million year on year.
- Following sale of the Baggot Street investment property rental income declined by €1.0 million.

Revenue by Operating Business Unit



The operating loss was €6.1 million in FY18 (FY17: Operating profit €24.7million). Operating profit adjusted for exceptional and once off items was €33.2 million in FY18 (FY17: €38.3 million). Exceptional items included:

- Exceptional costs of €18.5 million in relation to the closure of our Littleton briquette factory.
- Exceptional costs of €7.8 million incurred in rationalising our coal processing operations.
- The program of compliance actions at White Moss, which resulted in a net €8.1 million of charges.
- €4.9 million of restructuring costs related to other Group restructuring costs and impairments.

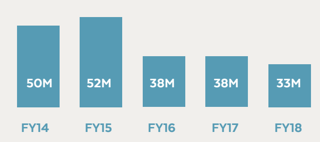
The key items which impacted the underlying trading performance during the year compared to FY17 were:

- Increases in electrical capacity revenue at the Edenderry Power plant following a scheduled outage in the first quarter to replace the primary superheater and favourable market prices for electricity increased operating profit by €4.8 million;
- Increased wind yields at the Mountlucas and Bruckana windfarms contributed to an increase in Operating profit by €0.3 million;
- A reduced spend of €3.4 million on business development costs;
- The peat harvest of 3.6 million tonnes was 0.5 million tonnes higher than the prior year following more favourable production conditions, increasing operating profit by €1.6 million;
- Decreased peat sales due to scheduled outages at Lough Ree Power plant and an unscheduled boiler outage at West Offaly Power plant impacted profits adversely by €7.2 million;
- The Horticulture division was impacted by reduced demand in the UK retail market as a result of poor weather during the peak season, with professional sales performing well. Retail profits were further impacted by reduced gross margins due to a weaker sterling exchange rate. The aggregate operating profits impact of these issues was €7.2 million;
- The Littleton and Derrinlough factories, due to stock levels, operated for seven weeks less than in the prior year, negatively impacting profits. Following a slow start to the fuels season, lower demand for coal was offset by increased demand for peat briquettes. Overall, operating profits were €0.9 million less than FY17;
- In the AES waste collection business, an increase in customer numbers together with lower administration expenses increased Operating profit by €0.6 million;
- Reduced operational costs and new business development initiatives at Drehid increased Operating profit by €2.3 million;

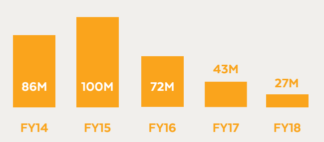
EBITDA adjusted for exceptional items was €74.3 million in FY18 (FY17: €82.2 million). Loss before tax was €14.4 million in FY18 (FY17 Profit: €12.2 million) reflecting items previously outlined and a decrease in net finance costs of €2.1 million following the repayment of €32.1 ($45.0) million private placement debt during the year.

Loss for the year was €8.3 million (FY17 Profit: €5.2 million) with a tax credit of €6.1 million (FY17: tax charge of €6.9 million).

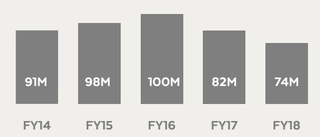
Operating Profit pre Exceptional €Million



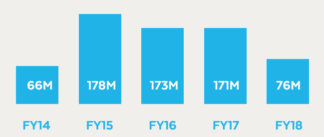
Capital Expenditure €Million



EDITDA pre Exceptional €Million



Net Debt €Million



Funds from Operating Activities

	FY18 €'M	FY17 €'M
Net cash flow from operating activities	**51.6**	82.1
Working capital & provisions	**18.9**	(18.7)
Capital expenditure and investments	**(31.3)**	(47.8)
Proceeds on disposal of assets for resale	**38.3**	0.0
Financing costs paid	**(10.8)**	(15.3)
Cash received on derivatives	**7.9**	15
Income tax received (paid)	**1.6**	0.6
Funds advanced on RCF facility	**(11.6)**	11.6
Dividend paid	**(2.5)**	(4.5)
Debt repayment	**(38.1)**	(76.3)
Decrease in net debt	**(24.0)**	(53.3)

The Group had a net cash Inflow of €24.0 million in FY18 compared to €53.3 million outflow in the prior year – main movements relate to working capital reductions of €37.6 million and proceeds on disposal of properties held for sale of €38.3 million.

At year end, the Group had net debt of €76.1 million, a decrease of €94.4 million in the year.

The detailed cash flow statement is given on page 57 supported by Notes 19 and 23 to the Financial Statements.

Investment for the future

Capital Expenditure and Financial Investment for FY18 amounted to €31.3 million (FY17:€47.8 million). The capital investment programme largely related to normal maintenance capital expenditure particularly in the Resource Recovery and Peat businesses, both of which are capital intensive. At Edenderry Power plant the primary super heater was replaced as part of normal scheduled maintenance. An investment of €5.2 million was made in the 50/50 Joint Venture with ESB in respect of the Oweninny wind farm.

Research and Development: During FY18 Bord na Móna spent €9.3 million on research and development including business development, exclusive of grants (FY17: €9.3 million). The Group are developing new opportunities in areas such as: Waste to Energy, wind and solar farms, new products and markets in the horticultural sector and process improvements in all areas.

Capital Structure and Treasury Policy

The Treasury Policy for the Group is reviewed by the Board and is implemented and monitored by the Group Treasury function. The Policy aims to minimise overall Group funding costs and to 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 averse 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 interest rate and foreign exchange swaps. Net borrowings in the current financial year reached a peak of €189.0 million in August 2017, compared with a peak in the previous year of €196.0 million. The peak borrowing occurred upon the completion of the peat harvest when peat stocks are at their highest level. Finance costs at €12.2 million were €4.2 million lower than in the previous year due to lower average debt levels. Finance income at €2.2 million was €2.1 million lower than last year due to lower income on the cross-currency swaps.

At year end, the Group had $143.0 million (€115.3 million) fixed rate debt which was raised on the US private placement market. In order to hedge the associated U.S. 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. A sum of $65.0 million (€50.9 million) is repayable in June 2018.

The maturity profile of debt at the financial year end was as follows: 48% repayable in FY2019 and 52% repayable in FY2020.

Gearing was 31% at year-end compared to 58% at the start of the year reflecting the significant reduction in borrowings.

Michael Barry
Chief Financial Officer

Our Sustainability Journey

» Over 80 years ago Bord na Móna was established to deliver new industry to Ireland by drawing on and taking advantage of our natural indigenous resources. Bord na Móna has been on a journey which has been challenging, progressive, innovative and above all productive with a number of significant achievements along the way.

1934
Turf Development Board was established.

1940
Lullymore briquette factory was reopened during the Emergency.

1946
Turf Development Board becomes Bord na Móna.

1950/1952
Portarlington & Allenwood stations opened.

1992
Bord na Móna builds first ever commercial wind farm in Ireland.

2005
Kilberry is the leading green waste recycling facility in Ireland.

2006
Acquired Edenderry Power Limited.

2007
Acquired AES.

2008
The co-firing of biomass with peat commenced.

2009
Launch of first peat diluted Growing Media brand onto the Irish market.

2011
Bord na Móna launch their first 5 Year Biodiversity Action Plan.

2013
Opening of 5MW Landfill Gas Utilisation Plant at Drehid.

2014
Opening of Lough Boora Visitor Centre.

2014
Commercial operation of Bruckana Wind Farm.

2014
Commercial operation of Mountlucas Wind Farm.

2015
Launch of "Sustainability 2030" report.

2016
Launch of Biodiversity Action Plan report.

2016
Acquired a 50% interest in Electricity Exchange.

2016
EPL planning extension for co-firing.

2016
Acquired White Moss Horticulture.

2017
Launch of Bord na Móna BioEnergy.

2017
Successful delivery of 64MW Sliabh Bawn project.

2017
Planning granted for proposed Cloncreen Wind Farm.

2018
Drehid submitted sustainable landfill planning.

2018
Financial close on the €180m Oweninny wind project.

2018
Planning submission of proposed Derryadd Wind Farm.

2018
Planning for Solar begins.

2030

Strategy Review

We have a very clear and overriding vision to lead the change to more sustainable resources and to be recognised as a leader in each of our business markets.

Our three key strategic imperatives, which are outlined below, will help us achieve this vision as they leverage the many strengths that our diversified portfolio provides and create real value for our shareholders.

Continuing the change in:

- **Renewable Energy and Resource Recovery**
- **Corporate Responsibility**
- **Delivering on our promise to stakeholders**


Background

» As a commercial semi-state company, we have a shareholder mandate to operate commercially viable enterprises, which maintain employment in the Midlands. This is particularly important in geographic regions where alternative job opportunities would be scarce without Bord na Móna's presence. We have a long association with the local communities of the Midlands and are an important aspect of the socio-economic infrastructure in those areas. We remain committed to fulfilling this key role in the communities that we serve.

Bord na Móna's strategic development is focused primarily on renewable energy and resource recovery markets with a key objective of reducing our carbon intensity.

Part of that strategy is to grow our power generation business. This will be achieved by leveraging Bord na Móna's land assets, project development skills, and operation and maintenance capabilities.

The Government supports the EU's ambition on climate action and the decarbonisation of energy and is committed to making a contribution that is technically feasible, cost-effective and fair. Reducing our reliance on fossil fuels will require more efficient use of energy. More significantly, it will also require an increase in the use of our renewable energy resources and as a result will enhance our energy security as well as helping to support economic activity.

Bord na Móna supports this decarbonisation agenda and it is the backbone of our power generation strategy over the next 10 years and beyond. Bord na Móna Powergen will be a leading low carbon electricity generator, with a suite of resources including wind energy, biomass, solar, biogas and other renewable energy technologies supported by flexible thermal plant.

Resource Recovery is also a key strategic pillar in Bord na Móna's sustainability strategy and fully supports the Government's Waste Policy. Ireland's waste management policy is based on the EU waste hierarchy and includes a range of measures across all five tiers namely, prevention and minimisation, reuse, recycling, recovery and disposal.

The policy provides a roadmap on how Ireland will reduce its dependency on landfill, by putting appropriate measures and approaches to reduce waste in place and at the same time making the most of opportunities to recover resources from waste – such as waste to energy.

Bord na Móna Resource Recovery is supporting government policy on waste through; providing essential engineered landfill infrastructure for the disposal of waste in a responsible manner, in particular for waste streams such as construction and demolition waste, for which incineration is not a suitable solution; the landfill gas utilisation plant at Drehid; the new sustainable landfill facility primarily for construction and demolition waste; and the end of life tyre collection and processing service, Ireland's only recycling operation which ensures complete destruction of the car tyre and 98% recovery of material for recycling use. In addition, significant investment is being made in recovery technologies.

Tighter regulations and ambitious targets are a feature of both these sectors and Bord na Móna strives to support Governmental policy to realise these goals.

Key Challenges

» The key challenge for Bord na Móna is to successfully transition from a business historically based on fossil fuel (peat) to a business, consistent with Government policy, which is primarily focused on renewable energy,- whilst endeavoring to maintain employment and economic development in the Midlands.

Our strategy to accomplish this goal has a number of facets including: leveraging our land assets to deliver renewable energy solutions (both wind and solar) and to diversify into other business areas, such as Resource Recovery, which leverage our land, brand and the skills of our people.

Key to the decarbonisation agenda, is the move from fossil fuels to renewable energy. Bord na Móna has a key role in this transition. We have set a target to be out of peat for energy by 2030.

Decarbonisation agenda

A key part of this agenda is the move from fossil fuels to renewable energy; Wind, Solar and Anaerobic Digestion. Bord na Móna has a key role in this transition and we have set a target to be out of peat for energy by 2030.

Socio-Economic impacts

Bord na Móna currently supports almost 4,000 jobs directly and indirectly. The challenge during this decade of transition out of peat is to continue to support those jobs and communities, as we move from a labour intensive industry - peat harvesting - to a much less labour intensive industry such as wind energy. Peat production has been the primary driver of revenue and profits throughout much of our history. The nature of peat production is very labour intensive and it has supported extensive jobs across the Midlands for over 80 years. As we transition to a low carbon company the revenues are increasingly generated by capital intensive activities in Powergen and Resource Recovery. These activities support significant construction jobs but require less labour to operate relative to the scale of revenue generated.

Change in skill sets

Key to responding to change is an agile and skilled workforce. As we move into new areas of operations we need to ensure that we have the skill sets required through upskilling existing employees and through external recruitment programmes.

Rehabilitation and restoration

As we rapidly come out of peat production we will have vast tracts of land which we are committed to rehabilitating.


Bord na Móna
Responses

» In light of these challenges and understanding our mandate as a commercial semi-state company, Bord na Móna has developed a series of strategic responses which will form the basis of our strategy over the next number of years.

We are actively participating in the Government's decarbonisation programme. We have invested heavily in renewable energy in the Midlands over the past 15 years. Specifically we have invested in the Edenderry Power Plant and in the Mountlucas and Bruckana wind farms. These investments have contributed significantly to our objective of maintaining employment and implementing Government policy, particularly in the renewable energy area.

We have also invested in our Resource Recovery business across our transfer centres, waste to energy, and have plans to develop saleable products such as refuse derived fuel and a sustainable landfill particularly for construction and demolition waste which is not suitable for incineration.

We are in the process of managing our phased long term exit out of fossil fuels. This has involved making tough decisions in the last year including exiting from the coal business, which had been predominantly a bituminous coal business and also the consolidation of the briquette business into one facility at Derrinlough, resulting in the closure of the Littleton plant.

Our Biodiversity Action Plan outlines our rehabilitation and restoration programme to 2021 - as we come out of production of peat.

Our newly launched 'Game Changer' programme is an innovation and ideas programme which looks to define opportunities which leverage our core strengths: our substantial land bank, a skilled workforce and our unique brand and reputation. The programme welcomes ideas and input from employees around the company on how we can bring our core strengths to life.

We have a large skilled and motivated workforce, but have changing requirements. We are investing in training and development of people to support our transformation.

Powergen

Bord na Móna Powergen develops and operates a portfolio of thermal and renewable assets, generating in excess of 1.2 terawatt hours (TWh) of electricity annually which it sells to the wholesale market.

The business is a key driver of the Group strategy to transition to a sustainable future and, with well over 60% of electricity generated currently classed as carbon neutral, it plays a pivotal role in Bord na Móna becoming the leading generator of renewable energy on the island of Ireland.

Bord na Móna's current operating portfolio consists of Edenderry Power Plant, currently the largest renewable generator on the island. The plant performs a uniquely important role as a large scale generator of dispatchable renewable power to the grid at a time of increased intermittency of generation on the Irish grid system.

Our portfolio also includes the Cushaling peaking plant, the Drehid landfill gas facility and wind farms in Mountlucas, Bruckana, Sliabh Bawn and Bellacorick.

We are increasingly active in the provision of Virtual Power Plant services and Demand Side management through our JV partner Electricity Exchange DAC and we are also in the process of developing the 172 Megawatt (MW) Oweninny wind farm in North Mayo through a joint venture with ESB.

The company's growth in renewable generating assets has been significant in the last year as we strive to reach our renewable portfolio target of 1 Gigawatt by 2030. Critical to this is our community engagement programme where we will continue to responsibly engage with local communities on major infrastructural energy projects.

FY18 at a glance

- At Edenderry Power Plant the biomass co-fueling rate of 41% was in line with the previous year.
- The Mountlucas, Bruckana, and Sliabh Bawn wind farms continued to operate successfully during the year as did the Drehid landfill gas unit. We are also pleased to report that the 7MW Bellacorick wind farm continued to run successfully in what is now its 26th year of operation - a testimony to the quality of the service provided by our operation and maintenance team.
- Following the acquisition of a 50% interest in Electricity Exchange DAC, which focuses on the development of smart technology and the provision of flexible support services to the national grid, the business traded very successfully during FY18 and recently announced ambitious expansion plans for the future.

Outlook

Work on transitioning the business into the Integrated Single Electricity Market (ISEM) progressed in line with the plan for the 1st October 2018 commencement date. Current market prices for electricity have been favourable but we expect that there will be some reduction in prices on commencement of the ISEM. Powergen's diverse generation fleet is consistently achieving high availability levels and we hope to benefit from enhanced Grid System Support revenues in the future - where intermittent wind generation is a large feature of the market. The investment in Electricity Exchange DAC, a Company in which we bought a 50% interest, is particularly well positioned to benefit from this transition as the company is a leading provider of smart grid technology and services.

We expect to commence the procurement phase for the Cloncreen project in the coming year. In addition we have achieved financial close with our partner ESB, on project finance on a non-recourse basis for the 89 MW phase 1 of Owenninny.

Resource Recovery

Bord na Móna Resource Recovery is an integrated waste management business providing collection services, recycling, composting and residual landfill disposal of all waste streams arising from both commercial and domestic sources.

We continue to expand our domestic customer base in the Midlands. We now have in excess of 110,000 customers and plan to increase this number further in the coming year. We have worked to improve the efficiency of our operations through various continuous improvement and cost reduction initiatives. Our Drehid landfill facility also provides essential infrastructure for the disposal of waste in a responsible manner. While the incinerator at Ringsend in Dublin is now operating at full capacity, there remains in the short to medium term a need for a responsibly managed engineered landfill such as Drehid, in particular for waste streams, such as construction and demolition waste, for which incineration is not a suitable solution.

Waste collection services operate under the Bord na Móna AES brand, providing domestic waste management throughout the Midlands, North East, South East and Mid-West regions. The growth and development of the business is a key strategic driver in Bord na Móna's ambition to develop as a sustainable Group into the future as we work towards our goal to become Ireland's leading resource recovery operator.

FY18 at a glance

- Bord na Móna Resource Recovery continued to invest in its dry mixed recycling plant at our Tullamore facility. This investment has improved the quality of the recyclables being generated and as a result we have been able to secure other outlets for recyclables thus limiting the impact of the widely reported closure of the China market.
- The landfill gas utilisation plant at the Drehid waste management facility, which converts landfill gas into electricity, produced enough energy to power 8,500 homes whilst also reducing the facility's carbon footprint and ensuring the safe capture and use of landfill gas.
- A planning application was submitted for further development at the Drehid facility. This application, if granted, will see the development of a new sustainable landfill facility primarily for construction and demolition waste, an ash recovery facility and a waste water treatment facility.
- In June 2017, we launched an end of life tyre collection service and within a year we have captured 30% market share of end of life tyres nationwide. These tyres are processed in Ireland's only recycling operation which ensures complete destruction of the car tyre and 98% recovery of material for recycling use.

Outlook

The business aims to grow and consolidate in our existing markets.

Significant investments are being made in recovery technologies, reporting systems and consumer online interface platforms in order to continuously improve our customer experience.

We are confident our focus on industry innovations, customer experience programmes and operational improvement will continue to drive the operating performance of our business.

BioEnergy

Bord na Móna BioEnergy sources and sells biomass for the Irish market and offers long term supply contracts with customers.

In September 2017, we officially launched Bord na Móna BioEnergy at The National Ploughing Championships. We developed – following an extensive industry review and in consultation with Nepcon – a set of biomass sustainability principles, aligned to UN Sustainable Development Goals, to guide our sourcing and supply.

In FY18 Bord na Móna BioEnergy sourced 429,445 energy tonnes of sustainable biomass for Edenderry Power Plant.

Edenderry Power Plant ran at its commercially optimum co-fueling rate with respect to the limits imposed by the REFIT 3 (Renewable Energy Feed-in Tariff), support mechanism.

FY18 at a glance

- During the financial year, 350,000 tonnes of biomass came from domestic sources.
- Four shipments of woodchip were received from Africa and we intend to continue to develop sustainable supply chains on the African continent with reliable partners.
- A decision was made in FY18, on economic and suitability grounds, not to continue with the development of the US pellet plant project.
- Initial results from the energy crop growing trials on our cutaway bog land are promising. A larger trial is scheduled to take place in FY19.

Outlook

Our future requirement for biomass will grow from 430,000 energy tonnes in FY18 to in excess of 1.5 million energy tonnes per annum from FY21 onwards. Work continues to develop sustainable imports and indigenous supply chains to meet this increasing demand, through:

- the development of an Irish supply chain including: sawmill residues, pulpwood logs and energy crops;
- working with local growers to develop a willow growing industry with expectations to increase supply, pending a new energy crop incentive to be introduced by Government;
- increasing supply of pulpwood logs – from both private and publicly owned forestry sector; and
- continued development of sustainable international sources of biomass in particular woodchip.

Peat

Bord na Móna Peat supplies milled peat to Bord na Móna's Edenderry Power Plant and two ESB power plants, Lough Ree Power and West Offaly Power. The business also supplies peat to the Horticulture business for the manufacture of growing media products for the professional and retail markets and to the Fuels business for the manufacture of peat briquettes.

FY18 at a glance

- During FY18, we had a successful production year achieving, overall, 100% of target. However there were challenges in certain areas which resulted in some quality issues.
- The implementation of the business transformation programme has led to a reduced cost of peat. This was achieved through the implementation of the WRC (Work Place Relations Commission) agreement including full realisation of benefits from outsourcing of road haulage and continued efficiencies in bog and transport operations.
- Following on from the successful implementation of the 5S lean methodology in workshops, the model has been extended to bog and transport operations.
- 34 peat haulage locomotives have now been fully re-built internally in the workshop at Derrygreenagh. This represents a capital investment of in excess of €2.5 million. The remaining 16 locomotives are due for completion in FY19. The business has commenced a three year rail refurbishment programme at an expected overall cost of €2.9 million.
- In March 2018, during the severe storm and snow conditions, the national coordination group requested the continued availability of the peat power plants as there was a national power crisis in the country. The Peat business, through experience, determination and commitment to the customer, continued to supply peat to the plants in what was some of the worst weather to hit the country in living memory.

Outlook

We continue to be fully committed to achieving cost reductions which will enable us to have a viable business in the future with significant employment. We have developed and are implementing a new flexible peat production and supply chain model to meet customer requirements in a changing electricity market.

A key focus in the year ahead will be the commencement of the decommissioning and rehabilitation of the Littleton bogs following on from the closure of the Littleton briquette factory.

Bord na Móna continues to work with our ESB partners to ensure the continued viability of the two ESB plants following the expiration of the public service obligation in 2019. We are also supporting ESB in their application for continued planning for co-firing the two power plants.

Horticulture

Bord na Móna Horticulture focuses on the manufacturing, marketing and sale of quality growing media products to both hobby gardeners and professional growers in over 30 countries around the world.

The business is continuously driving innovation through our commitment to new product development which meets our customers' needs and expectations.

The reputation of the business is built on consistently delivering excellent products, high quality Irish peat, continuous research and innovation. Our retail products have won 14 Which? Best Buy awards (2010-2017).

FY18 at a glance

- We achieved year on year growth in the professional business with a significant increase in revenue with growth coming from the core European Markets.
- Integration of the White Moss business progressed and all remaining compliance actions were implemented to the satisfaction of the UK Environment Agency.

Outlook

Our professional business - which is driven by our reputation for high quality Irish peat - is expected to continue its development with an expanding footprint in international markets.

Fuels

Bord na Móna Fuels has been the market leader in the Irish residential solid fuel category for more than 20 years. While this remains a sizeable market, with almost half of Irish homes purchasing solid fuel, regulatory and lifestyle changes have seen that market reduce significantly over the last number of years. As a result, several decisions were taken during FY18 in order to restructure the business to ensure it is in the best position in the current market conditions. Our focus will now be on the iconic Bord na Móna peat briquette, where the company has a strong position.

FY18 at a glance

- In May 2017, in order to ensure the continuing viability of the peat briquette business, a decision was taken to close the Littleton briquette factory and to concentrate production at the Derrinlough facility. Current and anticipated demand for briquettes did not justify maintaining two production facilities. This decision resulted in the loss of up to 125 jobs at the Littleton facility and in the peat supply chain.
- In March 2018, the Board also decided that the Company should exit the domestic coal market. Following careful consideration, it was determined that there was no prospect of this business achieving future profitability. This decision was reached in light of the planned introduction of a national ban on the distribution of bituminous coal. Regrettably, this decision will result in the loss of 45 jobs, primarily in the Company's coal yards around the country.
- As a consequence of the decision to exit the coal business, if was also decided not to proceed with the proposed construction of a smokeless coal facility at Foynes. The business will exit its coal operations in an orderly manner in FY19.

Outlook

The business will continue to manufacture peat briquettes and to invest in the development of innovative products at Derrinlough, our fuel hub centred on the iconic peat briquette. With 12 million bales of briquettes sold in FY18, this product retains a significant share in the solid fuel market.

It’s more than innovation. It’s a catalyst for change.

Continuing the Change in Renewable Energy.

Oweninny Development

We achieved financial close on the €180 million Oweninny wind farm project in North Mayo - with our Joint Venture partner ESB.
Bord na Móna has a long history in Mayo and this exciting venture represents a new chapter for Bord na Móna as it is predicted to reach 1 GW of renewable assets by 2030, which will power the equivalent of half a million homes across the Country.

This wind farm will help Ireland achieve its 2020 and 2030 renewable energy targets, as well as contributing to the security of energy supply - an important part of national energy policy.

Construction works commenced in July 2017, turbines have been ordered and we expect the project to be completed by October 2019.

The first phase is a 29 turbine development with an installed capacity of approximately 93 MW and located adjacent to the existing Bellacorrick Wind Farm - the first commercial wind farm developed in Ireland in 1992.

The civil construction company employed on the project is Roadbridge. The main electrical company employed is Gaeltec Utilities - both major contractors in Ireland. The turbines will be provided by Siemens Gamesa.

When the wind farm becomes fully operational, towards the end of 2019, an annual community benefit fund in excess of €200,000 will be funded by the development.

The project is being financed with long-term debt from a consortium of banks including the European Investment Bank, as well as MUFG Bank, BNP Paribas and AIB. The European Investment Bank’s €80 million financing for the Oweninny wind farm – 50% of total funding - represents their largest investment to date in renewable energy generation in Ireland and demonstrates the confidence they have in this project.

This project illustrates how we, in Bord na Móna, can use our land bank of over 200,000 acres to support national policy, by investing in new forms of renewable energy which are secure and sustainable- as well as supporting the longer term sustainability of the overall Bord na Móna business.

29
turbines in the development of phase one with an installed capacity of approximately 93 MW.

€200,000
annual community benefit fund will be funded by the development when the wind farm becomes fully operational, towards the end of 2019.

€80 million
of financing from the European Investment Bank represents their largest investment to date in renewable energy generation in Ireland.

It’s more than education. It’s tomorrow’s guardians.

Continuing the Change in Biodiversity Activities.

Eco Rangers

In 2018 we saw 660 schools take part in Bord na Móna’s Eco Rangers programme which aims to reconnect children with nature and develop respect for their environment. The programme, which was launched in 2016, is designed to bring the Bord na Móna biodiversity message to life in schools to a key audience, who up until now have only learned about Bord na Móna in the history books.

The Eco Rangers programme was initiated following consumer insight which showed that children’s knowledge of biodiversity was in decline at a time when we need future generations to be more engaged and aware in order to halt its loss. The research highlighted that there was a very real need to educate our children as the future guardians of our planet, and to provide them with the knowledge they need today to preserve the natural world for tomorrow.

We identified a gap in the school curriculum in bringing the ‘nature walk’ back as a support to the syllabus in a structured and fun way – along with a number of other initiatives which the Eco Rangers programme offers.

The Eco Rangers programme was developed to mirror our own business strategy, that we have made a commitment to a sustainable future and that, as guardians of the state’s land, we have a responsibility to rehabilitate and preserve the land for future generations. This programme brings Bord na Móna to the attention of young children – the next generation - in a way that is relevant to them today - encouraging them to consider the importance of the biodiversity around them, no matter where they are.

The overarching aim of the Eco Rangers programme, is to reconnect children with nature, in a fun and interactive way and encourage them to recognise the importance of protecting and guarding the land. We collaborated with Real Nation, a company which specialises in children’s educational programmes, to develop a flexible and easily integrated programme which children can engage with and enjoy.

The Eco Rangers programme allows children to reconnect with nature, develop a respect for the natural environment and take pride in becoming guardians of the land.

20
schools took part in the original pilot programme in 2015/2016.

660
schools took part in the Eco Rangers programme in 2017/2018.

It's more than technology. It's an opportunity for growth.

Continuing the Change in Renewable Energy.

Electricity Exchange

In 2016 Bord na Móna acquired a 50% interest in Electricity Exchange DAC. The Limerick-based smart grid operator – which provides demand side management services to the electricity grid – will double its headcount in the next 12 months as it moves to a new custom-designed office allowing it to grow its research and development output.

The company, which began trading in 2014, currently employs 24 people. It is planning to invest to grow the business by developing its skill sets, across a variety of disciplines including software development and marketing.

Electricity Exchange is on track to continue its growth trajectory, following 140% revenue growth in FY18. In the last year Bord na Móna and Electricity Exchange have worked together to deliver a number of new services to customers and it is hoped that these will be expanded further as the Electricity Exchange technology is developed.

Electricity Exchange technology will be a key enabler to Bord na Móna's strategy which includes the introduction of further renewable technologies (wind, solar and biomass) which, by their nature are intermittent. Electricity Exchange offers a virtual power plant service, which pays clients to make excess energy available to the grid when it is required, reducing the requirement for carbon-intensive plants to be deployed at short notice. It also allows clients to shut down their own generating capacity at night when, for example, excess wind power may be available on the grid as a whole.

The technology developed by Electricity Exchange is also potentially scalable for electricity grids around the globe. The company is commercialising this technology in Ireland and intends to partner with key market participants in countries further afield in the short to medium term.

Electricity Exchange was founded by Paddy Finn, a finalist in the EY Entrepreneur of the Year 2018 competition, with his business partner Duncan O'Toole.

X2

Electricity Exchange is set to double its headcount in the next 12 months.

140%

revenue growth in FY18.

Corporate Responsibility Strategy

» At Bord na Móna, corporate responsibility is central to everything we do and a priority across all our businesses and locations, from the guardianship of our land to our interactions with our employees and communities.

Our corporate responsibility is focused on four key objectives:

1. Delivering our transformation responsibly
2. Delivering economic and social benefit to the communities we serve
3. Managing and mitigating the environmental impacts of our business and operations
4. Communicating openly our management of corporate responsibility

1. Delivering our transformation responsibly

At Bord na Móna, our priority remains being a responsible employer which engages with our workforce on all aspects of our business transformation so that they are skilled and ready to adapt and play their part in the changes to come, both immediately and in the future.

Key Objectives

Short term (1 - 3 years)

Continue to deliver a comprehensive programme of training, retraining, up-skilling and talent development.

Longer term (5 - 10 years)

A major focus in 2018-2019 will be identifying and planning ways to do more in preparing our workforce for Bord na Móna post 2030. Bord na Móna recognises there will be change and will be working on efforts to ensure this transition is as supported a process as possible.

Identify and develop the "future-need" skills and competencies that will be driven by:

- Alternate commercial land-use
- Peat-land rehabilitation
- Biomass (growth, processing and logistics)
- Community projects (amenity, tourism and craft)

Ensure our values; Respectful, Resourceful and Engaging underpin the development and execution of our people roadmap e.g.

- Develop effective relationships inside and outside Bord na Móna
- Make Bord na Móna a great place to work
- Drive welfare, health and safety to best-in-class
- Enable our people through education, training and experience

Achievements in FY 18

The company facilitated 38,228 hours of training across 140 courses in FY18, a 25% increase on FY17.

- Lean management: white belt, green belt, black belt
- Joint Teamwork Programme
- Tax compliance
- Data protection
- Personal development - range of upskilling courses for Littleton employees (7,500 hours)
- IT skills
- Project management
- Health and safety programmes
- Supervisory and management skills
- Communications and performance management
- Education Support Scheme
- Energy awareness (ISO50001)

Key Focus Areas

Closure of Littleton

In May 2017, the company announced the closure of the Littleton briquette factory effective March 2018. The decision to cease production at the briquette factory impacted up to 124 employees in both the Fuels and Peat Business Units. Following the announcement, the company commenced a comprehensive engagement process with the Group of Unions with a significant focus on assessing individual upskilling needs and developing appropriate training plans. This process was managed in conjunction with specialised trade union training support, state agencies (enterprise boards) and specialised external expertise.

In February 2018, 94% of employees balloted in favour of the Littleton Closure Agreement which encompassed all aspects of the closure process including redeployment, upskilling, training, decommissioning process and the applicable compulsory redundancy terms. Following a review of former Littleton employees in May 2018, the company was pleased to note that approximately:

- 50% of employees who exited in March had chosen to retire
- 25% were in new employment
- 25% were either seeking employment or taking time out before returning to the job market.

Exiting Coal

In March 2018, the Company announced the decision to exit the coal business and associated convenience business which will result in the closure of eight coal depots and the Lullymore firepack site. This will impact 42 employees across Fuels, including support roles in the Newbridge site. A consultation and engagement process is currently underway with employees and the trade unions.

We plan to implement a series of relevant initiatives with the employees that will be impacted by the rationalisation, including training and upskilling to prepare them for their future careers outside the company.

Recognising Employee Achievement

The Naturally Driven Awards ceremonies are held annually to celebrate employee achievements throughout the year. The Awards reward the commitment and dedication of our employees through the Long Service Awards and those who have been nominated by their colleagues, because they have lived the core company values of Respectful, Resourceful and Engaging and brought them to life across the business.

2. Delivering economic and social benefit to the communities we serve

Priorities

Commit to a continued presence in the Midlands where we currently support almost 4,000 jobs, directly and indirectly.

Focus on the economic benefits that our programmes and initiatives can bring.

Regularly engage in and participate in local donation and fundraising activities.

Ensure that our efforts generate both a short and long term impact.

Helping to improve the overall skills of a local workforce

Sustained quality employment

Financially supporting worthy causes in our communities; and

Creation of financial stability; within the company and the local community.

Key Projects

Powering the Midlands

In total, it is estimated that Bord na Móna supports almost 4,000 full time jobs in the economy, of which, 2,012 are direct employees and 1,811 are indirect (Source: Jim Power Economics October 2017). The bulk of these jobs are located in the Midland counties where Bord na Móna operates. The Midlands of Ireland has the highest level of unemployment and the lowest level of Foreign Direct Investment of all the regions in the country (Source: IDA 4th January, 2018). In the context of the region's considerably challenged economic profile, the importance of this level of employment cannot be underestimated (Source: CSO QNHS, September 2017).

In FY17, Bord na Móna's other contributions to the economy included:

- The company paid €87.6 million in wages and salaries and €4 million in defined contribution (DC) and defined benefit (DB) pension costs;
- 1,758 pensioners are supported by Bord na Móna. The company has contributed €33.5 million in dividends to the State in the past 5 years;
- The company paid €53 million in various taxes to Government. In total, Bórd na Móna contributed €57.6 million to the Government in the financial year. This contribution to the Exchequer is equivalent to 1,645 jobs in the public sector;
- And In FY17, the company spent close to €500,000 on various sponsorships including sport, festivals, seminars, secondary school debating, art, photography, and other Corporate Social Responsibility sponsorships. (Source: Jim Power Economics October 2017)

AES Bord na Móna Charity Contributions

In 2017 we raised €80,000 with our AES Bord na Móna customers, which was split equally between Our Lady's Children's Hospital, Crumlin and Temple Street Children's University Hospital.

Since 2014, over €265,000 has been raised for the children's hospitals by donating 1% of all AES Bord na Móna online bill payments of €20 or more.

Community Benefit Packages

This package included Community Gain and Near Neighbour Schemes, as well as Amenity Facilities. Bord na Móna is dedicated to supporting local communities where its wind farms are sited by continuing to improve and expand its community benefit package.

1. Community Gain Scheme

Bord na Móna's Community Gain Scheme Fund aims to provide financial assistance to local community and not-for-profit organisations currently around both Mountlucas and Bruckana Wind Farms. In order to be eligible for funding, projects must fall within the thematic areas of: Amenities, Community Facilities, Culture/Heritage, Education and Recreation/Health. A key criterion is that the projects and initiatives will benefit the communities surrounding the wind farms. Since 2014, Bord na Móna has committed to investing over €700,000 in over 150 local, community based projects through the community gain schemes and additional support for flagship projects. The groups supported to date include local schools, sports and athletics clubs, development associations, text alert schemes, first responder schemes, CCTV provision and community facilities. Bord na Móna is responsible for administering each scheme and an awards committee is drawn from the local communities. This committee reviews and assesses each application against the Scheme's criteria in order to decide which projects are granted financial support.

2. Near Neighbour Scheme

In December 2017, Bord na Móna expanded its Community Benefit Package by introducing a Near Neighbour Scheme for those living in the near vicinity of the Mountlucas and Bruckana Wind Farms. Bord na Móna introduced the scheme based on feedback from local communities which indicated that the provision of direct benefit to residents who live in close proximity to a wind farm should be considered.

3. Amenity Facilities

Mountlucas Wind Farm walkway-cycleway has proven to be quite a success story. In 2017, there were over 32,000 visits recorded at the amenity facility. It is used for cycling, walking and running by both local people and schools, sports and athletics clubs and societies. We are currently expanding the walkway routes around the wind farm to cater for the growing number of visitors to the site and a number of further enhancements to the amenity facilities are also planned.

Lough Boora Fairy Party for Barretstown

In 2017, Bord na Móna and The Irish Fairy Door Company took on the challenge of the World Record attempt for the largest gathering of fairies in one stunning location, Lough Boora Discovery Park, in aid of Barretstown Children's Charity. Barretstown was our charity partner for the summer event and received all proceeds which amounted to €10,000. We had over 1,000 fairies on the day which broke the previous record of 871.

Lough Boora Discovery Park Awards & Recognition

Sustainability is the heartbeat of our business which means building a future where Bord na Móna is a profitable company and also committed to protecting the environment. We have a strong link with the communities we serve going back generations. Our sustainability agenda is deeply invested in creating the brightest possible future for them.

Lough Boora Discovery Park is Bord na Móna's flagship site which demonstrates that commitment to protecting the environment. It is a major eco-tourist destination in Co Offaly. More than 2,000 hectares of cutaway boglands have been rehabilitated to provide a world class experience open 365 days of the year.

The driving force for Lough Boora Discovery Park is nature in its purest form, aligned with its enhancement wherever possible, by reforming integrated wetlands and associated habitats. In order to allow people to appreciate these wonderful cutaway boglands, it was essential to reopen and reuse former track ways, such as the old railway routes, along with the development of new ones, for walkers and cyclists. To date in Boora there are over 70 kms of walkways and over 30 kms of tarred cycle paths developed that criss cross this wonderful natural landscape. These paths all start and return to the Visitor Centre, are off road and flat. This has enabled all age groups to experience and traverse the Discovery Park and visit key attractions such as Lough Boora Mesolithic Site, Turraun Wetlands, Finnamores Lakes, Tumduff and Leabeg Wetlands and experience the flora and fauna, history and archaeology of these sites in ease and safety.

Some achievement in the last 12 months,

- Lough Boora Discovery Park received the Trip Advisor Excellence Awards;
- Lough Boora Discovery Park was ranked #1 in Ireland's top 20 Irish family cycles. "Saturday Independent";
- Midlands Radio & Hospitality awards 2018 - won the "overall tourist attraction of the year" for the Midlands;
- The Irish Hospitality awards 2018 Dublin - won "the best entertaining team category" and received one of the highly commended awards for the best day out.

Corporate Responsibility

3. Managing the environmental impacts of our business and operations

Key Objectives

In September 2015, 17 United Nations Global Goals for Sustainable Development (SDGs) were agreed – goals that focus on climate action, industry, innovation and infrastructure, sustainable cities and communities' work, and economic growth and life on land amongst others.

At Bord na Móna our Corporate Responsibility efforts align with the delivery of these goals with a particular focus on the five goals listed opposite:

7: Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all.

9: Industry, Innovation and Infrastructure

Build resilient infrastructure, promote sustainable industrialization and foster innovation.

12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

13: Climate Action

Take urgent action to combat climate change and its impacts.

15: Life on Land

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.

Key Projects

Raised Bog Restoration Project

The main objective of the Raised Bog Restoration Project is to restore raised bog habitats at several locations throughout the country. Current restoration initiatives will support Ireland in meeting its biodiversity objectives including commitments under the EU Habitats Directive.

To date, over 1,500 ha of raised bog has been restored and Bord na Móna will continue re-wetting of other sites with a further 2,000 ha of bog identified for future work. This year saw the total area earmarked for restoration increase by over 1,000 ha.

We are fully committed to progressing our bog restoration programme across our landholding and we expect to significantly increase our restoration activity in the coming years as detailed in our Biodiversity Action Plan.

Eco Rangers Schools Programme

Bord na Móna is celebrating the success of its Eco Rangers schools programme as a record number of 660 schools signed up across the country with over 50,000 children participating in the programme this year. Eco Rangers aims to reconnect children with nature and teaches them the importance of protecting nature through a series of educational and fun elements.

Teachers are provided with all the resources and tools they need such as teachers' packs, lesson plans, classroom games and access to the Eco Rangers website. This enables classes to embark on Eco Safaris (nature walks), where they can map out nature trails, look at and investigate flora and fauna, take photos or draw pictures and document what they see.

The Bord na Móna Eco Rangers programme aims to encourage children to learn about different habitats and ecosystems and recognise the importance of protecting them to eventually become guardians of the land.

Our Role in Irish Forum on Natural Capital

Bord na Móna is one of the founding members of the Natural Capital movement in Ireland, we sit on the steering committee of the Irish Forum on Natural Capital (IFNC) and ensure that our activity is in line with the IFNC vision and mission.

IFNC vision:

"for an Ireland in which natural capital and ecosystem goods and services are valued, protected and restored".

IFNC mission:

"through the collaboration and leadership of our diverse members, to help to value, protect and restore Ireland's natural capital and ecosystem services. We will do this by supporting the adoption of natural capital concepts in public policy and corporate strategy, promoting informed public and private sector decision-making and assisting in the establishment of a national natural capital accounting standard".

This year we will be progressing actions outlined in our Biodiversity Action Plan 2016-2021 relating to developing a Natural Capital Accounting system for Bord na Móna. The methods used will be aligned with established national and international approaches and will work to apply this approach to the data gathered by the company in relation to Greenhouse emissions between 2001 and 2018.

Working Towards Decarbonisation

Renewable Energy Projects

During FY18, over 60% of our power generation was based on renewable technology due to the increased output from biomass, wind farms and landfill gas generation in addition to base load dispatchable plant. We expect our renewable energy capacity to increase over the upcoming years as the company's growth in solar, wind farms, biomass and other renewable technologies enable us to reach our renewable portfolio target of 1 GW by 2030.

The 'waste to energy' project is an expansion of Bord na Móna's portfolio of power generation assets and converts waste into energy at our state of the art engineered landfill site in Drehid, Co. Kildare. Methane gas is generated during the decomposition of waste within the landfill and is used as a fuel to generate electricity. Using landfill gas from the Drehid site, our power plant can produce 5.6 megawatts of renewable power – enough to power 8,500 homes.

Biomass is a reliable source of renewable energy and new technology means biomass can now meet many of the energy needs of the Irish people. Biomass is Europe's no.1 source of renewable energy and a key part of the EU strategy to tackle climate change. A well-managed biomass sector supports and maintains large, growing, healthy forests.

Bord na Móna is the No.1 user of biomass and supplier of biomass for power in Ireland and is investing in further developing our long term domestic biomass supply. Our domestic biomass is mostly comprised of by-products from forestry management. We are developing a 100% sustainable biomass supply chain and continue to sustain and provide jobs in the growing Irish biomass sector.

BioEnergy Sustainability Principles

Bord na Móna's BioEnergy Sustainability Principles were developed following an extensive industry review and consultation with Nepcon and aligning to the UN SDGs.

Edenderry Power Plant which operates as a hybrid plant and was co-fueled with approximately 42% biomass during FY18. This resulted in the plant having net carbon emissions similar to a typical mid-merit gas fired generating unit on the Irish Grid – 744 kg CO_2/MWh.

Exiting coal

Bord na Móna Fuels continues to invest in the development of innovative renewable products to meet future market requirements. Bord na Móna has decided to exit the bituminous coal business in an orderly manner and from 2019 onwards will no longer sell bituminous or smokeless coal which will reduce the Groups' aggregated direct and indirect emissions.

4. Communicating our management of corporate responsibility openly

Key Objectives

Ensure our marketing and communication strategy highlights a number of important messages to include:

» Our alignment with the United Nations Sustainable Development goals (SDGs)
» The important role we have already played in implementing these goals
» Our commitment to stop using peat for energy by 2030
» The rehabilitation of our land
» The support we lend to our communities.

Key Projects

Continuation of Naturally Driven Campaign

Bord na Móna continued its Naturally Driven campaign across advertising and events, that demonstrated Bord na Móna's commitment to sustainability though its various business activities. The advertising campaign featured Biomass and Waste to Energy executions across TV, radio, outdoor, print and online.

The experiential campaign was designed to spark the public's interest, and create a two way conversation by inviting them to get involved – sharing the small or big steps that they are taking in their daily home, community and work lives to play their part in living a more sustainable life. We celebrated these efforts on Bord na Móna social media, on national radio with our partners Today FM and the Irish Times. Throughout the campaign Bord na Móna uncovered inspiring stories of sustainability across the country. These efforts were celebrated at the Naturally Driven Café with Today FM's Dermot & Dave in Crosshaven Co. Cork, where all our Naturally Driven Heroes got to tell their story.

Learning Hub at Mountlucas Wind Farm

The Learning Hub at Mountlucas Wind Farm contains a series of interactive-hands-on activities based around wind energy and technology. This area is an engaging, educational area where visitors can explore and learn more about renewable energy in fun, interactive ways.

We are currently working on phase 2 of our Learning Hub which involves outdoor telescopes and binoculars so visitors can have a closer look across the bog and see all the wild life the wind farm has to offer.

Biodiversity Action Plan Review

Bord na Móna is increasing its investment in bog rehabilitation and restoration as it transitions away from energy peat towards a more sustainable business model. The company made the announcement at a public review of its Biodiversity Action Plan (2016–21) in Ballymahon, Co Longford.

At the event Bord na Móna announced that it has progressed the rehabilitation of over 700 hectares of cutaway bog in the past year. This adds to the 15,000 ha of bog already rehabilitated by the company.

The review day is a really important day for us to listen to all the people who interact with our bogs and receive their feedback on what we are doing. It's also a really useful way for us to connect with communities and let them know about how rehabilitation can benefit them.

Midlands Science Festival

The Midlands Science Festival is all about taking science out of the lab in order to provide diverse ways for people of all ages to explore the world around them and to learn something new.

Midlands Science was delighted to partner with Bord na Móna for the 2017 Midlands Science Festival as our support and sponsorship enabled them to provide some fun and interactive events for schools in various Offaly locations. In keeping with a key Science Week theme of 'climate change' we invited two local schools to Bord na Móna's largest wind farm, Mountlucas, where pupils could learn first-hand about wind turbine technology, the national significance of wind energy and the workings of a local wind farm.

Bord na Móna has a number of sites in the Midlands that welcome visits from the public, particularly young people, to learn more about the advances being made in the areas of renewable energy technology, power generation and ecology.

At Bord na Móna, we are delighted to be teaming up with the Midlands Science Festival to support events which help to promote the importance of science education to our local young people.

Introduction of Materiality Assessment

In 2015 we launched Sustainability 2030, which sets out Bord na Móna's ambitions and plans to provide a sustainable future by realising the full potential of our land.

Sustainability 2030 is about building a future where Bord na Móna is a profitable company committed to protecting the environment and retaining its strong links with the community.

Our priority is to report back to our stakeholders on our progress in a relevant and timely manner. In order to do this we have undertaken a materiality assessment, with the help of external experts. This has enabled us to identify the key sustainability topics that we will report against and will also allow us to fulfill our obligation under the provisions of the Non Financial Reporting Directive 2014/95/EU. We will publish the report in 2019.

Energy Efficiency

Energy Efficiency Overview of Bord na Móna Energy Usage in 2018

Of the energy consumption reported to SEAI for 2017, primary types of energy consumed by category were electricity, road diesel and gas oil. This reflects the core functions of the activities that are required to be reported on annually. We have a significant road fleet between moving peat and collecting waste, we use gas oil in our harvesting of peat, and electricity is consumed across more than 160 locations.

In 2017, Bord na Móna reported, as a public sector body, the following energy usage data:

12,200 MWh
of electricity;

33,594 MWh
of road diesel;

18,086 MWh
of marked diesel (non-thermal).

Energy Efficiency Actions Undertaken in 2017/18	Actions Planned for 2018/2019
Horticulture In our Horticulture business, we implemented ISO 50001. Certification was achieved in August 2017 which increased energy awareness as well as contributing towards an achieved annual reduction in electricity usage of 8%. We implemented sub-metering at Ballivor to identify actual usages by plant type to have targeted areas of savings for 2018.	1. Reduce electrical energy usage in Ballivor workshop. 2. Replace current yard lighting in Kilberry with LED lights and improve their controls. 3. Reduce the heating energy required at Kilberry.
Peat In December 2017 the Peat business extended the scope of ISO 50001 to all areas of operation, which encompassed all energy consumption across the business. The Supply Chain function demonstrated a saving of 39,969 litres of gas oil in Rail Transported Peat against the baseline through increased tonnes and improved fuel management. The Asset Management function's electrical consumption was down 4.8% in FY18 when compared with FY17. This was due to the installation of more energy efficient lighting and the increased use of natural light. The Bog Operations function demonstrated a reduction of 177,304 litres of gas oil in peat production against the baseline through, awareness, regular communication of performance and quality management.	1. Continue with the management of our Significant Energy Users through ISO 50001, including the monitoring and regular reporting of the associated KPIs to Management with continued support of the business unit's energy reduction targets. 2. Continue with the installation of energy efficient light fittings and increased use of natural light at workshops. 3. Reduce electrical consumption by implementing a more efficient bog pumping regime, using the process improvement principles of Green Belt.
Resource Recovery In the Resource Recovery business, we invested in 12 new efficient collection vehicles including driver and vehicles telematics to ensure our fleet continued to provide an excellent service to our customers with minimum impact on the environment.	1. We intend to advance towards full audit for certification in the next financial year – following recent progress of the ISO 50001 systems and procedures. 2. Continue to optimise routes to ensure energy efficiencies are maintained and improved as we grow and expand our customer base.
Powergen Our Powergen business increased the scope of our ISO 50001 standard, as well as achieving energy savings at our EPL plant through minor upgrades.	1. Our Powergen business plans to increase the scope of our ISO 50001 standard to include wind farm activities, as well as achieving energy savings at Edenderry Power Plant through minor upgrades, insulation projects and increased levels of energy efficient lighting. 2. Other projects include purchase of an electric site van as an evaluation of electric vehicle suitability including the installation of a site charging point.

Governance Report

This section of the Annual Report contains information about the Directors. It includes information on Risk Management and the Directors' and Independent Auditor's Report.

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, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within Bord na Móna.

The Risk and Audit Committee ("RAC") is responsible, under delegated authority, for assisting the Board in fulfilling its obligations with regard to assessing, reviewing and monitoring the risks inherent in the business and the control processes for managing such risks. The RAC is supported 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. Bord na Móna has an 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 risk management practices, formal assignment of risk responsibilities throughout Bord na Móna and the procedures to be used, including relevant mitigation actions and controls.

The risk management system includes the following key elements:

- A strategy that includes objectives and principles;
- Assignment of responsibilities;
- A framework and reporting cycle to identify, assess, manage, monitor and report on the risks that Bord na Móna is or may be exposed to;
- A combination of 'top down' and 'bottom up' risk assessment and management process.
  - As part of the "bottom up" risk assessment, regular workshops are held each year with business units and central support functions. Individual risks are assessed. Mitigating controls are identified and each risk is scored before and after these controls;
  - The top risks to the Group are presented to the Executive Leadership team who review, amend and rank them to identify the top Group residual 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 ensure that risk information is actively monitored, managed and appropriately communicated at all levels within Bord na Móna. On a quarterly basis each business and central 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;
- Embedding a strong risk management culture across all levels of the Group; and,
- Developing risk appetite statements in conjunction with the strategic planning process. Then monitoring and reporting on these statements.

Risk Management

Increased Risk Climate	Decreased Risk Climate	Unchanged Risk Climate
∧	∨	< >

	Risk & Impact	Risk Climate	Mitigating Actions
Compliance	**Brand** The risk of failing to protect the company's corporate brand and reputation leading to damage to the company's reputation with our customers, shareholders, investors, suppliers resulting in an inability to retain and grow revenue, profitability and a loss of public support for some of the company's' activities.	< >	On an annual basis the Group invests in maintaining its business and corporate brand and reputation. It monitors its brand position through reputational tracking agencies. The Group consistently supports local community events in its heartland and engages openly with the communities with which it interacts.
Financial	**Banking Facilities** The risk of the failure to provide adequate banking facilities to meet refinancing and business needs and the failure to manage interest rate and foreign exchange exposure. It is vital that sufficient funding is provided at an appropriate cost to finance the strategic plan, maintain liquidity to meet future commitments and to provide contingency against unplanned events.	< >	Group Treasury is responsible for the day to day treasury activities across the Group including the placing of specific derivatives. The Board has approved a Treasury policy which defines how Treasury activities are managed across the Group. The Group takes a risk averse position when deciding foreign exchange and interest rate policy. Certain natural economic hedges exist within the Group and the Group policy is to match and hedge the currencies across the businesses. 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. At FY18 year end the Group had €150 million of Revolving Credit facilities in place, none of which was drawn. In the past year Group Treasury has been involved in putting non-recourse project finance in place for wind farms which will become an important source of funds for the Group in the future. 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.
Operational	**Electricity Prices** The risk of low power prices in the single electricity market and the adverse impact that these prices can have on the Group's operating results.	< >	The Group operates a number of different electricity generating assets which utilise different fuels including peat, gas, biomass and wind. The Group has entered 15 year supply agreements for a number of these plants which guarantee the price of power generated for those assets. Also, the Group, when power prices are high and to protect budget positions, sells power forward with a number of different counterparties. With other assets appropriate hedging arrangements are put in place around carbon and biomass pricing where possible. The Group has consistently tried to develop a diversified portfolio of generating assets in order to mitigate the risk associated with any one individual fuel.
	Weather The overall risk of the inherent uncertainty of various weather patterns on the operating and financial performance of the Group. In the Fuels business the impact of mild weather on sales volumes during the winter, in the Horticulture business the impact of wet springs on sales volumes, in the Powergen business the financial impact of low wind yields on the wind farms and the impact of wet summers affecting the level of peat harvested. The uncertainty of weather conditions presents a risk to profits generated by the Group.	< >	Developing a balanced portfolio of businesses has given the Group a "hedge" against any one adverse weather condition in a particular business. The Group has also developed contingency plans to protect profitability across the Group if a particularly adverse weather event occurs. It has worked with its employees and trade unions to develop a more flexible workforce. The Group plans to increase its seasonal workforce in order to increase operational flexibility.
	Planning Permission The risk of the Group not obtaining planning permission for a number of key infrastructural projects which are included in the strategic plan. Specifically, the risk of an extension of the existing planning permission not being obtained for ESB's Lough Ree and West Offaly power plants, which expires in 2020. Over the past number of years it has become increasingly difficult to obtain planning permission for any infrastructural developments in Ireland.	∧	The Group has an experienced management team that has a proven capability in planning, executing and delivering large infrastructure projects and has demonstrated the capability of doing so. A proven process is in place to ensure that all the necessary documentation and information is submitted to the relevant authorities with each planning application. In addition, the Group engages in extensive community consultation processes. Management is providing information and support to assist the ESB with preparation of the planning applications.
	Health & Safety The risk of the failure to comply with Health & Safety legislation and policies due to a lack of enforcement across the Group, management and employees not following the correct procedures and lack of training - all leading to the injury/death of an employee or damage to property resulting in financial sanction, financial loss and reputational damage.	< >	Detailed Health & Safety procedures are in place across the Group and these systems are operated based on the nature and the scale of the risks in each business. The Health & Safety department carries out training of all staff and this is also augmented with external audits carried out by third parties. Insurance cover is maintained at Group level for all significant insurable risks and our insurers conduct extensive audits. The Group's operations are subject to an increasingly stringent range of regulations and inspections and robust monitoring procedures have been designed to prevent a material breach of statutory or other regulatory obligations.

Risk Management

	Risk & Impact	Risk Climate	Mitigating Actions
Operational	**Cyber Security** The risk that the Bord na Móna information technology and/or banking systems are compromised due to being penetrated, hacked or attacked by external or internal parties which results in financial loss and reputational damage. An increase in cyber security risk globally is now recognised as one of the fastest growing risks for organisations internationally.	^	The Group has appointed a systems security officer whose role is the protection of the Group's systems, through the development and implementation of appropriate control protocols. It has also spent and has committed to spend considerable funds in enhancing the security around its IT systems with additional firewalls, virus protections etc.
	Commodity Prices The Group is exposed to commodity price risks for some of its key purchases (in particular biomass) and also the risk of the unavailability of these commodities. Due to competitive pressures the Group's ability to pass on price increases may be limited. This can lead to reduced profitability to the overall Group.	< >	The Group, where possible, actively hedges commodity exposures but in some cases it is not possible or in certain instances is prohibitively expensive to put such hedging in place. As a result, the Group accepts the inherent exposures associated with dealing in these commodities. Group procurement actively develops new supply chain sources and works with the businesses in developing long term sustainable sources.
Regulatory	**Regulatory / Political** The risk of adverse regulatory changes and the adverse impact that these may have on the financial and business model of the Group. Failure to comply could result in enforcement actions, legal liabilities, damage to the Group's reputation and loss of shareholder support. Some of the important regulatory risks facing the Group are: » the possible imposition of increased carbon taxes on peat briquettes; » the trend towards the increased dilution of peat with non-peat based materials in retail horticulture products in the UK market; » a new and currently still uncertain EU regulatory framework for electricity from 2018 with the introduction of the Integrated Single Electricity Market (I-SEM) in October 2018 and the expected consequential reduction in the annual capacity payments for power plants; » the changing regulatory landscape which is driving increased biomass usage in the peat fired generating plants with resulting supply chain and cost implications; and » increased regulations covering the extraction of peat and the expiration of the public service obligation on the two ESB peat fueled Plants. Also, the impact of Brexit and the consequences of this on Bord na Móna's businesses, particularly the retail horticulture business, which exports large volumes of products to the UK market, is still unknown.	^	When developing its strategic plan the Group tries to ensure that plans to deal with the regulatory risks facing the businesses are developed and implemented where possible. Through innovation and supply chain developments, the Group continues to tackle regulatory change that is impacting on the operating performance of the businesses. Capital investment has been approved to address certain regulatory risks. In some cases the Group has to "take" (i.e. accept) the regulatory impact as it is not possible to mitigate the risk.
Strategic	**Business transformation** The Group currently has a number of significant business transformation change management projects underway and a number planned in its businesses and at Group centre. These projects are critical to driving down the cost base in the Group to position the Group to meet future business challenges and to assist in the strategic development of the Group. It is vitally important to achieve these objectives as failure to do so will result in too high a cost base and not position the Group correctly for the future.	^	Strong project governance around the various projects across the Group has been put in place with clear timeliness and deliverables. A strong project management team oversees and monitors, in a structured and transparent way, the various projects. Engagement with trade unions and employees takes place on a continuing basis and agreement has been achieved on critical cost reduction and change management initiatives. Clear communication plans have been developed and rolled out across the company explaining the need to change.
	Retaining & Attracting Staff The risk of the Group failing to retain, attract and develop the skills, talent and resources required to deliver its business plans, leading to a significant loss of knowledge and potentially gaps in the skill sets required for delivering the Group strategy, all impacting on the attainment of strategic goals.	< >	The Group maintains a strong focus on this area and has structured succession planning programmes in place along with management development programmes and a graduate recruitment programme.

Directors' Report

» The Directors present their annual report and the audited financial statements of Bord na Móna plc for the financial period ended 28 March 2018.

Principle activities, Business Review and Future Developments

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 and commercial laboratory services.

The Chairman's Statement on pages 6 – 7 and the Managing Director's Review on pages 8 – 10 contain the business review and a review of the development of the Group's business during the year, the state of affairs of the businesses at 28 March 2018, recent events and likely future developments.

Results for the year and dividends

Details of the financial results of Bord na Móna plc for the financial year ended 28 March 2018 are given on pages 53 – 104. The Board declared and paid a dividend of 0.0376 cent per share (€2.45 million). This was paid in July 2017.

Corporate Governance

Governance

The Board of Bord na Móna plc was established under the provisions of the Turf Development Acts 1998. The functions of the Board are set out in sections 18 - 32 of this Act. The Board is accountable to the Minister for Communications, Climate Action and Environment and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day to day management, control and direction of Bord na Móna plc are the responsibility of the Managing Director and the senior management team. The Managing Director and the senior management team must follow the broad strategic directions set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The Managing Director acts as a direct liaison between the Board and management of Bord na Móna plc.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law, and the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group 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;

» state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework; 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act, 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company 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 Act, 2014.

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

The Board considers that the consolidated financial statements for the Bord na Móna Group give a true and fair view of the financial performance and the financial position of the Group as at 28 March 2018.

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.

Directors' Report

Directors

Policy in Bord na Móna is determined by a twelve member Board appointed by the Minister for Communications, Climate Action and Environment. 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. The Directors during the financial period were:

John Horgan *(Chairman until 26 September 2017)*
Geoffrey Meagher *(Chairman from 20 October 2017)*
Mike Quinn *(Managing Director until 15 October 2017)*
Michael Barry *(Managing Director from 16 October 2017 to 16 April 2018)*
Philip Casey
Denise Cronin
John Farrelly
Kevin Healy
Denis Leonard
Seamus Maguire
Paschal Maher
Gerard O'Donoghue
Elaine Treacy
Barry Walsh.

Tom Donnellan was appointed as Managing Director on 16 April 2018 and joined the Board on that date.

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. Bord na Móna plc was in full compliance with the Code of Practice for the Governance of State Bodies for the financial period.

The Board

Operations of 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 Plan, Annual Budgets and interim and annual financial statements;
- » review of operational and financial performance;
- » approval of major capital expenditure;
- » review of the Group's system of internal controls and risk management;
- » appointment of the Managing Director; 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 compliance with Board procedures. 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 an appropriate briefing on being appointed to the Board and access to training is provided by the Group during a Director's term of office.

Board Meetings

The Board met 12 times during the financial period ended 28 March 2018.

Board Evaluation

The Board carried out an internal evaluation of its performance during the financial year ended 28 March 2018, including the performance of each of the five standing Committees of the Board. In addition, an independently facilitated Board Evaluation was carried out since the year end and recommendations for improvements are being implemented.

Stakeholder Dialogue

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

Directors' Independence

The Board considers that all Directors are independent in character and judgment. 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.

Board Committees

There are five standing Committees of the Board which operate under formal terms of reference. In the financial period ended 28 March 2018 there was also a Managing Director Recruitment Committee which was involved in the recruitment process for the Managing Director.

Risk and Audit Committee

The members of the Risk and Audit Committee as at 28 March 2018 were Denise Cronin (Chairman), John Farrelly and Barry Walsh. The Committee met seven times during the financial year. During the financial period ended 28 March 2018 the Risk and Audit Committee were involved in the process for the appointment of the Company's statutory auditors, which resulted in the re-appointment of KPMG, Chartered Accountants as Auditors for Bord na Móna Group. Also during the financial period ended 28 March 2018 the Committee commissioned an independent review of Risk Management and a Quality Assurance review of the internal audit function. The Committee meets periodically with the internal auditor and the external auditor to discuss the Group's internal controls, the internal audit function, the choice of accounting policies and estimation techniques, the external and internal 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.

Remuneration Committee

The Remuneration Committee deals with the remuneration and expenses of the Managing Director and senior management within Government guidelines, Human Capital Planning, Succession Management, Pensions and other HR matters. The members as at 28 March 2018 were Geoffrey Meagher (Chairman), Elaine Treacy and Gerard O'Donoghue. The Managing Director attends the Committee except when his own position is being discussed. The Committee met seven times during the financial year.

Finance Committee

The Finance Committee considers the financial aspects of matters submitted to the Board, including the Annual Budget and Five Year Plan, and the procurement, disposal and leasing of land, buildings and facilities. The members as at 28 March 2018 were Geoffrey Meagher (Chairman), the Managing Director, Kevin Healy, Denis Leonard and Paschal Maher. The Committee met once during the financial year.

Health and Safety Committee

The Health and Safety Committee advises the Board on Health and Safety matters within the Bord na Móna Group. The members as at 28 March 2018 were Gerard O'Donoghue (Chairman), Philip Casey, Seamus Maguire and the Managing Director. The Committee met four times during the financial year.

Board Evaluation Committee

The Board Evaluation Committee carries out annual Board evaluations, appoints an external board evaluator as required and advises the Board on the outcome of the evaluation process and any corrective actions required. The members as at 28 March 2018 were Barry Walsh (Chairman), Paschal Maher and Elaine Treacy. The Committee met twice during the financial year.

Attendance at Board and Committee Meetings

The table below summarises the attendance of the Directors at Board and Committee meetings which they were eligible to attend during the year ended 28 March 2018.

	Board Meetings Attended/Eligible	Committee Meetings Attended/Eligible
G Meagher (Chairman) (from 20 Oct 2017)	6/6	4/4
M Barry (MD) (from 16 Oct 2017 to 16 April 2018)	6/6	6/6
D Cronin	11/12	8/8
E Treacy	10/12	7/9
G O'Donoghue	11/12	11/11
B Walsh	10/12	10/10
D Leonard	10/12	1/1
J Farrelly	11/12	6/7
P Casey	10/12	2/4
K Healy	12/12	1/1
S Maguire	11/12	4/4
P Maher	10/12	3/3
J Horgan (Chairman) (until 26 Sept 2017)	5/5	4/4
M Quinn (MD) (until 15 Oct 2017)	6/6	6/6

Board Fees / Remuneration of Directors

Fees for Directors are determined by the Government and set out in writing by the Minister for Communications, Climate Action and Environment. Directors' remuneration is outlined in note 5 to the financial statements on page 68.

The total expenses paid to the Directors in the financial period ended 28 March 2018 was €20,960 (FY17: €21,368).

Companies Acts 2014

Audit Committee

In accordance with the provisions of section 167 of the Companies Act 2014 (the "Act"), the Directors confirm that they have in place a Risk and Audit Committee which meets the requirements of section 167 of the Act.

Directors' Compliance Statement

It is the policy of Bord na Móna plc to comply with the Company's relevant obligations, as defined in section 225 of the Act. Each of the Directors acknowledge that they are responsible for the Company's compliance with its "relevant obligations" and confirm as follows:

» A compliance policy statement has been drawn up setting out the Company's policies regarding compliance by the Company with its "relevant obligations";

» Appropriate arrangements and structures designed to secure material compliance with the Company's "relevant obligations" have been put in place; and

» A review of the aforementioned arrangements and structures has been conducted during the financial year.

Accounting Records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the obligation to keep adequate accounting records, by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records are kept at the Group's registered office, Main Street, Newbridge, Co Kildare, W12 XR59.

Relevant Audit Information

In accordance with the provisions of section 330 of the Act, each of the Directors confirms that:

» so far as the Directors are aware, there is no relevant audit information of which the statutory auditors are unaware; and

» the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Statement of Internal Controls

On behalf of the Company the Directors acknowledge the Board's responsibility for ensuring that an effective system of internal controls is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016). The system of internal controls is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable but not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way. The system of internal controls, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Bord na Móna for the period ended 28 March 2018 and up to the date of approval of the financial statements.

The principal procedures which have been put in place by the Board include:

» an organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities;
» a code of conduct that requires all Directors and employees to maintain the highest ethical standards in conducting business;
» 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, prior year, forecasts, performance indicators and significant variances reported monthly to the Executive Leadership Team and Board;
» a set of policies and procedures relating to operational and financial controls including capital expenditure;
» a Protected Disclosures Policy to provide employees and others with a confidential means to report any fraud or ethical concerns;
» 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 controls over its respective business functions and provide annual management assurance statements; and
» procedures for monitoring the effectiveness of the internal controls systems include the work of the Risk and Audit Committee, 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 Risk and Audit Committee on the operation of internal controls and make recommendations on improvements to the control environment if appropriate. Where weaknesses in internal controls systems have been identified plans for strengthening them are put in place and action plans are regularly monitored until completed.

The Group has a framework in place to review the adequacy and monitor the effectiveness of internal controls covering financial, operational, risk management and compliance controls. Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way.

The Directors confirm that the following ongoing monitoring systems are in place:

» key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
» reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
» there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

The Directors confirm that Bord na Móna has procedures to monitor the effectiveness of its risk management and control procedures. Bord na Móna's monitoring and review of the effectiveness of the system of internal controls is informed by the work of the internal and external auditors, the Risk and Audit Committee which oversees their work, and the Executive Leadership Team within Bord na Móna responsible for the development and maintenance of the internal controls framework.

The Directors confirm that the Board conducted an annual review of the effectiveness of the internal controls for the period ended 28 March 2018 and up to the date of approval of the financial statements. 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 controls 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 controls issues identified by them in their work as auditors; 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.

No material weaknesses in internal controls were identified in relation to the reporting period that require disclosure in the financial statements.

Code of Practice for the Governance of State Bodies (2016) ("The Code")

Statement of Compliance

The Board has adopted the Code, has agreed with the Department of Communications, Climate Action and Environment the extent to which the Code requirements can be suitably adapted for Bord na Móna, as a commercial semi-state company, and has put procedures in place to ensure compliance with the Code. Bord na Móna plc was in full compliance with the Code for the financial period.

Disclosures required under the Code

The Board is responsible for ensuring that Bord na Móna has complied with the requirements of the Code. The following disclosures are required by the Code:

Travel and Subsistence

The total costs incurred in relation to travel and subsistence in the Bord na Móna Group in the financial period ended 28 March 2018 was €2,302,259.

Hospitality

The aggregate total expenditure incurred in the Bord na Móna Group in relation to hospitality (including expenditure on staff well-being, contribution to sports and social clubs, Christmas parties etc.) in the financial period ended 28 March 2018 was as follows:

Staff Hospitality	€255,689
Client Hospitality	€93,669

Consultancy Costs

Expenditure on external consultants' fees (including the cost of external advice to management and excluding outsourced business as usual functions) in the Bord na Móna Group in the financial period ended 28 March 2018 was €2,519,078.

Risks and Uncertainties

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 continuous identification, assessment, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within Bord na Móna. Details of the principal risks facing the Group and the operation of the Risk Management System of Bord na Móna plc for the financial period ended 28 March 2018 are given on pages 40 - 42.

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 2,050 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).

Philip Casey, Kevin Healy, Seamus Maguire, Paschal Maher, Michael Barry and the Secretary are participants in the Bord na Móna ESOP and at the start and end of the financial year each had a notional allocation of 1,771 ordinary shares in Bord na Móna plc, which are held in the Bord na Móna APSS. 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 28 March 2018 or in the prior year.

Subsequent Events

In May 2018, Oweninny Power DAC, a joint venture wind farm with ESB, completed financial close on the first phase of the Oweninny wind farm and raised €180 million of project finance with a syndicate of banks. There have been no other events requiring disclosure between the balance sheet date and the other date on which the financial statements were approved by the Board, which would require disclosure and/or adjustment to the financial statements.

Prompt Payments of Accounts

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payments of Accounts Act 1997, the European Communities (Late Payment in Commercial Transactions) Regulations 2002 and the European Communities (Late Payment in Commercial Transactions) Regulations 2012 - 2016 (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 but not absolute assurance against material non–compliance with the Regulations. The Directors are satisfied that Bord na Móna plc has complied in all material respects with the relevant requirements of the Regulations in relation to external supplier payments within the EU. In 2015, the Government launched the Prompt Payment Code of Conduct and Bord na Móna is a signatory to this code and undertakes to pay suppliers within agreed terms.

Principal Subsidiaries and Partnerships

Details of the Group's principal operating subsidiaries (including overseas branches) and partnerships are set out in note 25 of the financial statements.

Research and Development

The Group's strategy on research and development and the costs incurred during the year are set out in the Chief Financial Officer's review of this annual report.

Political Donations

The Board made no political donations during the year (FY17: €nil).

Auditors

In accordance with Section 383(2) of the Companies Act 2014, the auditor KPMG, Chartered Accountants, who were re-appointed in January 2018, will continue in office.

On behalf of the Board:

Geoffrey Meagher	**Tom Donnellan**
Chairman and Director	Managing Director

27 June 2018

The Board and Company Secretary

Geoffrey Meagher
Chairman

Geoffrey Meagher was appointed the Chairman of Bord na Móna in October 2017. An accountant by profession, Geoffrey has over thirty five years' experience operating at senior management level in commercial organisations. He has worked in various roles within Glanbia, including twenty years as Group Finance Director and four years as Deputy Group Managing Director until he retired in 2009.

Geoffrey now has his own consultancy business and holds positions as a Board member of Enterprise Ireland, IPL Plastics plc, Chairman of Finance and Development Committees Kilkenny Co-Op Mart and is also a Board Member of Bonsecours Group. Geoff is a former National Treasurer of the Society of St Vincent de Paul and completed a five year term as National President in May 2017.

Tom Donnellan
CEO

Tom Donnellan became Managing Director of Bord na Móna in April 2018. Tom joins the Company from Alcatel Lucent, a top 100 Global Telecoms infrastructure company owned by Nokia, where he has worked since 2009, most recently as the Senior Vice President of Global Operations in France. Tom hails from Co. Clare and has also held senior management positions, both in Ireland and internationally, in Packard Bell, Apple and Samsung.

Philip Casey
Board Member

Philip Casey was appointed to the Board in January 2015 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1980 as a production seasonal operative at Blackwater Works and became permanent in December 1981 as a watchman. He held a Service man position from 1982 until appointed as a Team Leader in 1991. He transferred to Transport operations in 1997 where he is currently employed as a Transport Shift Operator. He holds HETAC Certificates in Occupational Health and Safety, Trade Unionism/Collective Bargaining, New Forms of Work Organisation/Employment Law, Equality/Social and Economic Issues, Advanced Health, Safety and Welfare at Work and Health and Safety and a BSc in Environmental, Health and Safety Management.

Denise Cronin
Board Member

Denise Cronin was appointed to the Board in September 2011 and reappointed in May 2016. She currently works as a Director of Finance in the not for profit sector. She has held various finance roles in a number of Irish and US companies across a range of industries. Denise is a Fellow of Chartered Accountants Ireland, holds a BComm (Hons) from University College Cork, a MSc in Public Policy from Dublin City University and a Diploma in Risk, Internal Audit and Compliance from Chartered Accountants Ireland.

Denis Leonard
Board Member

Denis Leonard was appointed to the Board in June 2014. He is Principal 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 Master's degree in Equality Studies from UCD, as well as a 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 Forum.

Seamus Maguire
Board Member

Seamus Maguire was appointed to the Board in January 2015 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1974 as an apprentice fitter in Derrygreenagh workshop. On completion of his apprenticeship he transferred to Ballycon workshop and worked as an area fitter for a number of years. He returned to Derrygreenagh in 1988 and since 1990 he has been part of a PBR fabrication team. He has been a TEEU delegate on the Bord na Móna Group of Unions since 1998. He trained as a manual handling instructor in 2006 and supports the training instructors when the need arises. He is the Derrygreenagh safety representative and is currently a member of the Central Health and Safety Committee.

Elaine Treacy
Board Member

Elaine Treacy was appointed to the Board in July 2012. With 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 M&A. Her career spans PLC, public sector and start-up organisations. She currently leads UK Sales & Marketing operations for AMCS Group, a global leader in waste and recycling software and technology. Elaine holds a Masters of Business Studies (MBS) and a Bachelor of Commerce from National University of Ireland, Galway.

Barry Walsh
Board Member

Barry Walsh was appointed to the Board in October 2012. He is an accountant by profession and worked for most of his career in senior financial positions in the Irish Life Group. From 2012 up to his retirement in 2014 he was Company Secretary of the Irish Life Group and is currently Chairman of the Irish Life Staff Pension Schemes. In 2017 Barry joined the board of Energy Action, a charity addressing energy efficiency and fuel poverty in Ireland.

John V Farrelly
Board Member

John V 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 Dáil Éireann from 1982 to 1992 and 1997 to 2002. He was a member of Meath County Council from 1975 to 2014 and served as Chairperson twice. John was Chairman and is currently a Director 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.

Kevin Healy
Board Member

Kevin Healy was appointed to the Board in January 2015 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He joined Bord na Móna in 1975 as an Assistant Surveyor at Boora Works in peat energy and has held positions in Record keeping, Maintenance Cost Control, Payroll and Stores. He was a founder member of the group which initiated Lough Boora Discovery Park and is involved in its development and in local community organisations. He has served as a Shop Steward, Branch Secretary and Section Committee member for SIPTU.

Paschal Maher
Board Member

Paschal Maher was appointed to the Board in May 2016 under the Worker Participation (State Enterprises) Acts 1977 and 1988. He previously served as a Director in 2014. 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, a position he currently holds. He has been assigned to the Blackwater Works throughout his career.

Gerard O'Donoghue
Board Member

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, Abbeyleix, Co Laois.

Anna-Marie Curry
Company Secretary and General Counsel

As Company Secretary Anna-Marie is responsible to the Board for ensuring compliance with all Board procedures. In addition, she is the key liaison with Bord na Móna's shareholding Department, the Department of Communications, Climate Action and Environment. Anna-Marie is also responsible for the Legal and Internal Audit functions within Bord na Móna. Anna-Marie joined Bord na Móna in 2007 as Head of Legal and was appointed to the role of Company Secretary and General Counsel on 1 April 2017. Prior to joining Bord na Móna Anna-Marie trained and practiced as a corporate solicitor with Arthur Cox in Dublin. Anna-Marie holds a B.A. and LL.B. from the National University of Ireland, Galway, a Masters of Law (LL.M.) from the University of Edinburgh, a Certificate in Company Secretarial Law and Practice from the Law Society of Ireland and a Diploma in Company Direction from the Institute of Directors.

Key to committees

- Risk and Audit
- Remuneration
- Finance
- Health and Safety
- Board Evaluation
- (Indicates Chairperson)

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

Report on the audit of the financial statements

Opinion

We have audited the Group and Company financial statements ("financial statements") of Bord na Móna plc for the year ended 28 March 2018 which comprise the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated and Company balance sheets, the consolidated and Company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish law and FRS 101 Reduced Disclosure Framework.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 March 2018 and of its loss for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 28 March 2018;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Key Highlights - A Year in Review, Our Business Model, Key Performance Indicators, Statement from the Chairman, Q&A with the Chief Executive Officer, Chief Financial Officer's Review, Our Sustainability Journey, Responding to a Changing World, Business Review, Feature Stories, Corporate Responsibility Strategy, Energy Efficiency, Risk Management, Directors' Report and The Board and Company Secretary. Other than the financial statements and our auditor's report thereon, our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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

In our opinion the accounting records of the Group were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Under the 2016 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 controls required under the Code, as included in the directors' report on pages 43 - 47 does not reflect the Group's compliance with paragraph 1.9 (iv) 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.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Eamon Dillon
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm

1 Stokes Place
St. Stephen's Green
Dublin 2

28 June 2018

Consolidated Financial Statements

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining Bord na Móna's Group results for the year.

Consolidated Income Statement

for the year ended 28 March 2018

	Note	28 March 2018 Before Exceptional Items €'000	28 March 2018 Exceptional Items €'000	28 March 2018 Total €'000	29 March 2017 €'000
Continuing Operations					
Revenue	3	395,304	–	395,304	406,228
Cost of sales		(260,298)	(10,165)	(270,463)	(267,536)
Gross profit/(loss)		**135,006**	**(10,165)**	**124,841**	**138,692**
Other Income	7 (a)	2,769	–	2,769	4,528
Distribution expenses		(37,721)	–	(37,721)	(37,219)
Administrative expenses	7 (b)	(66,847)	197	(66,650)	(69,033)
Impairment of property, plant and equipment	7 (b) & 10	–	(13,769)	(13,769)	–
Impairment of goodwill and intangible assets	7 (b) & 12	–	(62)	(62)	(10,718)
Restructuring costs	7 (b) & 18	–	(15,506)	(15,506)	(1,505)
Operating (loss)/profit		**33,207**	**(39,305)**	**(6,098)**	**24,745**
Finance income	8	2,183	–	2,183	4,251
Finance costs	8	(12,150)	–	(12,150)	(16,408)
Net finance costs		**(9,967)**	**–**	**(9,967)**	**(12,157)**
Share of profit/(loss) of joint ventures	14	1,635	–	1,635	(424)
(Loss)/profit before tax		**24,875**	**(39,305)**	**(14,430)**	**12,164**
Income tax credit/(expense)	9	3,502	2,645	6,147	(6,927)
(Loss)/profit for the year		**28,377**	**(36,660)**	**(8,283)**	**5,237**
(Loss)/profit attributable to:					
Owners of the Company		28,225	(36,660)	(8,435)	5,094
Non-controlling interests		152	–	152	143
		28,377	(36,660)	(8,283)	5,237

The accompanying notes are an integral part of these financial statements

On behalf of the board

Geoffrey Meagher
Chairman
27 June 2018

Tom Donnellan
Managing Director
27 June 2018

Consolidated Statement of Total Comprehensive Income

for the year ended 28 March 2018

	Note	28 March 2018 €'000	29 March 2017 €'000
(Loss)/profit for the year		(8,283)	5,237
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit pension liability	26	(2,287)	10,950
Related tax on remeasurements of defined benefit pension liability	9	271	(1,369)
		(2,016)	9,581
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation		(263)	45
Cash flow hedges-effective portion of changes in fair value		(20,331)	13,665
Related tax on changes in fair value of hedges		2,541	(1,708)
Cash flow hedges – reclassified to profit or loss (cash payments)		(1,947)	(4,077)
Related tax on cash flow hedges reclassified to profit or loss (cash payments)		243	509
Cash flow hedges – reclassified to profit or loss (foreign exchange)		21,430	(10,110)
Related tax on cash flow hedges reclassified to profit or loss (foreign exchange)		(2,679)	1,264
Share of joint venture other comprehensive income	14	377	471
		(629)	59
Other comprehensive income net of tax		**(2,645)**	**9,639**
Total comprehensive income for the year		**(10,928)**	**14,877**
Total comprehensive income attributable to:			
Owners of the Company		(11,080)	14,734
Non-controlling interests		152	143
		(10,928)	14,877

The accompanying notes are an integral part of these financial statements

Consolidated Balance Sheet
as at 28 March 2018

	Note	28 March 2018 €'000	29 March 2017 €'000
Assets			
Non-current assets			
Property, plant and equipment	10	267,762	292,380
Goodwill and intangible assets	12	36,600	40,580
Derivative financial instruments	28	7,652	35,933
Joint venture	14	33,630	26,451
Retirement benefit asset	26	4,163	7,933
Total non-current assets		**349,807**	**403,277**
Current assets			
Inventories	13	84,011	99,611
Trade and other receivables	15	72,916	79,875
Assets held for sale	11	–	37,968
Cash and cash equivalents	23	44,486	16,116
Total current assets		**201,413**	**233,570**
Total assets		**551,220**	**636,847**
Equity			
Equity attributable to owners of the company			
Share capital	20	82,804	82,804
Share premium	20	1,959	1,959
Cash flow hedge reserve		(967)	(224)
Other reserves		(1,208)	(1,585)
Foreign currency translation reserve		506	769
Retained earnings		135,003	147,908
Equity attributable to owners of the Company		**218,097**	**231,631**
Non-controlling interests		(313)	(465)
Total equity		**217,784**	**231,166**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	26	17,126	24,322
Loans and borrowings	19	62,124	144,328
Capital grant	17	7,989	10,071
Provisions	18	54,239	53,492
Deferred tax liabilities	9	7,279	15,271
Total non-current liabilities		**148,757**	**247,484**
Current liabilities			
Loans and borrowings	19	53,103	42,095
Bank overdraft	19	4,537	200
Provisions	18	34,795	21,020
Trade and other payables	16	92,244	94,882
Total current liabilities		**184,679**	**158,197**
Total liabilities		**333,436**	**405,681**
Total equity and liabilities		**551,220**	**636,847**

The accompanying notes are an integral part of these financial statements

On behalf of the board

Geoffrey Meagher
Chairman
27 June 2018

Tom Donnellan
Managing Director
27 June 2018

Consolidated Statement of Changes in Equity

for the year ended 28 March 2018

	Share Capital €'000	Share Premium €'000	Cashflow hedge reserve €'000	Other Reserves €'000	Foreign currency translation reserve €'000	Retained Earnings €'000	Total €'000	Non-Controlling interests €'000	Total €'000
At 30 March 2016	82,804	1,959	233	(2,056)	724	137,728	221,392	(608)	220,784
Total comprehensive income									
Profit for the year	–	–	–	–	–	5,094	5,094	143	5,237
Other comprehensive income									
Remeasurements of defined benefit liability	–	–	–	–	–	9,581	9,581	–	9,581
Foreign operations – foreign currency translation difference	–	–	–	–	45	–	45	–	45
Cash flow hedge – effective portion of changes in fair value	–	–	11,957	–	–	–	11,957	–	11,957
Cash flow hedge – reclassified to profit or loss (cash payments)	–	–	(3,568)	–	–	–	(3,568)	–	(3,568)
Cash flow hedge – reclassified to profit or loss (foreign exchange)	–	–	(8,846)	–	–	–	(8,846)	–	(8,846)
Share of joint venture other comprehensive income	–	–	–	471	–	–	471	–	471
Transactions with owners of the company									
Dividends	–	–	–	–	–	(4,495)	(4,495)	–	(4,495)
At 29 March 2017	82,804	1,959	(225)	(1,585)	769	147,908	231,630	(465)	231,165
Total comprehensive Income									
Loss for the Year	–	–	–	–	–	(8,435)	(8,435)	152	(8,283)
Other comprehensive income									
Remeasurements of defined benefit liability	–	–	–	–	–	(2,016)	(2,016)	–	(2,016)
Foreign operations – foreign currency translation difference	–	–	–	–	(263)	–	(263)	–	(263)
Cash flow hedge – effective portion of changes in fair value	–	–	(17,790)	–	–	–	(17,790)	–	(17,790)
Cash flow hedge – reclassified to profit or loss (cash payments)	–	–	(1,704)	–	–	–	(1,704)	–	(1,704)
Cash flow hedge – reclassified to profit or loss (foreign exchange)	–	–	18,751	–	–	–	18,751	–	18,751
Share of joint venture other comprehensive income	–	–	–	377	–	–	377	–	377
Transactions with owners of the company									
Dividends	–	–	–	–	–	(2,454)	(2,454)	–	(2,454)
At 28 March 2018	82,804	1,959	(968)	(1,208)	506	135,003	218,097	(313)	217,784

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement

for the year ended 28 March 2018

	Note	28 March 2018 €'000	29 March 2017 €'000
Cash flows from operating activities			
(Loss)/profit for the year		(8,283)	5,237
Adjustment for:			
Depreciation of property, plant and equipment	10	37,940	41,274
Amortisation of intangible assets	12	5,326	4,684
Fair value movement on assets held for sale	11	–	(2,000)
Profit on sale of property, plant and equipment	10	(1,173)	(204)
Profit on sale of assets held for sale	11	(347)	–
Capital grants amortisation	17	(2,151)	(2,151)
Impairment of property, plant and equipment	10	13,769	–
Impairment of intangible assets	12	62	10,718
Emission allowances surrendered	12	4,283	5,031
(Profit)/loss of joint venture	14	(1,635)	424
Net finance costs	8	9,967	12,157
Tax expense	9	(6,147)	6,927
Operating cash flows before changes in working capital and provisions		**51,611**	**82,097**
Changes In:			
Trade and other payables		16,335	(12,045)
Trade and other receivables		(7,028)	(3,677)
Inventories		15,600	6,081
Provisions		946	(1,716)
Increase in cash contributions over pension charge	26	(6,953)	(7,307)
		18,900	(18,664)
Interest paid		(10,894)	(15,324)
Tax received		1,577	627
Cash generated from operating activities		**61,194**	**48,736**
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	10	1,507	554
Proceeds on sale of assets held for sale	11	38,314	–
Intangible asset purchase	12	(5,432)	(8,701)
Capital grant received	17	–	95
Purchase of property, plant and equipment	10	(22,393)	(25,689)
Acquisition of subsidiary undertaking	22	–	(12,854)
Investment in joint venture	14	(5,167)	(1,335)
Interest received	8	236	174
Net cash used in investing activities		**7,065**	**(47,756)**
Cash flows from financing activities			
Repayment of unsecured loan notes		(38,145)	(76,274)
Funds (repaid)/drawn down on revolving credit facility		(11,576)	11,576
Cash receipts on derivatives	8	7,949	14,961
Dividends paid		(2,454)	(4,495)
Net cash from/(used in) financing activities		**(44,226)**	**(54,232)**
Net increase/(decrease) in cash and cash equivalents		**24,033**	**(53,252)**
Cash and cash equivalents at the beginning of year		15,916	69,168
Cash and cash equivalents at the end of year	23	39,949	15,916

The accompanying notes are an integral part of these financial statements

Notes forming part of the financial statements

1. Reporting entity

Bord na Móna plc (the "Company") is a company domiciled in Ireland. The financial statements as at and for the year ended 28 March 2018, comprise the financial statements of 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 company's registered office is Main Street, Newbridge, Co. Kildare. The registered number of the company is 297717.

One ordinary share is held by the Minister for Communications, Climate Action and Environment. 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 Ministers and Secretaries Act 2011).

2. Significant accounting policies (including use of estimates and judgements)

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.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). A separate Company income statement is not presented in these financial statements as the Company has availed of the exemption provided by section 304 of the Companies Act 2014.

Basis of measurement

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

- the defined benefit plan liability is recognised as the net of the fair value of plan assets and the present value of the defined benefit obligation; and
- derivatives are measured at fair value.

Functional currency

The financial statements are presented 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.

Use of estimates and judgements

The preparation of the consolidated financial statements and Company financial statements in conformity with IFRS and FRS 101 respectively requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 prospectively.

The judgements in applying accounting policies that have the most significant effect on amounts recognised in the consolidated and Company financial statements are:

- Valuation of pension scheme assets and liabilities – See note 26
- Carrying amount of property, plant and equipment – See note 10
- Measurement of provisions – See note 18
- Measurement of goodwill – See note 12
- Peat supply agreement – The Group has agreements in place to supply peat to the ESB until 2019. The price charged is based primarily on the price of other carbon-based fuels. The Group has considered the terms of the contracts and is satisfied that the contracts qualify for the 'own-use' exemption under IFRS from financial instrument accounting and that there are no embedded derivatives in the contracts requiring separation.
- Peat – The Group has determined that peat does not meet the definition of a biological asset under IFRS. The rationale is that there is no manual intervention involved in the creation of peat. In addition, peat in its current form is not considered a living animal or plant.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values is included in the note on Financial Instruments and Risk Management (See Note 28).

Accounting year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period from 29 March 2017 to 28 March 2018 (prior year: 52-week period from 31 March 2016 to 29 March 2017).

Going concern

The financial statements have been prepared on the going concern basis.

2. Significant accounting policies (continued)

IFRSs effective during the financial year

The following new and amended standards and interpretations are effective for the Group for the first time for the financial year beginning 30 March 2017.

- Disclosure initiative (Amendments to IAS 7)
- Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)
- Annual improvements to IFRSs 2014 – 2016 Cycle – various standards (Amendments to IFRS 12).

The aforementioned did not have a material impact on the Group.

IFRSs not yet effective

The following new or amended standards and interpretations that are mandatory for future periods will be applicable to the Group:

- IFRS 9: Financial Instruments – Financial year 2019
- IFRS 15: Revenue from contracts with customers – Financial year 2019
- IFRS 16: Leases – Financial year 2020

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet affective.

The impact of these new or amended standards and interpretations have been considered as follows:

Estimated impact of the adoption of IFRS 9

The Group is required to adopt IFRS 9 Financial Instruments for the period beginning 29 March 2018. IFRS 9 Financial Instruments sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Group has substantially completed its assessment the estimated impact that initial application of IFRS 9 will have on the consolation financial statements.

Classification of financial assets and financial liabilities

Based on its assessment, the Group concludes that the classification requirements will not have a material impact on any of its accounting balances.

Impairment – Financial assets

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables, either on a 12 month or lifetime basis. The Group will apply the "simplified" approach and record lifetime expected losses on all trade receivables. The Group has determined that due to the nature of its receivables, the impact of IFRS 9 will not significantly impact the provision for bad debts.

Hedge accounting

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships may be eligible for hedge accounting, as the Standard introduces a more principles-based approach. The Group has performed an initial assessment on the impact of IFRS 9, and it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

Estimated impact of the adoption of IFRS 15

The Group is required to adopt IFRS 15 Revenue for the period beginning 29 March 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is involved in the sale of Electricity, milled peat and horticulture products and waste collection and landfill services. Revenue from the provision of these services to customers is measured at the fair value of the consideration received or receivable (excluding sales taxes).

The Group has reviewed the requirements of the new standard, considered those requirements in the context of the Group's revenue generating contracts and identified the key areas for further detailed assessment. Based on the Group's initial review, The Group will apply IFRS 15 from its effective date. The work performed by the Group to date has identified that, for the majority of the Group's revenue, the application of IFRS 15 will have no material impact on the current revenue recognition under current revenue standards and interpretations. Additionally, as the business develops new product offerings, the IFRS 15 implications of these will also need to be reviewed.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluation the substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for the financial year beginning 28 March 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and also a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases and leases of low value items. Lessor accounting remains similar to the current standard (i.e. lessors continue to classify leases as finance or operating leases).

The Group has commenced an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. It is expected that the Group will recognise right of use assets and related lease liabilities for its operating leases (see note 6).

2. Significant accounting policies (continued)

Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Gains and losses on such settlements are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not subsequently re-measured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint ventures
A joint venture is an arrangement over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which joint control ceases.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognised in profit or loss.

Non-controlling interests
Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Subsequently they are allocated their share of total comprehensive income.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the company.

Foreign Currency

i. Foreign Currency Transactions
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not retranslated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign Operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign Currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Exceptional items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items. The tax element of exceptional items is included as exceptional tax.

2. Significant accounting policies (continued)

Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

Leased assets
Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative income statement and statement of other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the unwind of discounts or provisions;
- the net interest cost on defined benefit pensions;
- the net gain or loss on financial assets at fair value through Profit and Loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of amounts related to cash-flow hedges previously recognised in OCI.

Interest income or expenses is recognised using the effective interest method.

The Groups' finance cost excludes interest capitalised on assets in the course of construction.

Taxation

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax
Current tax represents the amount expected to be payable or receivable in respect of taxable profit or loss for the year and any adjustment to the tax payable and receivable in respect of previous years. It is calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Revenue

Sale of goods
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 and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

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

Rendering of services
The Group is involved in the provision of peatland services to the National Park and Wildlife Services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

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 income statement. 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 statement of financial position.

Investment property rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as other income.

Property, plant and equipment

Recognition and measurement
Freehold land other than peatland is measured at cost less any accumulated impairment losses. Peatland and all other items of property, plant and equipment are measured at cost less accumulated depreciation, depletion 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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) and depreciated separately.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Borrowings costs that are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. Where funds are borrowed specifically for the purpose of financing the construction of property, plant and equipment, 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 property, plant and equipment. The capitalisation of borrowing costs ceases when the asset is commissioned or where active development has been interrupted for an extended period of time.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depletion and depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over the estimated useful lives. Depreciation is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Property, plant and equipment is 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.

There are a number of different useful lives used over which the assets are depreciated as below:

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Assets on a straight line basis
Other items of property, plant and equipment are depreciated on a straight line basis at the rates indicated:

Plant and machinery	5% to 12.5%	per annum
Windfarms	5%	per annum
Motor Vehicles	20%	per annum
Buildings	5% to 10%	per annum
IT Equipment	20% to 33.3%	per annum

Other asset categories

Generating assets
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 electrical output method of depreciation seeks to relate the depreciation charge to the estimated production capability of the plant.

The Group's peaking plant at Edenderry and the wind farms are depreciated on a straight line basis with the charge calculated to write the cost of the assets 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 plants on a consistent basis over the useful life (twenty years) of the plants based on its availability to the grid.

Landfill
The infrastructural cost of the landfill asset is depreciated over the licensed life of twenty years. The landfill cells and the related capitalised costs for which there is a related environmental provision such as capping are depreciated on the basis of the usage of void space.

Assets in course of construction
No depreciation is charged on assets in the course of construction. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

A depreciation charge is recorded in respect of peatland based on the peat reserves that will be consumed to meet the Group's supply obligations under Peat Supply Agreements.

Intangible assets and goodwill

i Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition development expenditure is measured at cost less accumulated amortisation from the date it is available for use and any accumulated impairment losses.
Other intangible assets (excluding emissions allowances)	Other intangible assets, including contracts, grid connections, customer lists and software are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives are as follows:

- Grid connection – 20 years
- Software – 3-8 years
- Customer relationships 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Goodwill is not amortised but subject to annual impairment reviews.

Emission 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 income statement 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.

2. Significant accounting policies (continued)

Emission allowances (continued)

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 Group or one of the Group entities 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.

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item at the end of the previous reporting period) is recognised in profit or loss.

Impairment

i. Non-derivative financial assets
Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

ii. Non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value.

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 peat 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 lower moisture content) are recognised on measurement of the peat when the stock pile is fully used. 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.

Briquette inventories are valued on the lower of actual costs or the standard normalised cost.

Growing media horticulture inventories are valued at weighted average actual costs.

Bioenergy inventories are valued at weighted average actual cost.

Coal inventories are valued at weighted average actual cost.

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

Cash and cash equivalents

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

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

In the statement of cash flows cash and cash equivalents are shown net of short-term overdrafts which are repayable on demand.

Employee benefits

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

(i) Short term employee benefits
Short term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(ii) Defined contribution schemes
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit schemes: Group
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Where the scheme rules require a surplus arising in the scheme to be shared between 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 Comprehensive Income (OCI).

Remeasurements of the net defined liability, which compromise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset) at the previous reporting date, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of these benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rate basis except that no loss is allocated to inventories, financial assets or biological assets, which continue to be measured in accordance with the Group's other accounting policies, impairment losses on initial classification as held-for-sale or held for distribution and subsequent gains and losses on measurement are recognised in the profit and loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity accounted investment is no longer equity accounted.

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition
The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement
Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial assets – measurement (continued)
Available-for-sale financial assets
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless hedge accounting is being applied.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from retained earnings, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when paid.

Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

Grants

Government grants other than emission allowances are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

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.

3. Revenue

	28 March 2018 €'000	29 March 2017 €'000
Continuing operations:		
Peat	67,952	79,747
Powergen	94,595	92,865
Fuels	70,298	74,919
Horticulture	64,807	56,779
Resource Recovery	94,549	97,790
Bioenergy	–	–
Other	3,103	4,128
Total	**395,304**	**406,228**

The Group is organised into six business units: Peat, Bioenergy, Powergen, Fuels, Horticulture and Resource Recovery. All Bioenergy sales are internal sales only.

4. Employee benefit expenses

The average number of persons employed by the Group during the year, analysed by category:

	28 March 2018	29 March 2017
Manufacturing and production	1,418	1,417
Administration	562	581
Total	1,980	1,998
Peak Employment	2,263	2,279

The aggregated payroll costs of these persons were as follows:

	28 March 2018 €'000	29 March 2017 €'000
Wages and salaries	89,000	87,646
Social security costs	9,802	9,422
Pension costs (defined contribution)	1,047	977
Pension costs (defined benefit)	1,999	2,250
Redundancy costs	14,023	1,505
	115,871	101,800
Staff costs capitalised	(1,267)	(2,121)
Net staff costs	**114,604**	**99,679**

5. Directors' remuneration

	28 March 2018 €'000	29 March 2017 €'000
Directors' fees	136	135
Salary	239	200
Company contributions to pension schemes	60	66
Taxable benefits	22	30
Other remuneration	184	359
Total	**641**	**790**

The directors' remuneration disclosure is made up of remuneration paid by Bord na Móna plc to all the directors of the Company, namely the Worker Participation directors, non-executive directors and executive directors. The number of directors to whom retirement benefits accrued amounted to 4 (2017: 4). Some of the directors are currently in the defined benefit pension schemes. The aggregate amount paid or payable for past directors' retirement benefits (excluding amounts where the scheme was adequately funded) was €295,000 (2017: €330,000).

	Fees €'000	Other Remuneration €'000	Company Contribution to pension €'000	Total €'000
Directors appointed in accordance with the Worker Participation (State Enterprise) Acts 1977 and 1988 (4) 29 March 2017 (Number of worker directors; 2018:4/2017:4)				
28 March 2018	50	184	13	247
29 March 2017	50	359	16	425
Non Executive Directors				
Non Executive Directors Other non-executive Directors (Number of non-executive directors; 2018:6/2017:6)				
28 March 2018	86	–	–	86
29 March 2017	85	–	–	85

5. Directors' remuneration (continued)

	Fees	Salary	Performance related pay	Company contributions to pension schemes	Taxable	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Executive directors						
Mike Quinn		125	–	29	15	169
Michael Barry		88	26	18	7	139
Year Ended 28 March 2018	–	213	26	47	22	308
Year Ended 29 March 2017	–	200	–	50	30	280

The non-executive chairman receives an annual fee of €21,600 and each of the Directors, excluding the Managing Director and one non-executive director, 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.

Mike Quinn resigned as Managing Director on 15 October 2017 and Michael Barry was appointed as Interim Managing Director from 16 October 2017 to 16 April 2018.

The directors who held office at the end of the financial year had the following interest in the ordinary shares at the start of the year, or at their date of appointment if later, and at the end of the year to 28 March 2018:

	28 March 2018 shares	29 March 2017 shares
Philip Casey	1,771	1,771
Kevin Healy	1,771	1,771
Seamus Maguire	1,771	1,771
Paschal Maher	1,771	1,771
Michael Barry	1,771	1,771
Total	8,855	**8,855**

The above shares owned by the directors are held through the Employee Share Ownership Programme ("ESOP").

6. Statutory and other information

	28 March 2018 €'000	29 March 2017 €'000
Auditors' remuneration		
Audit services	275	283
Other assurance services	12	2
Other	45	–
Tax services	76	289
Total	408	**574**

The audit fee for the Parent Company is €13,000.

The above includes out-of-pocket expenses of €20,000 (2017: €17,000) that were reimbursed to the auditor.

The (loss)/profit for the year is arrived at after charging/(crediting):

6. Statutory and other information (continued)

	28 March 2018 €'000	29 March 2017 €'000
Operating lease rentals		
Plant and machinery	1,260	1,086
Land and buildings	690	610
	1,950	1,696
Depreciation (note 10)	37,940	41,274
Profit on disposal of property, plant and equipment (note 7)	(1,174)	(204)
Amortisation of intangible assets (note 12)	5,326	4,684
Impairment of property, plant and equipment (note 10)	13,769	-
Impairment of intangible assets (note 12)	62	10,718
Fair value movement on investment property (note 11)	-	(2,000)
Profit on disposal of assets held for sale (note 11)	(347)	-
Research and business development expenditure	9,338	9,252
Capital grants amortised (note 17)	(2,151)	(2,151)
Foreign exchange (gain)/Loss	(481)	817

7. Other income & exceptional items

7. (a) Other income

	28 March 2018 €'000	29 March 2017 €'000
Other Income	1,248	2,528
Profit on disposal of property, plant and equipment	1,174	-
Profit on disposal of assets held for sale (note 11)	347	-
Fair value movement on assets held for sale (note 11)	-	2,000
Total	**2,769**	**4,528**

7. (b) Exceptional costs

	28 March 2018 €'000	29 March 2017 €'000
Cost of sales (a)	10,165	1,432
Administrative expenses (a)	(197)	1,976
Impairment of property, plant and equipment (b)	13,769	-
Impairment of intangible assets (b)	62	10,718
Restructuring costs (c)	15,506	1,505
Exceptional costs before tax	39,305	15,631
Tax on exceptional items	(2,645)	(188)
Exceptional costs after tax	**36,660**	**15,443**

7. Other income & exceptional items

Exceptional items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. This presentation is made in the income statement to aid understanding of the performance of the Group's underlying business. Judgement is used by the Group in assessing the particular items which should be disclosed as exceptional.

The exceptional items arise primarily due to the Board decision to cease the production of briquettes at the Littleton Briquette factory and to cease the harvesting of peat for briquette production in the related peat lands ("Littleton") announced in May 2017, the decision to exit the sale of coal products ("Coal") announced in March 2018 and the finalisation of the compliance work associated with the White Moss Horticulture Limited acquisition ("White Moss").

(a) 2018:

Exceptional items in cost of sales and administrative expenses comprise:

(i) €3.8 million of inventory adjustments related to Littleton and Coal;

(ii) €6.4 million of costs related to inventory and manufacturing issues associated with White Moss; and

(iii) €0.2 million of administration gains reflecting the closure of a legal dispute and the recognition of onerous contractual and legal commitments associated with White Moss and Coal.

2017:

(i) In the prior year the group acquired the share capital of White Moss Horticulture Limited. Related to this are the exceptional costs outlined in note 22.

(b) 2018:

Impairments of Property, Plant and Equipment comprise:

(i) €7.8 million of impairments related to Littleton and the Coal;

(ii) €5.4 million of impairments in the Horticulture business related to the carrying amount of Land & Buildings and Plant & Machinery following a review of the long term outlook in the Horticulture market in UK and Ireland; and

(iii) €0.6 million of other impairments of assets.

2017: In the prior year the group impaired €10.7 million of goodwill relating to the acquisition of White Moss (note 22).

(c) 2018:

Restructuring costs comprise:

(i) €13.3 million of redundancy costs related to Littleton and Coal;

(ii) €0.7 million of other restructuring costs arising from Littleton and Coal; and

(iii) €1.5 million related to redundancy and other restructuring costs across the Group.

2017:

(i) In the prior year the group incurred redundancy costs of €1.5 million in the Fuels, Peat and Horticulture businesses.

8. Net finance costs

	28 March 2018 €'000	29 March 2017 €'000
Finance income:		
Interest income	236	174
Cash flow hedges - reclassified to profit or loss (cash receipts)	1,947	4,077
	2,183	4,251
Finance costs:		
Interest on overdraft facilities	(1,111)	(500)
Interest on unsecured loan notes	(9,449)	(14,022)
Foreign exchange movement on unsecured loan notes	21,430	(10,110)
Cash flow hedges - reclassified to profit or loss (foreign exchange)	(21,430)	10,110
Unwind of discount on provisions	(1,217)	(1,169)
Net interest cost on defined benefit pensions	(121)	(429)
Amortisation of issue costs	(252)	(288)
	(12,150)	(16,408)
Net finance cost	**(9,967)**	**(12,157)**

The total cash receipts on derivatives was €7.9 million, of which €6.0 million relates to cash receipts on principal repayments and €1.9 million relates to cash receipts on interest payments.

9. Income taxes

(a) Amounts recognised in income statement

	28 March 2018 €'000	29 March 2017 €'000
Current tax:		
Irish corporation tax	3,663	2,373
Overseas tax	–	1
Adjustments in respect of prior years	(2,183)	242
Total current tax	**1,480**	**2,616**
Deferred tax		
Origination and reversal of temporary differences:		
Property, plant and equipment – allowances	402	1,116
Investment property-capital gains	(3,810)	691
Derivatives	(3,430)	1,264
Release of pension obligations	660	838
Provisions, unutilised losses & other	(1,449)	402
Total deferred tax	**(7,627)**	**4,311**
Income tax expense on continuing operations	**(6,147)**	**6,927**

(b) Reconciliation of effective tax rate

	28 March 2018 €'000	29 March 2017 €'000
(Loss)/profit on ordinary activities before tax	(14,430)	12,164
Tax using standard corporation tax rate in Ireland of 12.5% (2017:12.5%)	(1,804)	1,521
Tax effect of:		
Depreciation and amortisation in excess of capital allowances		
Impairments of property, plant & equipment, intangible assets and goodwill	572	1,340
Amortisation of intangible assets	(260)	–
Other non deductible expenses	1,057	(590)
Deferred tax on derivatives	(3,430)	1,264
Corporation tax on derivatives	–	1,426
Deferred tax on reduction in pension liability	660	838
Disposal of assets held for sale*	(444)	691
Changes in estimates related to prior years	(2,520)	242
Utilisation of tax losses	(517)	82
Pension payment in excess of pension cost charge	(591)	(816)
Group relief	–	16
Ineligible depreciation	1,084	982
Impact of different tax rates	46	(69)
Income tax expense	(6,147)	6,927
Effective tax rate	(43%)	57%

* This is the net of the deferred tax release on the assets held for sale less final capital gains tax on the sale of Baggot St. and Bridgewater properties.

9. Income taxes (continued)

(c) Movements in deferred tax balances

	Balance at 29 March 2017 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 28 March 2018 €'000
Deferred Tax assets						
Defined benefit pensions	1,535	–	(660)	271	–	1,146
Property, plant and equipment – capital allowances	105	–	1,189	–	–	1,294
Provisions	1,046	–	933	–	–	1,979
Unutilised losses	239	–	517	–	–	756
Total	**2,925**	**–**	**1,979**	**271**		**5,175**

	Balance at 29 March 2017 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 28 March 2018 €'000
Deferred tax liabilities						
Property, plant and equipment – capital allowances	(9,895)	–	(1,603)	–	–	(11,498)
Intangible assets	–	–	–	–	–	–
Derivatives	(4,491)	–	3,430	105	–	(956)
Investment property	(3,810)	3,810	–	–	–	–
Total	**(18,196)**	**3,810**	**1,827**	**105**		**(12,454)**

The combined net deferred tax liability of €7.3 million has been shown on the balance sheet.

	Balance at 30 March 2016 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 29 March 2017 €'000
Deferred tax assets						
Defined benefit pensions	3,742	–	(838)	(1,369)	–	1,535
Property, plant and equipment – capital allowances	126	–	(21)	–	–	105
Provisions	1,367	–	(321)	–	–	1,046
Unutilised losses	321	–	(82)	–	–	239
Total	**5,556**	**–**	**(1,262)**	**(1,369)**	**–**	**2,925**

	Balance at 30 March 2016 €'000	Reclassification to corporation tax €'000	Recognised in profit or loss €'000	Recognised in OCI €'000	Recognised in equity €'000	Balance at 29 March 2017 €'000
Deferred tax liabilities						
Property, plant and equipment – capital allowances	(8,800)	–	(1,095)	–	–	(9,895)
Intangible assets	–	–	–	–	–	–
Derivatives	(4,718)	–	1,426	(1,199)	–	(4,491)
Investment property	(3,119)	–	(691)	–	–	(3,810)
Total	**(16,637)**	**–**	**(360)**	**(1,199)**	**–**	**(18,196)**

The combined net deferred tax liability of €15.3 million has been shown on the balance sheet.

(d) Unrecognised deferred tax assets

The following deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	28 March 2018 €'000	29 March 2017 €'000
Deferred tax assets		
Unused tax losses	5,907	3,419
Total	**5,907**	**3,419**

The losses are not time bound but subject to the respective trades returning to profitability.

10. Property, plant and equipment

2018

	Peatland, drainage and production buildings €'000	Landfill €'000	Railway, plant and machinery €'000	Generating assets €'000	Freehold land, administration and research buildings €'000	Assets in course of construction €'000	Group Total €'000
Cost							
At 29 March 2017	143,792	52,633	237,542	338,989	15,651	5,982	794,589
Additions	2,720	1,393	12,036	2,694	416	8,160	27,419
Disposals/retirements	(756)	–	(5,687)	–	–	–	(6,443)
Reclassification	67	–	(68)	–	1	–	–
Transfers out of assets under construction	157	2,676	7,658	–	491	(10,982)	–
Exchange adjustments	102	–	(76)	–	–	–	26
At 28 March 2018	**146,082**	**56,702**	**251,405**	**341,683**	**16,559**	**3,160**	**815,591**
Depreciation and impairment							
At 29 March 2017	121,778	41,850	194,864	137,414	6,303	–	502,209
Depreciation charge	4,408	4,397	13,097	15,359	679	–	37,940
Impairment	2,662	–	10,457	–	650	–	13,769
Disposals/retirements	(756)	–	(5,354)	–	–	–	(6,110)
Exchange adjustments	(4)	–	25	–	–	–	21
At 28 March 2018	**128,088**	**46,247**	**213,089**	**152,773**	**7,632**	**–**	**547,829**
Carrying amount							
At 28 March 2018	17,994	10,455	38,316	188,910	8,927	3,160	267,762
At 29 March 2017	22,014	10,783	42,678	201,575	9,348	5,982	292,380

2017

	Peatland, drainage and production buildings €'000	Landfill €'000	Railway, plant and machinery €'000	Generating assets €'000	Freehold land, administration and research buildings €'000	Assets in course of construction €'000	Group Total €'000
Cost							
At 30 March 2016	139,447	45,642	240,757	338,857	18,874	5,144	788,721
Additions	1,892	2,600	10,795	126	231	9,549	25,193
Disposals/retirements	(1,002)	–	(21,233)	–	(5,033)	–	(27,268)
Reclassification	(202)	100	8	6	88	–	–
Transfers out of assets under construction	309	4,291	2,620	–	1,491	(8,711)	–
Arising on acquisition	3,348	–	4,595	–	–	–	7,943
At 29 March 2017	143,792	52,633	237,542	338,989	15,651	5,982	794,589
Depreciation and impairment							
At 30 March 2016	116,317	35,854	203,436	122,365	9,881	–	487,853
Depreciation charge	5,862	5,908	13,837	15,045	622	–	41,274
Reclassification	303	100	(1,240)	4	833	–	–
Disposals/retirements	(704)	(12)	(21,169)	–	(5,033)	–	(26,918)
At 29 March 2017	121,778	41,850	194,864	137,414	6,303	–	502,209
Carrying amount							
At 29 March 2017	22,014	10,783	42,678	201,575	9,348	5,982	292,380
At 30 March 2016	23,130	9,788	37,321	216,492	8,993	5,144	300,868

10. Property, plant and equipment (continued)

Additions include:

(i) A sum of €5.8 million (2017: €1.8 million) in respect of decommissioning and restoration assets.

(ii) There was no capitalisation of borrowing costs in the current year (2017: nil) in respect of assets in the course of construction during the year.

(iii) Transfers from assets in course of construction includes plant constructed in-house and engineered landfill cells which became operational during the year. The balance at year-end represents engineered landfill cells and in-house machinery construction.

No property, plant and equipment is held as security for any loans or borrowings of the Group. The unsecured loan notes do however, restrict the Group from selling more than 16% of the Group's gross assets without prior consent.

In accordance with the Group's accounting policies, the Directors undertake an annual review of the carrying amount of all property, plant and equipment at the reporting date to determine whether there is any indication of impairment.

Impairments of Property, Plant and Equipment comprise:

(i) €7.8m of impairments in Fuels and Peat related to the closure of the Littleton briquette factory and the rationalisation of the Coal business.

a. The Littleton assets and related peatlands were written down to a nil value to the extent that they could not be used or transferred to other sites. No further review on carrying value will be necessary.

b. The coal assets were primarily related to the bagging and supply of bituminous coal and were fully written down. No further review on carrying value will be necessary.

(ii) €5.4m of impairments in the Horticulture business related to the carrying amount of Land & Buildings and Plant & Machinery following a review of the long term outlook in the horticulture market in UK and Ireland. As the recoverable amount did not exceed the carrying value an impairment was charged to reduce the carrying value. The recoverable amount was based on a market value approach using third party prices

(iii) €0.6m of other impairments of assets. Other group assets including farmland were reviewed against the current market values and the asset value was impaired accordingly.

In determining an asset's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of the property, plant and equipment. The estimates and assumptions used are based on historical experience, industry knowledge and other factors that are believed to be reasonable based on information available.

11. Assets held for sale

	28 March 2018 €'000	29 March 2017 €'000
Baggot Street (a)	–	36,000
Bridgewater (b)	–	1,968
	–	37,968

a) Baggot Street, Dublin, Ireland

	28 March 2018 €'000
Net disposal proceeds	35,911
Carrying value of asset	(36,000)
(Loss) on disposal	(89)

b) Bridgewater, Somerset, UK

	28 March 2018 €'000
Net disposal proceeds	2,403
Carrying value of asset	(1,967)
Profit on disposal	436

There were no assets held for sale at 28 March 2018.

a) In the prior year the Baggot Street investment property was reclassified as held-for-sale. The Baggot Street property comprises commercial property in the Republic of Ireland that was leased to third parties.

b) After the sale of the UK Anua business, the Director's placed the UK building at Bridgewater Somerset on the market.

Both properties were sold during the year and the profit/(loss) on disposals has been included in other income (note 7a).

12. Goodwill and intangible assets

2018

	Assets in course of construction €'000	Software €'000	Grid Connection €'000	Other €'000	Goodwill €'000	Total €'000
Cost						
At beginning of the year	758	39,351	22,517	83,878	11,068	157,572
Additions	1,448	820	–	3,423	–	5,691
Transfers out of assets under construction	(2,154)	2,154	–	–	–	–
Settlement of emission allowances	–	–	–	(4,895)	–	(4,895)
At end of the year	**52**	**42,325**	**22,517**	**82,406**	**11,068**	**158,368**
Amortisation and impairment						
At beginning of the year	–	18,061	7,415	80,798	10,718	116,992
Charge for year	–	4,050	869	407	–	5,326
Settlement of emission allowances	–	–	–	(612)	–	(612)
Impairment	–	62	–	–	–	62
At end of the year	–	22,173	8,284	80,593	10,718	121,768
Carrying amounts						
At 28 March 2018	52	20,152	14,233	1,813	350	36,600
At 29 March 2017	758	21,290	15,102	3,080	350	40,580

In accordance with the Group's accounting policies the directors undertake an annual review of the carrying amount of all intangible assets to determine whether there is any indication of impairment.

Transfers from assets in course of construction includes the transfer of IT applications which became operational during the year. The balance at year-end represents partly constructed IT applications that will be deployed post year end.

Other includes investments in customer lists and carbon emission credits. Upon settlement of emission liabilities the credits are released from intangible assets.

2017

	Assets in course of construction €'000	Software €'000	Grid Connection €'000	Other €'000	Goodwill €'000	Total €'000
Cost						
At beginning of the year	6,105	27,290	22,508	88,016	–	143,919
Additions	6,614	735	9	543	–	7,901
Disposals	–	(635)	–	–	–	(635)
Transfers out of assets under construction	(11,961)	11,961	–	–	–	–
Goodwill arising on acquisition	–	–	–	350	11,068	11,418
Settlement of emission allowances	–	–	–	(5,031)	–	(5,031)
At end of the year	**758**	**39,351**	**22,517**	**83,878**	**11,068**	**157,572**
Amortisation and impairment						
At beginning of the year	–	15,483	6,545	80,197	–	102,225
Charge for year	–	3,213	870	601	–	4,684
Disposals	–	(635)	–	–	–	(635)
Impairment	–	–	–	–	10,718	10,718
At end of the year	–	18,061	7,415	80,798	10,718	116,992
Carrying amounts						
At 29 March 2017	758	21,290	15,102	3,080	350	40,580
At 30 March 2016	6,105	11,807	15,963	7,819	–	41,694

In the prior year the directors impaired the goodwill arising on the acquisition of White Moss Horticulture Limited as outlined in note 22.

13. Inventory

	28 March 2018 €'000	29 March 2017 €'000
Raw materials	12,795	17,907
Finished goods	65,621	76,258
Maintenance spares – consumables	5,595	5,446
Total	**84,011**	**99,611**

The inventory balances includes a provision of €8.9 million (2017: €7.5 million).

During the year there was a write down of growing media stocks of €0.3 million (2017: €1.5 million), fuels stocks of €3.6 million (2017: €0.5 million), peat stocks of €1.7 million (2017: €0.1 million) and maintenance stocks in Edenderry of €0.1 million (2017: Nil).

In 2018, inventories of €141.6 million (2017: €149.2 million) were recognised as an expense and included in cost of sales.

Maintenance spares – consumables represent small items included in the operating cycle.

14. Investments in joint venture

	28 March 2018 €'000	29 March 2017 €'000
At the beginning of the year	26,451	25,069
Movement in investments	5,167	1,335
Share of profit/(loss)	1,635	(424)
Share of joint venture other comprehensive income	377	471
At the end of the year	**33,630**	**26,451**

Oweninny Power DAC ("Oweninny") was incorporated in September 2011 as a joint venture between Bord na Móna Powergen 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 construction is currently ongoing with an expected commercial operations date commencement during 2019. The following table summaries the financial information of Oweninny as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the group's interest in Oweninny. The information presented in the table includes the results of Oweninny for the year ended 28 March 2018.

Oweninny

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	28 March 2018 €'000	29 March 2017 €'000
Revenue	–	–
Depreciation and amortisation	–	–
Interest expense	(32)	(18)
Other expenses	–	31
Income tax expense	–	–
Cashflow hedge movement	–	–
	(32)	13
Group's share of (loss)/profit and total comprehensive income (50%)	**(16)**	**7**

(ii) Summarised Balance Sheet

Percentage ownership interest	50%	50%
	28 March 2018 €'000	29 March 2017 €'000
Non-current assets	35,592	12,186
Current assets	1,957	459
Non-current liabilities	(14,636)	(1,687)
Current liabilities	(26,614)	(14,627)
Net liabilities (100%)	(3,701)	(3,669)
Group's share of net liabilities (50%)	(1,851)	(1,835)
Group's loans in joint venture	14,408	7,268
Carrying amount	12,557	5,433

14. Investments in joint venture (continued)

Sliabh Bawn Power DAC ("Sliabh Bawn") is a joint venture between Bord na Móna Powergen Limited and Coillte which has developed and operates a 64MW wind farm in Strokestown, Co. Roscommon. Commercial operations commenced on 1 March 2017. The following table summarises the financial information of Sliabh Bawn and reconciles the summarised financial information to the carrying amount of the group's interest in Sliabh Bawn group. The information presented in the table includes the results of Sliabh Bawn for the period 30 March 2017 to 28 March 2018.

Sliabh Bawn

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	28 March 2018	**29 March 2017**
	€'000	**€'000**
Revenue	14,175	715
Cost of sales	(3,843)	(1,246)
Depreciation and amortisation	(5,942)	–
Interest expense	(2,528)	(189)
Other expenses	–	–
Income tax expense	(309)	–
Cashflow hedge movement	755	942
	2,308	222
Group's share of profit and total comprehensive income (50%)	**1,154**	**111**

(ii) Summarised Balance Sheet

Percentage ownership interest	50%	50%
	28 March 2018	**29 March 2017**
	€'000	**€'000**
Non-current assets	112,651	116,572
Current assets	50,804	5,801
Non-current liabilities	(85,126)	(84,034)
Current liabilities	(78,443)	(42,233)
Net liabilities (100%)	**(114)**	**(3,894)**
Group's share of net liabilities (50%)	(57)	(1,947)
Group's loans in joint venture	20,216	22,250
Carrying amount	**20,159**	**20,303**

During FY17 the Group acquired a 50% interest in the shares of Electricity Exchange DAC. The Company participates in the all-island Single Electricity Market (SEM) as a Demand Side Unit (DSU) and focuses on the development of smart technologies and the provision of flexible support services to the national grid.

14. Investments in joint venture (continued)

Electricity Exchange

(i) Summarised Income Statement

Percentage ownership interest	50%	50%
	28 March 2018	**29 March 2017**
	€'000	**€'000**
Revenue	4,908	1,669
Cost of sales	(2,279)	(1,216)
Depreciation and amortisation	(3)	(2)
Interest expense	(5)	(6)
Other expenses	(812)	(588)
Income tax expense	(60)	-
	1,749	(143)
Group's share of profit/(loss) and total comprehensive income (50%)	**875**	**(72)**

(ii) Summarised Balance Sheet

Percentage ownership interest	50%	50%
	28 March 2018	**29 March 2017**
	€'000	**€'000**
Non-current assets	20	12
Current assets	2,026	841
Non-current liabilities	-	-
Current liabilities	(929)	(983)
Net assets (100%)	**1,117**	**(130)**
Preferential dividend	(472)	
Adjusted net assets/(liabilities)	645	(130)
Group's share of net assets/(liabilities) (50%)	323	(65)
Group's loans in joint venture	591	780
Carrying amount	**914**	**715**

15. Trade and other receivables

	28 March 2018	**29 March 2017**
	€'000	**€'000**
Trade receivables	47,518	42,603
Prepayments	4,827	6,060
Amounts owed by joint venture undertaking	6,884	369
Other receivables	1,755	3,319
Accrued revenue	10,335	24,322
Value added tax	733	-
Corporation tax	864	3,202
Total	**72,916**	**79,875**

16. Trade and other payables

	28 March 2018 €'000	29 March 2017 €'000
Trade payables	21,266	22,935
Accruals	34,681	39,088
Deferred income	6,898	6,473
Capital grants (note 17)	2,578	2,647
Other payables	18,823	17,690
Creditors in respect of tax and social welfare	7,998	6,049
Total	**92,244**	**94,882**
Creditors in respect of tax and social welfare comprise:		
Income tax deducted under PAYE	1,014	1,336
Pay-related social insurance	1,194	1,071
Corporation tax	4,344	3,375
Value-added tax	1,446	213
Other taxes	–	54
Total	**7,998**	**6,049**

17. Capital grants

	28 March 2018 €'000	29 March 2017 €'000
At beginning of the year	12,718	14,774
Received during the year	–	95
Amortised during the year	(2,151)	(2,151)
At end of the year	**10,567**	**12,718**
Amounts due as follows:		
Within one year	2,578	2,647
After more than one year	7,989	10,071
Total	**10,567**	**12,718**

Edenderry Power Limited received a European Union grant for €26.0 million as part of the Economic Infrastructure Operational Programme (EIOP) in the period 1999 to 2002. All conditions under the grant agreement have been satisfied.

During the year the Company received a grant of €Nil (2017: €0.1 million towards the construction of the Lough Boora Parkland Facilities from an Bord Failte). A number of conditions remain in progress.

18. Provisions

2018

	Environmental restatement €'000	Reorganisation and redundancy €'000	Insurance €'000	Other €'000	Total €'000
At beginning of the year	58,115	4,612	7,100	4,685	74,512
Provisions made during the year	6,007	15,617	2,001	1,423	25,048
Provisions used during the year	(9,566)	(2,282)	(919)	(2,056)	(14,823)
Provisions reversed during the year	(854)	(1,815)	–	(10)	(2,679)
Unwind of discount	1,217	–	–	–	1,217
Capitalised during the year	5,759	–	–	–	5,759
At end of the year	**60,678**	**16,132**	**8,182**	**4,042**	**89,034**
Amounts due as follows:					
Current	14,980	16,068	702	3,045	34,795
Non-current	45,698	64	7,480	997	54,239
Total	**60,678**	**16,132**	**8,182**	**4,042**	**89,034**

2017

	Environmental restatement €'000	Reorganisation and redundancy €'000	Insurance €'000	Other €'000	Total €'000
At beginning of the year	49,982	6,674	6,652	4,147	67,455
Provisions made during the year	3,284	1,667	1,750	1,297	7,998
Provisions used during the year	(3,174)	(3,097)	(1,293)	(419)	(7,983)
Provisions reversed during the year	(357)	(632)	(9)	(340)	(1,338)
Unwind of discount	1,169	–	–	–	1,169
Capitalised during the year	1,807	–	–	–	1,807
Arising on acquisition	5,415	–	–	–	5,415
Exchange adjustment	(11)	–	–	–	(11)
At end of the year	**58,115**	**4,612**	**7,100**	**4,685**	**74,512**
Amounts due as follows:					
Current	11,481	3,460	1,465	4,614	21,020
Non-current	46,634	1,152	5,635	71	53,492
Total	**58,115**	**4,612**	**7,100**	**4,685**	**74,512**

(a) Environmental Reinstatement

Environmental reinstatement costs include:

(i) Peatlands
Costs that will be incurred at the end of the economic lives of the peatlands. Under IAS 37, 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 €18.8 million as at 28 March 2018 (2017: €18.2 million) represents the present value of the expected future costs of decommissioning and reinstatement.

The majority of the obligation will unwind over a thirteen year timeframe but the exact timing of the liability is not certain.

(ii) AES Environmental Provisions
Environmental provisions of €6.8 million (2017: €7.1 million) recognised in accordance with IAS 37 in respect of the Group's assessment of environmental liabilities in relation to (a) the AES site which were in existence prior to the Group's acquisition of the business in May 2007; and (b) environmental obligations under existing waste licences at the AES facilities.

Item (a) will unwind in the medium term over the next three years. Item (b) will unwind over a twenty year timeframe.

(iii) Drehid Landfill
The cost of maintaining the landfill facility post closure (2028) and the cost of capping existing engineered cells in use. The Group's estimate of minimum unavoidable costs measured at present value amount to €22.8 million at 28 March 2018 (2017: €20.9 million). The Group continues 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 after the expiry of the operational license.

18. Provisions (continued)

(iv) Environmental Restoration
Certain other environmental restoration costs of €2.1 million (2017: €2.1 million) are recognised in accordance with IAS 37, 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. The majority of the obligation will unwind over a three year timeframe but the exact timing of the provisions is not certain.

(v) Power Station and Wind-farm closure
A provision of €4.4 million (2017: €4.3 million) is made for power stations and wind-farm closure/decommissioning costs based on the present value of the current estimate of the costs of closure/decommissioning of generating assets at the end of their useful economic lives.

The majority of the obligation will unwind over a twenty year timeframe but the exact timing of the provisions is not certain.

(vi) Briquette and Horticulture Plant closure costs
A provision of €5.0 million (2017: €1.2 million) 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 majority of the obligations will unwind over a twenty five year timeframe but the exact timing of the provisions is not certain.

(vii) White Moss
A provision of €0.8m (2017: €4.3m). The provision arising on the White Moss acquisition was €5.4 million with a closing balance of €4.3 million in FY17 and €0.8m in FY18. Please refer to note 22 for more details. The majority of the obligation will unwind over the next twelve months.

(b) Reorganisation and Redundancy

The Fuels business announced the closure of the Littleton briquette factory in May 2017 and ceased production in March 2018. Following the confirmation of a nationwide ban on the sale of bituminous coal from 2019 onwards the Board reviewed the ongoing operation of the coal business and announced a decision to cease the sale and supply of coal in March 2018. The directors have recognised a provision which represents their best estimate of the cost of these measures and it is expected to be utilised within the next year.

(c) Insurance

The insurance provision relates to employers, 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 and other costs.

19. Loans and borrowings

	28 March 2018 €'000	29 March 2017 €'000
Non-current liabilities		
Unsecured loan notes	62,913	132,752
Revolving credit facilities (a)	(789)	11,576
	62,124	**144,328**
Current liabilities		
Overdrafts	4,537	200
Unsecured loan notes	53,103	42,095
Total	**57,640**	**42,295**

On 28 March 2018 the Group had US $143.0 million (€115.3 million equivalent) debt arising from two US private placement transactions, which were completed on 22 June 2006 (US $65.0 million) and 6 August 2009 (US $78.0 million). The Group entered into swaps to hedge interest and foreign exchange risk. Included in unsecured loan notes are other medium term loans of €0.7 million (2017: €0.9 million).

(a) Offset against revolving credit facilities are loan arrangement fees of €0.8 million (2017: €0.9 million) which are expensed over the period of the loans (4 years) as part of the effective interest.

20. Capital and reserves

(a) Called up share capital and share premium

	28 March 2018 €'000	29 March 2017 €'000
Share capital	82,804	82,804
Share premium	1,959	1,959
Total	**84,763**	**84,763**
Authorised share capital		
300,000,000 ordinary shares of €1.27 each	**380,921**	**380,921**
Issued and fully paid		
65,200,000 ordinary shares of €1.27 each	**82,804**	**82,804**

Ordinary Share Capital

The company has one class of shares referred to as Ordinary shares. All shares rank equally. The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Nature and purpose of reserves

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. It also includes related deferred tax.

Foreign currency translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other Reserve
The other reserve comprises the Group's share of the other comprehensive income of equity accounted investments.

21. 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.

22. Acquisitions

(i) Current year

There were no acquisitions during the year ending 28 March 2018.

(ii) Prior year

(a) Acquisition of White Moss Horticulture Limited
On 23 December 2016, the Group acquired 100% of the share capital of White Moss Horticulture Limited ("White Moss") for £10.9 million (€12.1 million), satisfied in cash. White Moss manufactures compost and growing media products, made from recycled green materials. The primary reason for the business combination was to expand Group's Horticulture business in the United Kingdom where it already has significant customers.

The acquisition had the following effect on the Company's assets and liabilities

	Recognised values on acquisition €'000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	7,079
Intangible assets	–
Inventories	1,344
Trade and other receivables	906
Cash and cash equivalents	523
Interest-bearing loans and borrowings	(1,262)
Trade and other payables	(1,537)
Provisions*	(5,415)
Deferred tax liabilities	(273)
Contingent liabilities	–
Net identifiable assets and liabilities	1,365
Consideration paid:	
Initial cash price paid	12,083
Contingent consideration at fair value	–
Total consideration	12,083
Goodwill on acquisition	10,718

* On acquisition a provision of €5.4 million relating to product and plant capacity issues noted post acquisition was recognised.

Goodwill that arose on acquisition was attributable to the profitability and development opportunities associated with the complementing and enhancing of White Moss' production and distribution channels.

Following an impairment test the goodwill related to the White Moss acquisition was impaired in full post acquisition. This was due to issues which were noted with respect to inventory and plant manufacturing capacity.

There were related write offs of inventory manufactured post acquisition of €1.4 million and professional expenses of €2.0 million were incurred in respect of the issues noted. Both these amounts were included in exceptional items in the income statement for the year ending 29 March 2017.

Contingent consideration

As part of the acquisition the Group agreed to pay the vendors contingent construction based on the future performance of the White Moss business. The performance period for the contingent consideration ended on 31 August 2017 and no contingent consideration was paid as performance milestones were not met.

Acquisition related costs

The company incurred acquisition related cost of €1.3 million. These costs were included in administrative expenses.

The following fair values were measured on a provisional basis:

- plant and machinery of €3.8 million; and
- provisions of €5.4 million

After the 29 March 2017 year end management determined the Plant and Machinery of White Moss were impaired and that additional provisions were required in respect of the inventory and manufacturing issues. As a result, additional costs were incurred. Detail of these costs are given in exceptional items.

(b) Acquisition of Pacon business
On 30 April 2016, the Group acquired the trade assets and liabilities of the Pacon Skip Hire Business ("Pacon") for €1.3 million, satisfied in cash. The Pacon business acquired included the trade assets and customer lists. The primary reason for the business combination is to expand the Advanced Environmental Solutions (Ireland) Limited customer base.

22. Acquisitions (continued)

The acquisition had the following effect on the Company's assets and liabilities

	Recognised values on acquisition €'000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	864
Customer list	350
Trade and other payables	(270)
Net identifiable assets and liabilities	944
Consideration paid:	
Cash price paid	1,294
Total consideration	1,294
Goodwill on acquisition	350

Goodwill that arose on acquisition is attributable to the synergies that are anticipated to be obtained as part of the acquisition.

Acquisition related costs are expensed to administration expenses.

Cash flows in respect of acquisitions:

The following are the cashflows which arose in respect of acquisitions in the year ended 27 March 2017:

	Cashflows €'000
(a) White Moss Horticulture Limited	
Consideration paid	12,083
Cash assumed	(523)
(b) Pacon	
Consideration paid	1,294
Total consideration	12,854

23. Cash and cash equivalents

	28 March 2018 €'000	29 March 2017 €'000
Cash	44,486	16,116
Overdrafts	(4,537)	(200)
Cash and cash equivalents	**39,949**	**15,916**

24. Commitments

(a) Capital expenditure commitments

	28 March 2018 €'000	29 March 2017 €'000
Authorised and contracted for	3,946	2,307
Authorised and not contracted for	703	-
Total	**4,649**	**2,307**

(b) Operating lease commitments

The Group operating lease commitments primarily comprise obligations in relation to vehicles and land & buildings. At the balance sheet date, the group has taken outstanding commitments under non-cancellable operating leases which fall due as follows:

	28 March 2018 €'000	29 March 2017 €'000
No later than one year	1,364	1,537
Later than one and not later than five years	1,744	3,119
Later than five years	-	1,404
Total	**3,108**	**6,060**

Due to the ongoing exit of facilities related to the sale of coal products the lease commitments have reduced.

25. Subsidiaries and joint ventures

The following is a list of principal subsidiaries of the Group at 28 March 2018:

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of its Irish subsidiaries. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014. It has not guaranteed the liabilities of its joint ventures.

The company has a shareholding in the following companies:

Subsidiary undertaking	Business	Registered office	Shareholding
Bord na Móna Energy Limited*	Production and sale of milled peat	Newbridge, Co Kildare	100%
Bord na Móna Biomass Limited	Production and sale of milled peat	Newbridge, Co Kildare	100%
Bord Na Móna Powergen Limited*	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%
Edenderry Supply Company Limited	Wholesale distribution of electricity	Newbridge, Co Kildare	100%
Renewable Energy Ireland Limited	Power Generation	Newbridge, Co Kildare	100%
Mountlucas Wind Farm Limited	Power Generation	Newbridge, Co Kildare	100%
Mountlucas Supply Company Limited	Business, 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	Production, sale and distribution of solid fuels	Newbridge, Co Kildare	100%
BnM Fuels Limited	Dormant	Newbridge, Co Kildare	100%
Suttons Limited	Dormant	Newbridge, Co Kildare	100%
Bord na Móna Horticulture Limited	Production and sale of horticultural products	Newbridge, Co Kildare	100%
Bord na Móna UK Limited	Marketing, sale and supply of growing media and heating products to UK market	Bridgewater, TA6 4WA	100%
Bord na Móna Environmental Limited	Environmental analytical services	Newbridge, Co Kildare	100%
White Moss Horticulture Limited	Production and sale of horticultural products	Liverpool, Merseyside, L33 3AN, England	100%
White Moss Nominee One Limited	Dormant	Liverpool, Merseyside, L33 3AN, England	100%
White Moss Nominee Two Limited	Dormant	Liverpool, Merseyside, L33 3AN, England	100%
Bord na Móna Environmental Products (UK) Limited	Dormant	Liverpool, Merseyside, L33 3AN, England	100%

* Shareholding held directly by Bord na Móna plc

25. Subsidiaries and joint ventures (continued)

Subsidiary undertaking	Business	Registered office	Shareholding
Bord na Móna Environmental UK Limited	Dormant	Liverpool, Merseyside, L33 3AN, England	100%
Bord na Móna Environmental Products US Inc.	Dormant	Greensboro, U.S.A.	100%
Bord na Móna USA Inc.	Dormant	Greensboro, U.S.A.	100%
Bord na Móna Resource Recovery Limited	Resource recovery and recycling company	Newbridge, Co Kildare	100%
Advanced Environmental Solutions Irl Limited	Resource recovery and recycling company	Newbridge, Co Kildare	100%
Midland Waste Disposal Company Limited	Dormant	Newbridge, Co Kildare	100%
Bord na Móna Property DAC	Dormant	Newbridge, Co Kildare	100%
Bord na Móna Treasury DAC*	Treasury Holdings	Newbridge, Co Kildare	100%
Derryarkin Sand and Gravel DAC	Extraction and sale of sand and gravel	Newbridge, Co Kildare	55%
Bord na Móna Trustee Company DAC	Trustee of defined contribution pension schemes	Newbridge, Co Kildare	100%

* Shareholding held directly by Bord na Móna plc

Joint venture company	Business	Registered office	Shareholding
Oweninny Power DAC	Power Generation	St. Stephen's Green, Dublin 2	50%
Sliabh Bawn Wind Holdings DAC	Dormant	Newtown Mountkennedy, Co Wicklow	50%
Sliabh Bawn Power DAC	Power generation	Newtown Mountkennedy, Co Wicklow	50%
Sliabh Bawn Supply DAC	Wholesale distribution of electricity	Newtown Mountkennedy, Co Wicklow	50%
Electricity Exchange DAC	Power generation	Co Limerick	50%

26. Retirement benefit obligations

	28 March 2018 €'000	29 March 2017 €'000
Total market value of pension scheme assets	334,310	333,052
Total present value of defined benefit obligations	(343,110)	(341,508)
Excess of scheme obligations over assets	(8,800)	(8,456)
Members share of surplus on RWESS scheme	(4,163)	(7,933)
Employee retirement benefit obligations before tax	(12,963)	(16,389)

The net defined benefit liability of €13.0 million (2017: €16.4 million) comprises defined benefit pension schemes in an asset position of €4.2 million (2017: €7.9 million) and defined benefit schemes in a deficit of €17.1 million (2017: €24.3 million). The pension asset and liability are shown separately in the Group statement of financial position as €4.2 million and €17.1 million respectively.

(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 three schemes in operation are;

- the General Employees Superannuation Scheme (GESS) which covers management, professional and clerical employees
- the Regular Works Employees Superannuation Scheme (RWESS) which covers remaining categories of employees; and
- a third scheme BnM Fuels Pension scheme covers employees who became Group employees on the acquisition of the Coal Distributors Group, Stafford North East, Sutton Group and Sheehan and Sullivan.

On retirement from one of the defined benefit schemes a member is entitled to a pension equal to the number of pensionable years' service divided by 80 of net retiring salary and a gratuity equal to 3/80 of retiring salary for each year of pensionable service.

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 €3.8 million based on an actuarial valuation at 28 March 2018 (March 2017: €4.1 million).

26. Retirement benefit obligations (continued)

(a) Description of the Bord na Móna Pension schemes (continued)

Actuarial valuations and funding position of schemes
At 28 March 2018 the ratio of the fair value of assets to the defined benefit obligation was 97.4% (2017: 97.8%) The actuarial method used (aggregate method) determines a contributory 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 funding valuation for the GESS and RWESS schemes are dated 31 March 2017 and the BnM Fuels scheme valuation dated 1 April 2015. These valuations are updated for the most recent census data. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 0.5% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €337.2 million.

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

1. A deficit of €16.5 million on the GESS scheme
2. A surplus of €2.4 million on the RWESS scheme
3. A deficit of €1.4 million on the BnM Fuels scheme

At March 2017 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 89%, 101% and 74% of the benefits that had accrued to the members of the GESS, RWESS and BnM Fuels (April 2015) schemes respectively at the valuation dates.

Liabilities are computed using the projected unit credit method. In common with many other defined benefit pension schemes, two of the defined benefit plans are in net deficits but one of the schemes is now in surplus, 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 is in place since 2010, with the Group and active members paying an additional annual sum of €1.5 million of their pensionable salary.

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 28 March 2018 was €7.0 million and the Group will meet the capital cost by way of fixed annual capital payments of €1.0 million by 30 June each year over a period of no more than twelve years. No additional liability has been recognised over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

A GESS funding proposal to address the scheme deficit was approved by the Board, shareholders, active members and the Pension Board in May 2015. The revised funding arrangement requires a number of changes to the scheme, namely:

(i) Three year pensionable salary freeze from April 2013 until April 2016.

(ii) Pensionable salary cap until November 2023 restricted to CPI or a maximum rate increase of 2% whichever is the lower.

(iii) A Section 50 cut to the order of 10% to deferred members' benefits.

(iv) Pensionable salary A Section 50 adjustment to pensions-in-payments in line with 2013 priority order legislation.

(v) The scheme remains open to future accrual.

In addition to the scheme changes, the Group will make payments of €36 million (€25.5 million paid to date) over an eight year period, with a payment of €10.2 million made in May 2015, a payment of €5.1 million made in May 2016, May 2017 and May 2018. No additional liability has been recognised for the funding commitments over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

The BnM Fuels pension scheme is closed to future accrual with effect from June 2013. An approved funding proposal for Group contributions of €2.3 million was agreed with all parties with annual payments until December 2023. Included in other accruals (Note 16) is an additional liability of €0.4 million (2017: €0.4 million) which has been recognised over and above the IAS 19 liability in accordance with the accounting requirements of IAS 19 and IFRIC 14.

The Group expects to pay €8.9 million in contributions to its defined benefit plans in the year ended 27 March 2019.

26. Retirement benefit obligations (continued)

(a) Description of the Bord na Móna Pension schemes (continued)

Movement in net defined benefit liability

	Defined benefit liability		Fair Value of Plan assets		Net Defined benefit obligation	
	28 March 2018 €'000	29 March 2017 €'000	28 March 2018 €'000	29 March 2017 €'000	28 March 2018 €'000	29 March 2017 €'000
Balance at the beginning of the financial year	(349,441)	(354,607)	333,052	320,389	(16,389)	(34,218)
Included in income statement						
Current service costs (included in wages and salaries)	(1,999)	(2,250)	–	–	(1,999)	(2,250)
Interest cost (included in finance expense)	(5,764)	(5,229)	–	–	(5,764)	(5,229)
Interest income (included in finance expense)	–	–	5,644	4,800	5,644	4,800
Past service cost – curtailment (included in exceptional costs)	(1,120)	–	–	–	(1,120)	–
	(8,883)	(7,479)	5,644	4,800	(3,239)	(2,679)
Included in other comprehensive income						
Remeasurements actuarial (loss)/gain arising from:						
Financial assumptions	(6,339)	590	–	–	(6,339)	590
Experience adjustment	5,438	3,081	–	–	5,438	3,081
Demographic assumptions	(5,749)	–	–	–	(5,749)	–
Return on plan assets excluding interest income	–	–	595	10,673	595	10,673
Impact of members' share of surplus	3,768	(3,393)	–	–	3,768	(3,393)
	(2,882)	278	595	10,673	(2,287)	10,951
Other						
Contributions by members	(2,507)	(2,698)	2,507	2,698	–	–
Contributions paid by the employer	–	–	8,952	9,557	8,952	9,557
Benefits paid	16,440	15,065	(16,440)	(15,065)	–	–
	13,933	12,367	(4,981)	(2,810)	8,952	9,557
Balance at end of financial year	**(347,273)**	**(349,441)**	**334,310**	**333,052**	**(12,963)**	**(16,389)**

(a) Plan assets

	28 March 2018 €'000	29 March 2017 €'000
Equity securities	86,252	99,194
Debt securities	111,660	105,929
Property	19,724	22,056
Alternatives	116,674	105,873
	334,310	**333,052**

All equity securities and bonds have quoted prices in active markets. All government bonds are issued by European governments and are rated AAA or AA. Property assets are based in Ireland. The investments in the RWESS, GESS and BNM Fuels scheme include an increased allocation to bonds which match the profile of some benefit obligations. The investment strategy is to divest from equities and move the funds to bonds and absolute return funds.

(b) Investment Strategy

(i) GESS – The plan is to move to a 100% matched position over the term of the funding plan to 2023. The scheme uses passive management for both equities and bonds, with active managers being used for absolute return/diversified growth funds and alternative long term assets. Currently the holding is 31% match assets, 65% growth assets and 4% transition assets which we will reallocate to matching based on market conditions.

(ii) RWESS – At present the asset allocation is 34% matched assets, 35% growth assets and 31% transition assets which will reallocate to matching based on market conditions.

(iii) BnM Fuels Scheme – At present the scheme holds 42% in matching assets, 47% in growth assets and 11% transition assets which we will reallocate to matching based on market conditions. The scheme uses passive management for both equities and bonds with active managers being used for absolute return/diversified growth funds.

26. Retirement benefit obligations (continued)

(b) Investment Strategy (continued)

(i) Actuarial assumptions

	2018	2017
Discount rate	1.60%	1.70%
Inflation rate (CPI)	1.50%	1.30%
Rate of increase in salaries	2.00%	1.80%
Rate of increase in pensions in payment – RWESS	1.00%	1.00%
Rate of increase in pensions in payment – GESS	0.00%	0.00%
RWESS		
Life expectancy at age 65 for pensioners currently aged 65 years		
Male	21.4	20.5
Female	23.9	23.4
Other		
Life expectancy at age 65 for pensioners currently aged 65 years		
Male	21.4	21.2
Female	23.9	23.7
RWESS		
Life expectancy at age 65 for pensioners currently aged 45 years		
Male	23.8	20.5
Female	25.9	23.4
Other		
Life expectancy at age 65 for pensioners currently aged 45 years		
Male	23.8	23.7
Female	25.9	25.8

At 28 March 2018, the weighted average duration of the defined benefit obligation was years 13 (2017: 13 years).

(ii) Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligation by the amounts shown.

Impact in thousands of euro on liabilities

	2018	%
Discount rate (0.25% increase)	(11,306)	-3%
Salary inflation (0.25% increase)	1,868	1%
Pension escalation (0.25% increase)	8,879	3%

Impact in thousands of euro on liabilities

	2017	%
Discount rate (0.25% increase)	(11,081)	-5%
Salary inflation (0.25% increase)	11,118	-9%
Pension escalation (0.25% increase)	16,873	-10%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(c) Pension Risks

The following are the risks associated with the pension plans:

Asset Volatility
The plan's liabilities are calculated using a discount rate set with reference to corporate bond yields; if Plan's assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of equities and absolute return funds which are expected to outperform corporate bonds in the long-term while increasing volatility and risk in the short-term. As the Plan matures, the Trustees of the Plan are likely to reduce the level of investment risk by investing more in assets that better match the liabilities.

The Trustees believe that due to the long-term nature of the Plan's liabilities and the strength of the supporting Company, a level of continuing equity and absolute return fund investment is an appropriate element of the Trustees' long term strategy to manage the Plan efficiently.

Changes in Bond Yields
A decrease in corporate bond yields will increase the Plan's liabilities. A decrease in corporate bond yields will also increase the Plan's assets to the extent that the Plan in invested in corporate bonds. At the valuation date, the Plan holds corporate bonds, although the level of investment in corporate bonds is relatively small.

26. Retirement benefit obligations (continued)

(c) Pension Risks (continued)

Inflation Risk
Some of the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

Life Expectancy
The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

Investment Risk
Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The assets of the Plan are invested in a wide range of asset classes including equities, bonds, property and absolute return bonds.

27. Related party disclosure

(a) Transactions with key management personnel

(i) Key management personnel compensation
Key management personnel comprises the Worker Participation directors, non-executive directors and the executive director and their direct reports. The compensation attributable to these personnel comprised the following:

	28 March 2018 €'000	29 March 2017 €'000
Short-term employee benefits	1,531	1,788
Post-employment benefits	181	169
Termination benefits	–	76
	1,712	2,033

In line with the revised requirements for the Code of Practice we have restated the 2017 comparatives for key management compensation to align on a consistent basis with the current year.

(ii) Key management personnel interests
See Note 5 for information on the interests of the directors in the ordinary shares of the Company.

(iii) Key management personnel transactions
There are no key management personnel transactions other than disclosed above.

(b) Parent and ultimate controlling party

Bord na Móna plc is a state owned company. 95% 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 Ministers and Secretaries Act 2011). The other 5% is held by Bord na Móna ESOP on behalf of the employees. One ordinary share is held by the Minister for Communications, Climate Action and Environment.

(c) Other related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Bord na Móna provide services amounting to €0.1 million (2017: 0.1 million) in the areas of planning, project management, legal, finance and administration to its joint ventures. These services are charged in accordance with arrangements agreed between the joint venture shareholders. The joint ventures owed the group €23.2 million (2017: €7.3 million) at 28 March 2018. During the period the joint venture shareholders advanced loans of €7.1 million each to the joint venture.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods and 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 28 March 2018 amounted to €67.9 million (2017: €77.5 million) and amounts due from these entities to the Group at 28 March 2018 for these services amounted to €4.3 million (2017: €7.4 million).

During the year to March 2018, services were received from AMCS, a software/hardware provider for the Resource Recovery business unit to the value of €0.5 million (2017: €0.6 million). Elaine Treacy, a director of Bord na Móna plc, is a member of the senior management team in AMCS.

Duncan O'Toole, a director of Electricity Exchange, is also a director of Captured Carbon Ltd which purchases power from EPL under a contract for differences arrangement. In FY18, sales to the value of €13k and purchases to the value of €8k (2017: €90k) were recorded.

From time to time the Group places monies on deposit with financial institutions controlled by the State. At year end the Group had no monies on deposit (2017: Nil).

(d) Dividends

	28 March 2018 €'000	29 March 2017 €'000
To the Minister for Finance	2,331	4,270
To Bord na Móna ESOP Trustee Limited	123	225
	2,454	4,495

The Company paid a dividend of €0.0376 (2017: €0.0689) per share during the year. The total dividend payment for the year was €2.5 million (2017: €4.5 million).

28. Financial instrument and risk management

(a) Accounting classifications and fair value

	Carrying Amount				Fair Value			
	Loans and receivables	Liabilities at amortised cost	Fair value hedging instruments	Total carrying amount	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
28 March 2018								
Trade receivables	47,518	–	–	47,518	–	–	–	–
Cash and cash equivalents	44,486	–	–	44,486	–	–	–	–
Accrued revenue	10,335	–	–	10,335	–	–	–	–
Other receivables	10,236	–	–	10,236	–	–	–	–
Trade payables	–	(21,266)	–	(21,266)	–	–	–	–
Other payables	–	(61,502)	–	(61,502)	–	–	–	–
Swap derivatives	–	–	7,652	7,652	–	7,652	–	7,652
Unsecured loan note (note 19)	–	(116,016)	–	(116,016)	–	–	–	–
Revolving credit facility (note 19)		789						
Overdrafts	–	(4,537)	–	(4,537)	–	–	–	–
	112,575	**(202,532)**	**7,652**	**(83,094)**	**–**	**7,652**	**–**	**7,652**

	Carrying Amount				Fair Value			
	Loans and receivables	Liabilities at amortised cost	Fair value hedging instruments	Total carrying amount	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
29 March 2017								
Trade receivables	42,603	–	–	42,603	–	–	–	–
Assets held for sale	37,968			37,968			37,968	37,968
Cash and cash equivalents	16,116	–	–	16,116	–	–	–	–
Accrued revenue	24,322	–	–	24,322	–	–	–	–
Other receivables	6,890	–	–	6,890	–	–	–	–
Trade payables	–	(62,020)	–	(62,020)	–	–	–	–
Other payables		(23,742)		(23,742)				–
Swap derivatives	–	–	35,733	35,733	–	35,733	–	35,733
Unsecured loan note (note 19)	–	(174,847)	–	(174,847)	–	–	–	–
Revolving credit facility (note 19)		(11,576)		(11,576)				
Overdrafts	–	(200)	–	(200)	–	–	–	–
	127,899	(272,385)	35,733	(108,753)	–	35,733	37,968	73,701

Estimation of fair values
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

Cash and cash equivalents including the short-term bank deposits
For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

Trade and other receivables/payables
For the receivables and payables with a remaining term of less than one year or demand balances, the carrying amount less impairment allowances, where appropriate, is a reasonable approximation of fair value.

Loans
For private placement debt and borrowings the fair value is calculated based on discounted future principal and interest cash flows.

Interest rate swaps
For interest rate swaps the fair value is calculated based on discounted cash flow techniques.

28. Financial instrument and risk management (continued)

(a) Financial risk management

The Group's operations expose each to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the Group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the Group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Financial risk management

The Group Risk and Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk and Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk and Audit Committee.

(c) Credit risk

Exposure to credit risk
Credit risk arises from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is vetted individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Credit limits in excess of €200,000 are reviewed biannually between the businesses and senior management in group.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry and existence of previous financial difficulties.

Impairment of receivables is provided for on individual receivable accounts when the overdue debt exceeds certain time limits.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

28. Financial instrument and risk management (continued)

Credit risk

	28 March 2018 €'000	29 March 2017 €'000
Group		
Ireland	32,650	27,215
UK	10,075	12,070
Rest Of Europe	4,793	4,969
	47,518	**44,254**

The ageing of Trade Receivables was as follows:

	Gross €'000	Impairment €'000	Net Receivables €'000
At 28 March 2018			
Group			
Not past due	41,685	717	40,968
Past due < 90 days	6,195	482	5,713
Past due > 90 days	1,445	608	837
	49,325	**1,807**	**47,518**
At 29 March 2017			
Group			
Not past due	36,838	339	36,499
Past due < 90 days	2,826	182	2,644
Past due > 90 days	4,590	1,130	3,460
	44,254	**1,651**	**42,603**

Management believes that the carrying amounts are collectable in full.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	€'000
Balance at 30 March 2016	1,978
Impairment loss reversal	(327)
Utilisation of the provision	–
Balance at 29 March 2017	**1,651**
Impairment loss recognised	156
Utilisation of the provision	–
Balance at 28 March 2018	**1,807**

Cash and short term bank deposits
The Group is exposed to credit risk from the counterparties with whom it places its bank deposits. The Group is satisfied that the credit risk associated with its deposits is not significant. The carrying amount of financial assets, net of impairment provisions, represents the group's maximum credit exposure.

The cash and cash equivalents are held with AIB, Bank of Ireland, NatWest, Handelsbanken and Ulster Bank who have a credit rating of B or higher.

28. Financial instrument and risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Unsecured loan notes

Interest of €9.5 million was charged on €138.7 million of average unsecured loan notes in 2018. In 2017, interest of €14.0 million was charged on average unsecured loan notes of €207.5 million.

Available liquidity

The group has the following undrawn overdraft and loan facilities

	Drawn amount at 28 March 2018	Total of Facility	Available Headroom
Facility			
Revolving credit facility	–	150,000	150,000
Bank overdraft	4,537	40,000	35,463
Total	**4,537**	**190,000**	**185,463**

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

Offset against revolving credit facilities are loan arrangement fees of €0.8 million (2017: €0.9 million) which are expensed over the period of the loans (4 years) as part of the effective interest.

	Carrying Amount €'000	Contractual Cash Flows €'000	Less than 1 Year €'000	1-2 Years €'000	2-5 Years €'000	More than 5 Years €'000
At 28 March 2018						
Borrowings:						
Unsecured loan notes	115,341	(124,357)	(58,962)	(65,395)	–	–
Related derivatives	(7,652)	10,074	2,564	7,510	–	–
Total	**107,689**	**(114,282)**	**(56,398)**	**(57,885)**	**–**	**–**
Other contractual maturities:						
Trade and other payables	83,099	(83,099)	(83,099)	–	–	–
Bank overdraft	4,537	(4,537)	(4,537)	–	–	–
Total	**87,636**	**(87,636)**	**(87,636)**	**–**	**–**	**–**

	Carrying Amount €'000	Contractual Cash Flows €'000	Less than 1 Year €'000	1-2 Years €'000	2-5 Years €'000	More than 5 Years €'000
At 29 March 2017						
Borrowings:						
Unsecured loan notes	174,847	(196,273)	(52,824)	(68,014)	(75,435)	–
Related derivatives	(35,933)	41,990	12,825	11,616	17,549	–
Total	**138,914**	**(154,283)**	**(39,999)**	**(56,398)**	**(57,886)**	
Other contractual maturities:						
Trade and other payables	85,762	(85,762)	(85,762)	–	–	–
Bank overdraft	200	(200)	(200)	–	–	–
Total	**85,962**	**(85,962)**	**(85,962)**			

28. Financial instrument and risk management (continued)

(e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the Group and Company's income or the value of its holdings of financial instruments.

(i) Foreign exchange rate risk

The Group is exposed to translation foreign exchange rate risk on its UK operations, transaction exchange rate risk on purchases and sales and transaction exchange rate risk on its unsecured loan note. The effect of the translation of foreign operation risk and transaction exchange rate risk on purchase and sales are not considered material to the Group.

The effect of the foreign exchange transaction rate risk on the unsecured loan notes is, however, material. On 28 March 2018 the group had US$143 million fixed rate debt arising from two US private placement transactions, which were completed on 22nd June 2006 (US$65 million) and 6 August 2009 (US$78 million). The Group has entered into swap agreements to mitigate this risk entirely. The private placement debt in place is at fixed interest rates and the group has entered into derivatives that swap the US$ interest and principal repayments into fixed euros. Therefore, in relation to the debt the Group has in substance no exposure to movements in foreign exchange rate movements or interest rate movements.

(ii) Commodity price risk

The Group entered into a fuel hedging contract and fixed the price for road and tractor diesel. The contract expired on 28 March 2018.

	28 March 2018 €'000	29 March 2017 €'000
Foreign exchange impact		
Unsecured loan notes	21,430	(10,110)
Effect of derivative financial instruments	(21,430)	10,110
Total	–	–

Contractual Maturities

	28 March 2018		29 March 2017	
	€'000	€'000	€'000	€'000
	USD	GBP	USD	GBP
Trade receivables	3	6,527	–	10,410
Trade payables	(4)	(1,785)	(192)	(2,433)
	(1)	4,742	(192)	7,977
Net balance sheet exposure				
Net six months forecast sales	–	33,294	–	18,821
Next six months forecast purchases	–	(23,820)	–	(17,689)
Net forecast transaction exposure	–	9,474	–	1,132
Forward exchange contracts	–	–	–	–
Net exposure	(1)	14,216	(192)	9,109

The following significant exchange rates have been applied during the year

	Average rate		Year end spot	
	2018	2017	2018	2017
USD	1.1701	1.0689	1.2398	1.0748
GBP	0.8824	0.8668	0.8760	0.8639

28. Financial instrument and risk management (continued)

(e) Market risk (continued)

Sensitivity analysis
The group have no material exposure to movements in US dollars. A reasonably possible strengthening (weakening) of the Sterling against Euros at 28 March 2018 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Wednesday, 28 March 2018				
GBP (+/-5% Movement)	249	(226)	–	–
Wednesday, 29 March 2017				
GBP (+/-5% Movement)	567	(513)	–	–

29. Subsequent events

In May 2018, Oweninny Power DAC, a joint venture wind farm with ESB, completed financial close on the first phase of the Oweninny wind farm and raised €160.0 million of project finance with a syndicate of banks.

There have been no other 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.

30. Approval of financial statements

The financial statements of the Company were approved by the directors on 27 June 2018.

Entity Financial Statements of the Company

For the year ended 28 March 2018

Company Balance Sheet

for the year ended 28 March 2018

	Note	28 March 2018 €'000	29 March 2017 €'000
Assets			
Non-current assets			
Property, plant and equipment	31 (c)	5,240	6,204
Intangible assets	31 (d)	14,042	15,296
Financial assets	31 (b)	87,873	88,093
Amounts due from group companies		201,541	252,179
Derivative financial instruments	28	7,652	35,933
Retirement benefit asset	26	4,163	7,933
Deferred tax assets	31 (g)	871	–
Total non-current assets		**321,382**	**405,638**
Current assets			
Trade and other receivables	31 (e)	125,927	79,412
Assets held for sale	11	–	37,967
Cash and cash equivalents		37,891	–
Total current assets		**163,818**	**117,379**
Total assets		**485,200**	**523,017**
Equity			
Equity attributable to owners of the company			
Share capital	20	82,804	82,804
Share premium	20	1,959	1,959
Cash flow hedge reserve		(967)	(224)
Retained earnings		56,091	38,061
Total equity		139,887	122,600
Liabilities			
Non-current liabilities			
Retirement benefit obligations	31 (i)	17,307	24,185
Loans and borrowings		62,124	132,752
Amounts due to group companies		–	2,199
Provisions	31 (h)	7,480	7,758
Deferred tax liabilities	31 (g)	–	6,168
Total non-current liabilities		**86,911**	**173,062**
Current liabilities			
Loans and borrowings		52,428	42,095
Bank overdraft		–	3,727
Provisions	31 (h)	3,936	4,233
Trade and other payables	31 (f)	202,038	177,300
Total current liabilities		**258,402**	**227,355**
Total liabilities		**345,313**	**400,417**
Total equity and liabilities		**485,200**	**523,017**

The accompanying notes are an integral part of these financial statements

On behalf of the board

Geoffrey Meagher
Chairman
27 June 2018

Tom Donnellan
Managing Director
27 June 2018

Company Statement of Changes in Equity

for the year ended 28 March 2018

	Share Capital €'000	Share Premium €'000	Cashflow hedge reserves €'000	Retained Earnings €'000	Total €'000
At 30 March 2016					
Total comprehensive income					
Profit for the year	–	–	–	(12,507)	(12,507)
Other comprehensive income					
Remeasurements of defined benefit liability	–	–	–	9,053	9,053
Cash flow hedge – effective portion of changes in fair value	–	–	11,957	–	11,957
Cash flow hedge – reclassified to profit or loss(cash payments)	–	–	(3,568)	–	(3,568)
Cash flow hedge – reclassified to profit or loss (foreign exchange)	–	–	(8,846)	–	(8,846)
Transactions with owners of the company					
Dividends received from group companies	–	–	–	67,500	67,500
Dividends paid to shareholders	–	–	–	(4,495)	(4,495)
At 29 March 2017	82,804	1,959	(224)	38,061	122,600
Total comprehensive Income					
Profit for the Year	–	–	–	6,426	6,426
Other comprehensive income					
Remeasurements of defined benefit liability	–	–	–	(2,092)	(2,092)
Cash flow hedge – effective portion of changes in fair value	–	–	(17,790)	–	(17,790)
Cash flow hedge – reclassified to profit or loss(cash payments)	–	–	(1,704)	–	(1,704)
Cash flow hedge – reclassified to profit or loss (foreign exchange)	–	–	18,751	–	18,751
Transactions with owners of the company					
Dividends received from group companies	–	–	–	16,150	16,150
Dividends paid to shareholders	–	–	–	(2,454)	(2,454)
At 28 March 2018	82,804	1,959	(967)	56,091	139,887

The accompanying notes are an integral part of these financial statements

31. (a) Statement of compliance

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). The Company financial statements have adopted certain disclosure exemptions available under FRS 101. These include:

- a cashflow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures;
- Prior year comparatives have been restated on a consistent basis with the current year.

31. (b) Financial assets

		Subsidiary Undertakings		
	Unlisted Shares	Convertible loan stock	Loans	Total
	€'000	€'000	€'000	€'000
2018				
At the beginning of the financial year	11	316	87,766	88,093
Repaid during the year	–	(220)	–	(220)
At the end of the financial year	11	96	87,766	87,873

		Subsidiary Undertakings		
	Unlisted Shares	Convertible loan stock	Loans	Total
	€'000	€'000	€'000	€'000
2017				
At the beginning of the financial year	11	480	87,766	88,257
Repaid during the year	–	(164)	–	(164)
At the end of the financial year	11	316	87,766	88,093

At 28 March 2018 the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised in 2018 (2017: €nil). A list of the entity's subsidiary undertakings is set out in note 25.

31. (c) Property, Plant and Equipment

2018

	Peatland, drainage and production buildings €'000	Railway, plant and machinery €'000	Freehold land, administration and research buildings €'000	Assets in course of construction €'000	Group Total €'000
Cost					
At 29 March 2017	559	2,961	9,640	–	13,160
Additions	–	–	240	523	763
Disposals/retirements	–	(89)	–	–	(89)
Transfers out of assets under construction	–	49	457	(506)	–
At 28 March 2018	559	2,921	10,337	17	13,834
Depreciation and impairment					
At 29 March 2017	–	1,899	5,057	–	6,956
Depreciation charge	–	523	465	–	988
Impairment (note 7)	–	–	650	–	650
At 28 March 2018	–	2,422	6,172	–	8,594
Carrying amount					
At 28 March 2018	559	499	4,165	17	5,240
At 29 March 2017	559	1,062	4,583	–	6,204

31. (d) Intangible assets

	Assets in course of construction €'000	Software €'000	Total €'000
2018			
Cost			
At beginning of the year	758	27,916	28,674
Additions	1,448	88	1,536
Disposals			–
Transfers out of assets under construction	(2,154)	2,154	–
At end of the year	52	30,158	30,210
Amortisation and impairment			
At beginning of the year	–	13,378	13,378
Charge for year	–	2,790	2,790
At end of the year	–	16,168	16,168
Carrying amounts			
At 28 March 2018	52	13,990	14,042
At 29 March 2017	758	14,538	15,296

Assets in the course of construction relate to the design and build of I.T applications. During the year the latest development of the Oracle e-Business suite was capitalised, €2.1 million related to PLC.

31. (e) Trade and other receivables

	28 March 2018 €'000	29 March 2017 €'000
Trade receivables	208	245
Prepayments	1,843	1,428
Amounts owed by group companies	116,644	71,262
Amounts owed by joint ventures	5,997	162
Other receivables	158	932
Accrued revenue	–	70
Value added tax	1,077	5,313
Total	**125,927**	**79,412**

31. (f) Trade and other payables

	28 March 2018 €'000	29 March 2017 €'000
Trade payables	11,565	16,215
Accruals	10,922	4,058
Deferred Income	131	131
Capital grants	496	567
Other payables	2,530	323
Amounts due to group companies	171,198	150,780
Creditors in respect of tax and social welfare	5,196	5,226
	202,038	**177,300**
Creditors in respect of tax and social welfare comprise:		
Income tax deducted under PAYE	993	1,336
Pay-related social insurance	1,164	1,071
Corporation tax	3,039	2,625
Value-added tax	–	194
Total	**5,196**	**5,226**

31. (g) Deferred tax

	28 March 2018 €'000	29 March 2017 €'000
Deferred tax liability at beginning of financial year	6,168	401
Recognised in profit or loss	(7,455)	1,494
Recognised in other comprehensive income	416	4,273
Deferred tax (asset)/liability at end of financial year	(871)	6,168

31. (h) Provisions

2018

	Environmental restatement €'000	Reorganisation and redundancy €'000	Insurance €'000	Other €'000	Total €'000
At beginning of the year	2,123	1,568	7,100	1,200	11,991
Provisions made during the year	–	300	2,000	–	2,300
Provisions used during the year	(3)	(753)	(919)	(1,200)	(2,875)
At end of the year	2,120	1,115	8,181	–	11,416
Amounts due as follows:					
Current	2,120	1,115	701	–	3,936
Non-current	–	–	7,480	–	7,480
	2,120	1,115	8,181	–	11,416

For further detail on the above provisions, see Note 18 in the group financial statements.

31. (i) Pension fund liabilities

There are two pension schemes held within the balance sheet of Bord na Móna plc (RWESS and GESS). In addition to this, the unfunded scheme is also recognised on the balance sheet. The third pension scheme (BnM Fuels pension scheme) has been recognised on the balance sheet of Bord na Móna Fuels Limited. Information has been provided on these pension schemes as per Note 26 of the consolidated financial statements. As there are no material differences between the information given in the consolidated notes and the company information it has been chosen not to reproduce this information.

31. (j) Approval of financial statements

The financial statements were approved by the directors on 27 June 2018.

Naturally Driven

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