# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF BORD NA MÓNA PLC

We have audited the Group and Parent Company financial statements ("the financial statements") of Bord na Móna plc for the year ended 25 March 2015 which comprise the group profit and loss account, the Group statement of total recognised gains and losses, the Group and Company balance sheets, the Group cash flow statement, the Group and Company reconciliation of movements in shareholders' funds, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

### Opinions and conclusions arising from our audit

**Our opinion on the financial statements is unmodified**

In our opinion the Group financial statements and the Company balance sheet:

- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 25 March 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act, 2014.

**Our conclusions on other matters on which we are required to report by the Companies Act, 2014 are set out below**

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 Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

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

**We have nothing to report in respect of matters on which we are required to report by exception**

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, 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.

Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code, as included in the directors' report on page 38, does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not.

### Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act, 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

**Laura Gallagher**

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

25 June 2015.

# GROUP PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED 25 MARCH 2015

| | Note | 2015 Continuing | 2015 Discontinued (Note 2) | 2015 Total Operations €'000 | 2014 Continuing | 2014 Discontinued (Note 2) | 2014 Total Operations €'000 |
|---|---|---|---|---|---|---|---|
| **Turnover** | 2 | **406,721** | **10,662** | **417,383** | 413,202 | 13,596 | 426,798 |
| Cost of sales | 2 | **(272,430)** | **(9,725)** | **(282,155)** | (287,082) | (10,396) | (297,478) |
| Gross profit | | **134,291** | **937** | **135,228** | 126,120 | 3,200 | 129,320 |
| Distribution costs | 2 | **(30,541)** | **(1,353)** | **(31,894)** | (30,320) | (1,460) | (31,780) |
| Administration expenses | 2 | **(48,668)** | **(2,741)** | **(51,409)** | (44,244) | (3,041) | (47,285) |
| Other income | | **500** | **0** | **500** | 0 | 0 | 0 |
| **Operating profit** | | **55,582** | **(3,157)** | **52,425** | 51,556 | (1,301) | 50,255 |
| Termination of operation | 2 | **0** | **(4,637)** | **(4,637)** | 79 | (79) | 0 |
| Share of loss of joint venture | 10 | **(382)** | **0** | **(382)** | (60) | 0 | (60) |
| **Profit before finance charges and taxation** | | **55,200** | **(7,794)** | **47,406** | 51,575 | (1,380) | 50,195 |
| Interest receivable and similar income | 5 | **261** | **0** | **261** | 2,675 | 0 | 2,675 |
| Interest payable and similar charges | 5 | **(10,575)** | **0** | **(10,575)** | (13,054) | 0 | (13,054) |
| Other finance income and charges | 5 | **152** | **0** | **152** | 98 | 0 | 98 |
| **Profit on ordinary activities before taxation** | | **45,038** | **(7,794)** | **37,244** | 41,294 | (1,380) | 39,914 |
| Taxation on ordinary activities | 6 | **(7,081)** | **289** | **(6,792)** | (6,454) | 0 | (6,454) |
| **Profit after taxation on ordinary activities** | | **37,957** | **(7,505)** | **30,452** | 34,840 | (1,380) | 33,460 |
| Equity minority interests | 19 | **(30)** | **0** | **(30)** | 50 | 0 | 50 |
| **Profit for the financial year** | | **37,927** | **(7,505)** | **30,422** | 34,890 | (1,380) | 33,510 |

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

## FOR THE YEAR ENDED 25 MARCH 2015

| | Note | 2015<br>€'000 | 2014<br>€'000 |
|---|---|---|---|
| Profit for the financial year | | **30,422** | 33,510 |
| Actuarial (loss)/gain recognised on pension schemes | 24 | **(28,056)** | 12,553 |
| Deferred tax related to actuarial (loss)/gain | 17(e) | **3,451** | (1,545) |
| Revaluation of investment property | 9 | **14,068** | 0 |
| Exchange gain/(loss) on translation of foreign subsidiaries | | **596** | (24) |
| Total recognised gains for the financial year | | **20,481** | 44,494 |

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

## FOR THE YEAR ENDED 25 MARCH 2015

| | Note | Called up Share Capital €'000 | Share Premium €'000 | Profit and Loss Account €'000 | Revaluation Reserve €'000 | Shareholders' Funds €'000 |
|---|---|---|---|---|---|---|
| **THE GROUP** | | | | | | |
| Profit for the financial year ended 26 March 2014 | | 0 | 0 | 33,510 | 0 | 33,510 |
| Dividend paid | 3 | 0 | 0 | (5,263) | 0 | (5,263) |
| Profit retained for the financial year ended 26 March 2014 | | 0 | 0 | 28,247 | 0 | 28,247 |
| Actuarial profit recognised on pension schemes | 24 | 0 | 0 | 12,553 | 0 | 12,553 |
| Deferred tax related to actuarial profit | 17(e) | 0 | 0 | (1,545) | 0 | (1,545) |
| Exchange loss on translation of foreign subsidiaries | | 0 | 0 | (24) | 0 | (24) |
| Net decrease in shareholders' funds | | 0 | 0 | 39,231 | 0 | 39,231 |
| Shareholders' funds at 27 March 2013 | | 82,804 | 1,959 | 88,909 | 0 | 173,672 |
| Shareholders' funds at 26 March 2014 | | 82,804 | 1,959 | 128,140 | 0 | 212,903 |
| **Profit for the financial year ended 25 March 2015** | | **0** | **0** | **30,422** | **0** | **30,422** |
| **Dividend paid** | 3 | **0** | **0** | **(11,171)** | **0** | **(11,171)** |
| **Profit retained for the financial year ended 25 March 2015** | | **0** | **0** | **19,251** | **0** | **19,251** |
| **Actuarial loss recognised on pension schemes** | 24 | **0** | **0** | **(28,056)** | **0** | **(28,056)** |
| **Deferred tax related to actuarial loss** | 17(e) | **0** | **0** | **3,451** | **0** | **3,451** |
| **Revaluation of investment property** | 9 | **0** | **0** | **0** | **14,068** | **14,068** |
| **Exchange gain on translation of foreign subsidiaries** | | **0** | **0** | **596** | **0** | **596** |
| **Net increase in shareholders' funds** | | **0** | **0** | **(4,758)** | **14,068** | **9,310** |
| **Shareholders' funds at 26 March 2014** | | **82,804** | **1,959** | **128,140** | **0** | **212,903** |
| **Shareholders' funds at 25 March 2015** | | **82,804** | **1,959** | **123,382** | **14,068** | **222,213** |

# RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

YEAR ENDED 25 MARCH 2015

| | Note | Called up Share Capital | Share Premium | Profit and Loss account | Shareholders' Funds |
|---|---|---|---|---|---|
| | | €'000 | €'000 | €'000 | €'000 |
| **THE COMPANY** | | | | | |
| Profit for the financial year ended 26 March 2014 | | 0 | 0 | 47,443 | 47,443 |
| Dividend paid | 3 | 0 | 0 | (5,263) | (5,263) |
| Net decrease in shareholders' funds | | 0 | 0 | 42,180 | 42,180 |
| Shareholders' funds at 27 March 2013 | | 82,804 | 1,959 | 15,142 | 99,905 |
| Shareholders' funds at 26 March 2014 | | 82,804 | 1,959 | 57,322 | 142,085 |
| **Loss for the financial year ended 25 March 2015** | | 0 | 0 | (4,357) | (4,357) |
| **Dividend paid** | 3 | 0 | 0 | (11,171) | (11,171) |
| **Net decrease in shareholders' funds** | | **0** | **0** | **(15,528)** | **(15,528)** |
| **Shareholders' funds at 26 March 2014** | | **82,804** | **1,959** | **57,322** | **142,085** |
| **Shareholders' funds at 25 March 2015** | | **82,804** | **1,959** | **41,794** | **126,557** |

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual profit and loss account to shareholders at the annual general meeting and from filing it with the Registrar of Companies. The Company's result for the financial year, determined in accordance with Irish GAAP, is a loss after tax of €4,357,000 (2014: profit of €47,443,000) and a retained loss of €15,528,000 (2014: retained profit of €42,180,000).

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# GROUP BALANCE SHEET

## AS AT 25 MARCH 2015

| | Note | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Intangible assets | 7 | **36,189** | 30,071 |
| Tangible assets | 8 | **350,866** | 315,654 |
| Investment properties | 9 | **25,400** | 9,000 |
| Financial assets | 10 | **3,559** | 2,166 |
| | | **416,014** | 356,891 |
| **Current Assets** | | | |
| Stocks | 11 | **101,481** | 91,678 |
| Debtors | 12 | **85,742** | 78,278 |
| Cash at bank and in hand | | **96,369** | 173,250 |
| | | **283,592** | 343,206 |
| **Creditors - amounts falling due within one year** | 13 | **(136,514)** | (175,442) |
| **Net current assets** | | **147,078** | 167,764 |
| **Total assets less current liabilities** | | **563,092** | 524,655 |
| **Creditors - amounts falling due after more than one year** | 14 | **(213,541)** | (214,113) |
| **Provisions for liabilities** | 17 | **(68,461)** | (59,902) |
| **Net assets before pension funds assets and liabilities** | | **281,090** | 250,640 |
| Pension fund in a net asset position | 24 | **0** | 2,966 |
| Pension funds in a net liability position | 24 | **(59,539)** | (41,159) |
| **Net assets after pension funds assets and liabilities** | | **221,551** | 212,447 |
| | | | |
| **Capital and Reserves** | | | |
| Called-up share capital | 18 | **82,804** | 82,804 |
| Share premium | 18 | **1,959** | 1,959 |
| Revaluation reserve | 9 | **14,068** | - |
| Profit and loss account | | **123,382** | 128,140 |
| **Equity shareholders' funds** | | **222,213** | 212,903 |
| Minority shareholders' interests: | | | |
| Equity interests | 19 | **(662)** | (456) |
| | | **221,551** | 212,447 |

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# COMPANY BALANCE SHEET

## AS AT 25 MARCH 2015

| | Note | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 8 | **12,492** | 6,438 |
| Financial assets | 10 | **88,257** | 88,246 |
| | | **100,749** | 94,684 |
| **Current Assets** | | | |
| Debtors - amounts falling due after more than one year | 12 | **315,780** | 262,581 |
| Debtors - amounts falling due within one year | 12 | **33,794** | 63,338 |
| Cash at bank and in hand | | **59,922** | 158,903 |
| | | **409,496** | 484,822 |
| **Creditors - amounts falling due within one year** | 13 | **(166,328)** | (220,808) |
| **Net current assets** | | **243,168** | 264,014 |
| **Total assets less current liabilities** | | **343,917** | 358,698 |
| **Creditors - amounts falling due after more than one year** | 14 | **(203,248)** | (203,197) |
| **Provisions for liabilities** | 17 | **(9,366)** | (8,922) |
| **Net assets before pension fund liabilities** | | **131,303** | 146,579 |
| Pension fund liabilities | 25 | **(4,746)** | (4,494) |
| **Net assets after pension fund liabilities** | | **126,557** | 142,085 |
| **Capital and Reserves** | | | |
| Called-up share capital | 18 | **82,804** | 82,804 |
| Share premium | 18 | **1,959** | 1,959 |
| Profit and loss account | | **41,794** | 57,322 |
| Equity shareholders' funds | | **126,557** | 142,085 |

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# GROUP CASH FLOW STATEMENT

## FOR THE YEAR ENDED 25 MARCH 2015

| | Note | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|---|
| **Net cash inflow from operating activities** | 20(a) | **89,061** | 47,448 |
| Returns on investments and servicing of finance | 20(b) | **(13,661)** | (10,073) |
| Tax paid | | **(10,765)** | (3,834) |
| Capital expenditure and financial investment | 20(b) | **(113,703)** | (86,250) |
| Acquisitions and disposals of subsidiary undertakings | 20(b) | **0** | 2,961 |
| Equity dividends paid to shareholders | 3 | **(11,171)** | (5,263) |
| **Net cash outflow before use of liquid resources and financing** | | **(60,239)** | (55,011) |
| Financing | 20(b) | **(40,714)** | (19,577) |
| **Decrease in cash** | | **(100,953)** | (74,588) |

**Reconciliation of Net Cash Flow to Movement in Net Debt**

| | | | |
|---|---|---|---|
| Decrease in cash during the year | 20(c) | **(100,953)** | (74,588) |
| Decrease in debt financing | 20(b) | **40,714** | 19,577 |
| **Change in net debt resulting from cash flows** | | **(60,239)** | (55,011) |
| **Change from non-cash movements** | 20(c) | **(162)** | (161) |
| Net debt at beginning of the financial year | | **(72,207)** | (17,035) |
| **Net debt at end of the financial year** | | **(132,608)** | (72,207) |

On behalf of the Board:

**John Horgan**
Chairman

**Mike Quinn**
Managing Director

# NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies and estimation techniques

#### 1.1 Consolidation

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

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

#### 1.2 Reporting entity

Bord na Móna plc (the "Company") is a company domiciled in Ireland. The consolidated financial statements of the Company as at and for the year ended 25 March 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

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

#### 1.3 Basis of preparation and statement of compliance

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

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

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

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

#### 1.4 Functional and presentation currency

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

#### 1.5 Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interest and any components of equity. Any resulting gain or loss is recognised in the profit and loss account.

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

#### 1.6 Business combinations

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

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

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

### 1.7 Discontinued operations

Discontinued operation is an operation of the reporting entity that are sold or terminated and that satisfy all of the following conditions:

- the sale or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- if a termination, the former activities have ceased permanently;the sale or termination has a material effect on the nature and focus of the reporting entity's operations and represents a material reduction in its operating facilities resulting either from its withdrawal from a particular market (whether class of business or geographical) or from a material reduction in turnover in the reporting entity's continuing markets, and
- the assets, liabilities results of operations and activities are clearly distinguishable, physically, operationally and for financial reporting purposes.

Operations not satisfying all of these conditions are classified as continuing. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of total recognised gains & losses is re-presented as if the operation had been discontinued from the start of the comparative year.

### 1.8 Joint ventures

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

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

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

### 1.9 Turnover

**Sale of goods and services**

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

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

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

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

**Long-term contracts**

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

**Rental income**

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

**Deferred revenue and accrued revenue**

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

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

### 1.10 Exceptional items

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

### 1.11 Foreign currencies

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

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

### 1.12 Derivative financial instruments

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

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

### 1.13 Emissions allowances

**Purchased:**

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

**Granted:**

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

### 1.14 Tangible fixed assets

**Recognition and measurement**

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

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

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

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

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

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

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

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

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

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

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

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 of the plants based on its availability to the grid.

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

### 1.18 Classification of financial instruments issued by the Group

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

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

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

### 1.19 Research and development costs

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

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

### 1.20 Grants

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

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

### 1.21 Stocks, work in progress and long term contracts

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

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

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

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

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

### 1.22 Trade debtors

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

### 1.23 Cash

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

### 1.24 Borrowings

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

### 1.25 Leases

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

### 1.26 Provisions

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

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

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

**Environmental reinstatement provision**

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

**Landfill restoration provision**

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

**Provision for generating assets and manufacturing plants closure**

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

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

**Self insurance provisions**

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

**Legal provisions**

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

**Warranty provision**

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

**Redundancy provision**

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1.27 Pensions and post retirement benefits
The Group has both defined benefit and defined contribution pension arrangements.

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

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

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

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

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

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

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

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

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

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

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

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

### 1.29 Share capital
Ordinary shares are classified as equity.

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

### 1.31 Critical accounting estimates and judgements

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

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

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

#### (a) Pension scheme assets and liabilities

The actuarial valuation of pensions is based on assumptions regarding inflation, discount rates, the expected return on plan assets, salary increases, increases in pension payments and mortality rates. The assumptions adopted by the Group at 25 March 2015 are outlined in Note 25 to the financial statements and have been determined with assistance from the Group's actuarial advisors.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the 'balance of cost' defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 25 March 2015, 100% of the pension scheme deficit on the RWESS and GESS schemes has been recognised in the financial statements.

#### (b) Impairment of assets including goodwill

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

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

#### (c) Carrying value of power plants

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

#### (d) Environmental obligations

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

### 1.32 New GAAP

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

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

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

### 1.33 Accounting year

The financial year ends on the last Wednesday in March. These financial statements cover the 52-week period 27 March 2014 to 25 March 2015 (prior year: 52-week period 28 March 2013 to 26 March 2014).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 2. Segmental Information

| Continuing operations | 2015 Total Gross €'000 | 2015 Less Inter Group €'000 | 2015 Continuing €'000 | 2015 Dis-continued €'000 | 2015 Total Operations €'000 | 2014 Total Gross €'000 | 2014 Less Inter Group €'000 | 2014 Continuing €'000 | 2014 Dis-continued €'000 | 2014 Total Operations €'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Turnover [1] | | | | | | | | | | |
| Powergen | **100,480** | **(1,715)** | **98,765** | **0** | **98,765** | 77,635 | (439) | 77,196 | 0 | 77,196 |
| Feedstock | **146,406** | **(65,709)** | **80,697** | **0** | **80,697** | 142,142 | (63,933) | 78,209 | 0 | 78,209 |
| Resource Recovery | **82,320** | **(387)** | **81,933** | **0** | **81,933** | 80,730 | (433) | 80,297 | 0 | 80,297 |
| Consumer and Professional | **143,742** | **0** | **143,742** | **0** | **143,742** | 187,936 | (10,597) | 177,339 | 0 | 177,339 |
| Anua-Environmental and other [3] | **12,693** | **(447)** | **1,584** | **10,662** | **12,246** | 14,268 | (511) | 161 | 13,596 | 13,757 |
| | **485,641** | **(68,258)** | | | | 502,711 | (75,913) | | | |
| Net third party turnover | | | **406,721** | **10,662** | **417,383** | | | 413,202 | 13,596 | 426,798 |
| Cost of sales | | | **(272,430)** | **(9,725)** | **(282,155)** | | | (287,082) | (10,396) | (297,478) |
| Gross profit | | | **134,291** | **937** | **135,228** | | | 126,120 | 3,200 | 129,320 |
| Distribution costs | | | **(30,541)** | **(1,353)** | **(31,894)** | | | (30,320) | (1,460) | (31,780) |
| Administration expenses [2] | | | **(48,668)** | **(2,741)** | **(51,409)** | | | (44,244) | (3,041) | (47,285) |
| Other income | | | **500** | **0** | **500** | | | 0 | 0 | 0 |
| Operating profit [3] | | | **55,582** | **(3,157)** | **52,425** | | | 51,556 | (1,301) | 50,255 |

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

[2] Administration expenses include:

(i) following the appraisal of certain of the Group's businesses, the Group conducted valuation reviews of its assets, in accordance with the Group's accounting policies. This process resulted in an impairment charge against goodwill of €nil (Note 7) (2014: €205,000) and an impairment charge against tangible assets of €190,000 (Note 8) (2014: €208,000).

(ii) a charge for reorganisation and redundancy costs of €172,000 (2014: €797,000).

A valuation of investment properties was carried out as at 25 March 2015 and resulted in a revaluation upwards of €14,505,000 (2014 a revaluation gain of €1,250,000) of which €14,068,000 is credited to the statement of total recognised gains and losses and €437,000 is offset against administration expenses as it represents the reversal of previous impairment charges recognised in administration expenses in the profit and loss account.

[3] Discontinued operations - During the financial year the Group undertook a strategic review of the Anua-Environmental operations in Ireland, United Kingdom and United States. Arising from that review, the directors made a decision to arrange for the orderly wind-up of the operations in the three business units. The financial impact of the termination of the business was a charge of €4,637,000 which comprised of a provision for redundancy costs of €1,639,000, a write down of Inventory and Receivables to recoverable amounts of €2,176,000, an impairment of fixed assets of €190,000 and a provision against onerous contracts of €632,000. The termination completed after the balance sheet date.

## 2. Segmental Information (continued)

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Profit before taxation is arrived at after charging/(crediting)** | | |
| **Auditors' remuneration**[1] | | |
| Statutory audit of Group financial statements | **305** | 265 |
| Other assurance services | **10** | 4 |
| Tax advisory services | **136** | 160 |
| Other non-audit services | **47** | 27 |

In addition, expenses of €15,000 were reimbursed to the auditor during the year (2014: €15,000).

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Operating lease rentals** | | |
| Plant and machinery | **1,649** | 1,299 |
| Land and buildings | **465** | 1,038 |
| **Staff costs:** | | |
| Wages and salaries | **96,842** | 99,654 |
| Social welfare costs | **10,216** | 10,702 |
| Pension costs | **2,374** | 3,552 |
| Redundancy costs | **172** | 797 |
| | **109,604** | 114,705 |
| Staff costs capitalised | **(808)** | (1,446) |
| Net staff costs | **108,796** | 113,259 |
| Depreciation (Note 8) | **45,065** | 40,562 |
| Impairment of tangible assets (Note 8) | **190** | 208 |
| Profit on disposal of peatlands | **75** | 0 |
| Profit on disposal of other fixed assets | **100** | 173 |
| Amortisation of intangible assets (Note 7) | **2,450** | 2,338 |
| Impairment of intangible assets (Note 7) | **0** | 205 |
| (Revaluation gain) on investment property (Note 9) | **(437)** | (1,250) |
| Research and business development expenditure | **5,489** | 4,007 |
| Capital grants amortised (Note 16) | **(1,608)** | (1,453) |
| Loss on disposal of business operation (Note 25) | **0** | (9) |

| **Number of employees** | 2015 | 2014 |
|---|---|---|
| Average numbers employed | | |
| Manufacturing and production | **1,438** | 1,520 |
| Administration | **561** | 541 |
| | **1,999** | 2,061 |
| Peak employment | **2,336** | 2,401 |

[1] During the year, the Company obtained audit services from KPMG at a cost of €10,000 (2014: €10,000).

The Group also incurred an actuarial loss on its pension schemes of €28,056,000 (2014: actuarial gain €12,553,000) which was recognised in the Group statement of total recognised gains and losses.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3. Dividends

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| To the Minister for Finance | **10,612** | 5,000 |
| To Bord na Móna ESOP Trustee Limited | **559** | 263 |
| | **11,171** | 5,263 |

The Company paid a dividend of €0.1713 (2014: €0.0807) per share during the year. The total dividend payment for the year was €11,171,000 (2014: €5,263,000).

### 4. Directors' remuneration

| | Fees €'000 | Salary €'000 | Performance related pay €'000 | Company contributions to pension schemes €'000 | Taxable benefits €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | |
| Mike Quinn | 0 | 48 | 0 | 13 | 4 | 65 |
| Gabriel D'Arcy | 7 | 135 | 0 | 34 | 12 | 188 |
| **Year ended 25 March 2015** | **7** | **183** | **0** | **47** | **16** | **253** |
| Year ended 26 March 2014 | 13 | 231 | 0 | 58 | 20 | 322 |

Mr. Gabriel D'Arcy resigned in October 2014 and Mr. Mike Quinn was appointed at the start of January 2015.

| | Fees €'000 | Other remuneration[1] €'000 | Company contributions to pension €'000 | Total €'000 |
|---|---|---|---|---|
| **Directors - Worker Participation** | | | | |
| **Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 25 March 2015** | **39** | **420** | **29** | **488** |
| Directors appointed in accordance with the Worker Participation (State Enterprises) Acts 1977 and 1988 (4) - 26 March 2014 | 50 | 438 | 35 | 523 |
| **Non executive Directors** | | | | |
| **Other non executive directors (7) - 25 March 2015** | **85** | **0** | **0** | **85** |
| Other non executive directors (7) - 26 March 2014 | 86 | 0 | 0 | 86 |

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

The total remuneration paid to Directors during the year was €826,000 (2014: €931,000) made up of fees of €131,000 (2014: €149,000) and other remuneration of €695,000 (2014: €782,000).

[1] Other remuneration represents payments made for roles other than as directors.

## 5. Finance (charges)/income

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **(a) Interest receivable and similar income** | | |
| Interest receivable | **261** | 2,675 |
| **(b) Interest payable and similar charges** | | |
| Bank overdraft | **(114)** | (7) |
| Unsecured loan notes | **(13,336)** | (15,298) |
| Amortisation of issue costs | **(187)** | (161) |
| Net interest payable | **(13,637)** | (15,466) |
| Less capitalised interest [1] | **3,062** | 2,412 |
| | **(10,575)** | (13,054) |
| **(c) Other finance income and charges** | | |
| Other finance income - pension schemes (Note 24) | **1,355** | 1,089 |
| Financing charges on provisions (Note 17) | **(1,203)** | (991) |
| | **152** | 98 |
| Finance charges, net | **(10,162)** | (10,281) |

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 6. Taxation

| | 2015<br>€'000 | 2014<br>€'000 |
|---|---|---|
| **(a) Amounts recognised in profit or loss account** | | |
| Taxation based on the profit for the year: | | |
| Irish corporation tax | | |
| Current tax for the year | **5,358** | 7,315 |
| Adjustments in respect of prior years | **156** | 156 |
| | **5,514** | 7,471 |
| **Foreign taxation** | | |
| Current tax for the year | **3** | 5 |
| | **3** | 5 |
| Total current tax (see note below) | **5,517** | 7,476 |
| Deferred tax - origination and reversal of timing differences (Note 17) | **1,275** | (1,022) |
| Tax on profit on ordinary activities | **6,792** | 6,454 |
| | | |
| **(b) Reconciliation of effective tax rate** | | |
| **Factors affecting corporation tax charge for the year** | | |
| Profit before taxation | **37,244** | 39,914 |
| Standard rate of corporation tax for the year | **12.50%** | 12.50% |
| Profit before taxation multiplied by standard rate | **4,654** | 4,989 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **681** | 266 |
| Expenses not yet deductible for tax purposes | **944** | 1,011 |
| Depreciation and amortisation (less than)/in excess of capital allowances | **(1,771)** | 254 |
| Ineligible depreciation | **1,032** | 1,006 |
| Revaluation gain on investment property | **(31)** | (130) |
| Amortisation of intangible assets | **303** | 292 |
| Impairment of intangible assets | **1** | 28 |
| Taxation rate differences | **(15)** | (6) |
| Pension contribution relief in excess of pension cost charge | **(437)** | (390) |
| Adjustments in respect of prior years | **156** | 156 |
| | **5,517** | 7,476 |

## 7. Intangible assets

| THE GROUP | Goodwill 2015 €'000 | Other intangibles 2015 €'000 | Assets in course of construction 2015 €'000 | Total 2015 €'000 | Goodwill 2014 €'000 | Other intangibles 2014 €'000 | Assets in course of construction 2014 €'000 | Total 2014 €'000 |
|---|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | | |
| At beginning of the financial year | **66,897** | **11,282** | **11,118** | **89,297** | 66,889 | 7,858 | 1,269 | 76,016 |
| Reclassification | **(3,242)** | **3,242** | **0** | **0** | 0 | 0 | 0 | 0 |
| Additions | **141** | **7,751** | **3,593** | **11,485** | 0 | 3,424 | 9,849 | 13,273 |
| Transfers out of assets under construction | **0** | **14,711** | **(14,711)** | **0** | 0 | 0 | 0 | 0 |
| Settlement of Emission Allowances | **0** | **(2,902)** | **0** | **(2,902)** | 0 | 0 | 0 | 0 |
| Exchange adjustment | **0** | **0** | **0** | **0** | 8 | 0 | 0 | 8 |
| At end of the financial year | **63,796** | **34,084** | **0** | **97,880** | 66,897 | 11,282 | 11,118 | 89,297 |
| **AMORTISATION AND IMPAIRMENTS** | | | | | | | | |
| At beginning of the financial year | **54,754** | **4,472** | **0** | **59,226** | 52,585 | 4,093 | 0 | 56,678 |
| Reclassification | **(2,725)** | **2,725** | **0** | **0** | 0 | 0 | 0 | 0 |
| Charge for year | **1,026** | **1,424** | **0** | **2,450** | 1,959 | 379 | 0 | 2,338 |
| Impairment (Note 2) | **0** | **0** | **0** | **0** | 205 | 0 | 0 | 205 |
| Exchange adjustment | **0** | **15** | **0** | **15** | 5 | 0 | 0 | 5 |
| At end of the financial year | **53,055** | **8,636** | **0** | **61,691** | 54,754 | 4,472 | 0 | 59,226 |
| **NET BOOK AMOUNTS** | | | | | | | | |
| At beginning of the financial year | **12,143** | **6,810** | **11,118** | **30,071** | 14,304 | 3,765 | 1,269 | 19,338 |
| At end of the financial year | **10,741** | **25,448** | **0** | **36,189** | 12,143 | 6,810 | 11,118 | 30,071 |

Reclassification - During the year customer lists were reclassified from goodwill to other intangibles.

Assets in course of construction represent grid connection and sub-stations costs that became operational during the year and are now included in other intangible assets.

The carrying value of goodwill of €10,741,000 (2014: €12,143,000) is represented by goodwill in the Powergen business of €5,345,000 (2014: €5,781,000) and goodwill in the Resource Recovery business of €5,396,000 (2014: €6,362,000) .

During the year the group acquired three customer lists within its waste collection business as a bolt-on to its existing operations.

Also during the year the group acquired the minority interest holding in Renewable Energy Ireland Limited. The excess of the consideration over the carrying value of the net assets is recorded as purchased goodwill.

In accordance with the Group's accounting policies, the Group has tested the carrying value of goodwill for impairment. The recoverable amounts of each of the identified cash generating units (CGU) were estimated based on a value in use calculation using cash flow projections based on the five year financial plans as approved by the Board. Cash flows beyond five years are extrapolated based on a perpetuity growth rate of 2.0% (2014: 2.0%) and a pre tax weighted average cost of capital range of 8.1% to 10.3% (2014: 9.0%) which are consistent with the Group's expectation for market development and growth in market share where applicable. Based on these reviews there was an impairment charge of €nil (2014: €205,000) (in the Anua-Environmental business) of the carrying value of goodwill which was recognised in administration expenses.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8. Tangible assets

| (i) THE GROUP | Bogland, Drainage & Production Buildings €'000 | Landfill €'000 | Railways, Plant & Machinery €'000 | Generating Assets €'000 | Freehold land, Administration & Research Buildings €'000 | Assets in course of construction €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|
| **AT COST** | | | | | | | |
| At beginning of the financial year | 133,459 | 35,222 | 249,346 | 159,946 | 17,651 | 114,562 | 710,186 |
| Reclassification | 0 | 0 | (4,465) | 4,465 | 0 | 0 | 0 |
| Additions at cost[1] | 2,100 | 1,696 | 7,307 | 3,224 | 2,908 | 63,000 | 80,235 |
| Disposals/retirements[2] | 0 | 0 | (1,394) | (117) | 0 | 0 | (1,511) |
| Transfers out of assets under construction | 87 | 1,961 | 1,618 | 160,994 | 0 | (164,660) | 0 |
| Exchange adjustment | 0 | 0 | 162 | 0 | 290 | 0 | 452 |
| **At end of the financial year** | **135,646** | **38,879** | **252,574** | **328,512** | **20,849** | **12,902** | **789,362** |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | | | | | | | |
| At beginning of the financial year | 100,249 | 23,858 | 195,413 | 64,077 | 10,935 | 0 | 394,532 |
| Reclassification | 0 | 0 | (188) | 188 | 0 | 0 | 0 |
| Charge for year | 8,487 | 5,581 | 14,403 | 16,099 | 495 | 0 | 45,065 |
| Impairment (Note 2)[3] | 0 | 0 | 157 | 0 | 33 | 0 | 190 |
| Disposals/retirements[2] | 0 | 0 | (1,338) | (117) | 0 | 0 | (1,455) |
| Exchange adjustment | 0 | 0 | 111 | 0 | 53 | 0 | 164 |
| **At end of the financial year** | **108,736** | **29,439** | **208,558** | **80,247** | **11,516** | **0** | **438,496** |
| **NET BOOK VALUE** | | | | | | | |
| At beginning of the financial year | 33,210 | 11,364 | 53,933 | 95,869 | 6,716 | 114,562 | 315,654 |
| **At end of the financial year** | **26,910** | **9,440** | **44,016** | **248,265** | **9,333** | **12,902** | **350,866** |

Reclassification - During the year the landfill gas generation engines that generate electricity from recovered gas within the landfill were reclassified from plant to generating assets.

[1] Additions include:
(i) a sum of €5,349,000 (2014: €5,383,000) in respect of decommissioning and restoration assets (Note 17).

(ii) Capitalised borrowing costs of €3,062,000 (2014: €2,412,000) in respect of assets in the course of construction during the year (Note 5). The rate of interest applied was 7.3% (2014: 7.3%).

(iii) transfers from assets in course of construction includes the transfer of completed wind farms with a cost of €160,994,000 which became operational during the year. The balance at year end represents partly constructed engineered landfill cells, the design and build of financial systems and in-house machinery construction.

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

[3] In accordance with the provisions of FRS 15 - 'Tangible Fixed Assets' the Group conducted impairment reviews of the Group's tangible assets. This process resulted in an impairment charge of €190,000 in the Anua-Environmental business based on the decision to close the business (2014: €208,000).

## 8. Tangible assets (continued)

| (ii) THE COMPANY | Bogland, Drainage & Production Buildings €'000 | Railways, Plant & Machinery €'000 | Freehold land, Administration & Research Buildings €'000 | Asset in course of construction €'000 | Total €'000 |
|---|---|---|---|---|---|
| **AT COST** | | | | | |
| At beginning of the financial year | 559 | 11,896 | 6,204 | 2,466 | 21,125 |
| Additions at cost | 0 | 167 | 708 | 5,867 | 6,742 |
| Disposals | 0 | (129) | 0 | 0 | (129) |
| **At end of the financial year** | **559** | **11,934** | **6,912** | **8,333** | **27,738** |
| **ACCUMULATED DEPRECIATION** | | | | | |
| At beginning of the financial year | 0 | 10,766 | 3,921 | 0 | 14,687 |
| Charge for year | 0 | 467 | 221 | 0 | 688 |
| Disposals | 0 | (129) | 0 | 0 | (129) |
| **At end of the financial year** | **0** | **11,104** | **4,142** | **0** | **15,246** |
| **NET BOOK VALUE** | | | | | |
| At beginning of the financial year | 559 | 1,130 | 2,283 | 2,466 | 6,438 |
| **At end of the financial year** | **559** | **830** | **2,770** | **8,333** | **12,492** |

## 9. Investment property

| | **2015** €'000 | 2014 €'000 |
|---|---|---|
| At beginning of the financial year | **9,000** | 7,750 |
| Additions at cost | **1,895** | 0 |
| Revaluation gain during the year, credited to the statement of total recognised gains and losses | **14,068** | 0 |
| Revaluation gain during the year, credited to the profit and loss account | **437** | 1,250 |
| At end of the financial year | **25,400** | 9,000 |

The investment property is stated at market value as at 25 March 2015. Market value means 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

The valuation of the Group's freehold interest in the investment property was a directors' valuation having regard to external professional valuation advice. The valuation was carried out as at 25 March 2015 and resulted in a revaluation gain of €14,505,000 (2014: a revaluation gain of €1,250,000) of which €14,068,000 is credited to the statement of total recognised gains and losses and €437,000 is offset against administration expenses (Note 2) as it represents the reversal of previous impairment charges recognised in administration expenses in the profit and loss account.

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

The tax that would be payable on a sale of the property for €25,400,000 is €411,000.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 10. Financial assets

| THE GROUP | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Joint Venture - Oweninny Power Limited** | | |
| At beginning of the financial year | **2,166** | 976 |
| Investment during the year | **1,775** | 1,250 |
| Group share of loss | **(382)** | (60) |
| **At end of the financial year** | **3,559** | 2,166 |
| | | |
| Share of gross assets | **4,842** | 3,275 |
| Share of gross liabilities | **(1,283)** | (1,109) |
| **Share of net assets** | **3,559** | 2,166 |
| | | |
| Cumulative Losses | **(1,734)** | (1,212) |
| Loan | **5,268** | 3,353 |
| Share Capital | **25** | 25 |
| | **3,559** | 2,166 |

**Share of net assets**

| The following transactions were carried out with the joint venture: | 2015 €'000 | 2014 €'000 |
|---|---|---|
| (a) Purchase of services | **211** | 197 |
| (b) Loans advanced | **1,775** | 1,250 |
| (c) Interest receivable | **363** | 68 |
| (d) Amount receivable from the joint venture at year end was | **129** | 115 |

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

At the balance sheet date the Group had a commitment to provide additional funding of €750,000 (2014: €750,000) to fund the development of the wind farm.

| | Subsidiary undertakings | | | |
|---|---|---|---|---|
| THE COMPANY | Unlisted shares €'000 | Convertible loan stock €'000 | Loans €'000 | Total €'000 |
| At beginning of the financial year | 0 | 480 | 87,766 | 88,246 |
| Acquired during year | 11 | 0 | 0 | 11 |
| **At end of the financial year** | **11** | **480** | **87,766** | **88,257** |

During the year the company acquired share capital in Treasury Limited (€10,000) and Resource Recovery Limited (€1,000). At 25 March 2015 the Company reviewed the carrying value of the loans of €87,766,000 and there was no impairment on the loans (2014: € nil).

The convertible loan stock was issued by the Company's 55% owned subsidiary, Derryarkin Sand and Gravel Limited, with the balance of the stock held by the minority shareholders (Note 19). It is convertible at par value into ordinary shares of Derryarkin Sand and Gravel Limited by agreement between the stockholders and the Company. All convertible stock not previously redeemed or converted will be redeemable at par.

**10. Financial assets (continued)**

The principal subsidiary and joint venture companies in the Group at 25 March 2015 are as follows:

| Subsidiary company | Business | Registered office | Shareholding |
|---|---|---|---|
| Bord na Móna Energy Limited[1] | Production and sale of milled peat | Newbridge, Co Kildare | 100 |
| Bord na Móna Allen Peat Limited | Production and sale of milled peat | Newbridge, Co Kildare | 100 |
| Bord Na Mona Powergen Limited1 | Power Generation | Newbridge, Co Kildare | 100 |
| Edenderry Power Limited | Power Generation | Newbridge, Co Kildare | 100 |
| Edenderry Power Operations Limited | Maintenance of power plants | Newbridge, Co Kildare | 100 |
| Cushaling Power Limited | Power Generation | Newbridge, Co Kildare | 100 |
| Renewable Energy Ireland Limited | Power Generation | Newbridge, Co Kildare | 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 | Business, wholesale distribution of electricity | Newbridge, Co Kildare | 100 |
| Bord na Móna Fuels Limited[1] | Production, sale and distribution of solid fuels | Newbridge, Co Kildare | 100 |
| BnM Fuels Limited | Production, sale and distribution of solid fuels | Newbridge, Co Kildare | 100 |
| Suttons Limited | Dormant | Newbridge, Co Kildare | 100 |
| Bord na Móna Horticulture Limited[1] | Production and sale of horticultural products | Newbridge, Co Kildare | 100 |
| Bord na Móna Environmental Limited[1] | Production, sale and installation of environmental products. | Newbridge, Co Kildare | 100 |
| Bord na Móna Environmental Products (UK) Limited | Sale and installation of environmental products | Bridgewater, Somerset, England | 100 |
| Bord na Móna Environmental Products US Inc. | Sale and installation of environmental products | Delaware, U.S.A. | 100 |
| Bord na Móna Resource Recovery Limited1 | Resource recovery and recycling company | Newbridge, Co Kildare | 100 |
| Bord na Móna Property Limited[1] | Property holding company | Newbridge, Co Kildare | 100 |
| Bord na Móna Treasury Limited[1] | Treasury Holdings | Newbridge, Co Kildare | 100 |
| Derryarkin Sand and Gravel Limited[1] | Extraction and sale of sand and gravel | Newbridge, Co Kildare | 55 |

| Joint venture company | | | |
|---|---|---|---|
| Oweninny Power Limited | Power generation | St. Stephen's Green, Dublin 2 | 50 |

Pursuant to the provisions of Section 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.

[1]Shareholding held directly by Bord na Móna plc.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 11. Stocks

| | THE GROUP | |
|---|---|---|
| | 2015 | 2014 |
| | €'000 | €'000 |
| Raw materials | **22,003** | 25,396 |
| Work in progress | **23** | 16 |
| Finished goods | **74,009** | 60,729 |
| Maintenance spares | **5,446** | 5,537 |
| | **101,481** | 91,678 |

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

### 12. Debtors

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Trade debtors | **57,194** | 55,646 | **91** | 108 |
| Accrued revenue | **18,133** | 13,723 | **0** | 0 |
| Amounts due from Group companies | **0** | 0 | **345,922** | 323,137 |
| Amount owed by joint venture undertaking | **129** | 141 | **0** | 26 |
| Value-added tax | **15** | 0 | **541** | 125 |
| Corporation tax | **1,295** | 299 | **0** | 0 |
| Deferred tax (Note 17(e)) | **2,685** | 1,948 | **960** | 588 |
| Prepayments | **3,256** | 3,585 | **1,409** | 1,177 |
| Other debtors | **3,035** | 2,936 | **651** | 758 |
| | **85,742** | 78,278 | **349,574** | 325,919 |
| Amounts fall due as follows: | | | | |
| - within one year | **85,691** | 78,024 | **33,794** | 63,338 |
| - after more than one year | **51** | 254 | **315,780** | 262,581 |
| | **85,742** | 78,278 | **349,574** | 325,919 |

Debtors after more than one year in the Company represent loans advanced to subsidiary companies which will be repaid from cash generated by the businesses. The Company reviewed the recoverability of the loans advanced to subsidiaries and impaired the loans by €nil (2014: €nil).

## 13. Creditors - amounts falling due within one year

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Loans (Note 15) | **990** | 41,593 | **0** | 40,603 |
| Bank overdrafts (Note 15) | **24,739** | 667 | **22,542** | 110,159 |
| Capital grants (Note 16) | **1,839** | 1,700 | **247** | 247 |
| Trade creditors | **59,233** | 84,017 | **3,628** | 2,024 |
| Deferred revenue | **17,277** | 14,065 | **131** | 130 |
| Accruals | **19,525** | 16,650 | **9,308** | 6,687 |
| Other creditors | **6,680** | 6,050 | **462** | 483 |
| Amounts due to Group companies | **0** | 0 | **127,570** | 58,128 |
| Creditors in respect of taxation and social welfare (see below) | **6,231** | 10,700 | **2,440** | 2,347 |
| | **136,514** | 175,442 | **166,328** | 220,808 |
| **Creditors in respect of taxation and social welfare comprise:** | | | | |
| Income tax deducted under PAYE | **1,265** | 1,320 | **1,233** | 1,305 |
| Pay-related social insurance | **943** | 956 | **914** | 937 |
| Corporation tax | **750** | 5,002 | **0** | 0 |
| Value-added tax | **2,943** | 3,273 | **0** | 0 |
| Other taxes | **330** | 149 | **293** | 105 |
| | **6,231** | 10,700 | **2,440** | 2,347 |

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | €'000 | €'000 | €'000 | €'000 |
| Unsecured loan notes (Note 15) | **203,248** | 203,197 | **203,248** | 203,197 |
| Capital grants (Note 16) | **10,293** | 10,916 | **0** | 0 |
| | **213,541** | 214,113 | **203,248** | 203,197 |

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 15. Bank loans, overdrafts and unsecured loan notes

| THE GROUP | Within One Year €'000 | Between One and Two Years €'000 | Between Two and Five Years €'000 | After more than Five Years €'000 | Total €'000 |
|---|---|---|---|---|---|
| Convertible loan notes (Note 20(c)) | 990 | 0 | 0 | 0 | 990 |
| Overdrafts | 667 | 0 | 0 | 0 | 667 |
| Unsecured loan notes[1] | 40,603 | 0 | 147,634 | 55,563 | 243,800 |
| At 26 March 2014 | **42,260** | **0** | **147,634** | **55,563** | **245,457** |
| **Convertible loan notes (Note 20(c))** | 990 | 0 | 0 | 0 | 990 |
| **Overdrafts** | 24,739 | 0 | 0 | 0 | 24,739 |
| **Unsecured loan notes[1]** | 0 | 64,757 | 138,491 | 0 | 203,248 |
| At 25 March 2015 | **25,729** | **64,757** | **138,491** | **0** | **228,977** |

| THE COMPANY | Within One Year €'000 | Between One and Two Years €'000 | Between Two and Five Years €'000 | After more than Five Years €'000 | Total €'000 |
|---|---|---|---|---|---|
| Overdrafts[2] | 110,159 | 0 | 0 | 0 | 110,159 |
| Unsecured loan notes[1] | 40,603 | 0 | 147,634 | 55,563 | 243,800 |
| At 26 March 2014 | **150,762** | **0** | **147,634** | **55,563** | **353,959** |
| **Overdrafts[2]** | 22,542 | 0 | 0 | 0 | 22,542 |
| **Unsecured loan notes[1]** | 0 | 64,757 | 138,491 | 0 | 203,248 |
| At 25 March 2015 | **22,542** | **64,757** | **138,491** | **0** | **225,790** |

**THE GROUP**
Fixed rate debt US Private Placement 22 June 2006

[1] Net of unsecured loan note capitalised issue costs. At the balance sheet date the carrying amount of capitalised issue costs was €352,000 (2014: €514,000).

On 25 March 2015 the Group had US$273,000,000 (€203,599,956 equivalent) fixed rate debt arising from two US private placement transactions, which were completed on 22 June 2006 (US$125,000,000 : €97,885,670) and 6 August 2009 (US$148,000,000 : €105,714,286). In order to fully hedge the associated US Dollar exchange rate exposures and convert the underlying interest rates to fixed, the Group entered into a number of cross currency swaps to match the maturity profile of the unsecured loan notes.

**Fair value of the financial instruments:**
Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties other than in a forced liquidation or sale. The fair value of the cross currency swaps at 25 March 2015 was an asset of €48,882,012 (2014: liability €6,891,635). In accordance with the Group's accounting policies, the fair value of derivative financial instruments is not recognised in the balance sheet. The unsecured loan notes are carried in the balance sheet at the hedged rate.

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

## 16. Deferred income - capital grants

| | THE GROUP 2015 €'000 | THE GROUP 2014 €'000 | THE COMPANY 2015 €'000 | THE COMPANY 2014 €'000 |
|---|---|---|---|---|
| At beginning of the financial year | **12,616** | 12,132 | **247** | 0 |
| Received during the year | **1,124** | 1,937 | **0** | 247 |
| Amortised during the year (Note 2) | **(1,608)** | (1,453) | **0** | 0 |
| At end of the financial year | **12,132** | 12,616 | **247** | 247 |
| Amounts due as follows: | | | | |
| - within one year (Note 13) | **1,839** | 1,700 | **247** | 247 |
| - after more than one year (Note 14) | **10,293** | 10,916 | **0** | 0 |
| | **12,132** | 12,616 | **247** | 247 |

## 17. Provisions for liabilities

| THE GROUP | Environmental Reinstatement €'000 | Reorganisation & Redundancy €'000 | Insurance €'000 | Other €'000 | Deferred Tax excluding deferred tax on pension deficit €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| At beginning of the financial year | 43,054 | 459 | 6,747 | 2,497 | 7,145 | 59,902 |
| Charge to the profit and loss account | 922 | 1,815 | 1,850 | 1,118 | 3,010 | 8,715 |
| Credit to the profit and loss account | (235) | (4) | (534) | (121) | (1,435) | (2,329) |
| Financing charge (Note 5) | 1,203 | 0 | 0 | 0 | 0 | 1,203 |
| Capitalised during the year | 5,349 | 0 | 0 | 0 | 0 | 5,349 |
| Utilised during the year | (2,384) | (804) | (864) | (327) | 0 | (4,379) |
| At end of the financial year | 47,909 | 1,466 | 7,199 | 3,167 | 8,720 | 68,461 |
| Amounts due as follows: | | | | | | |
| - within one year | 8,035 | 1,466 | 800 | 3,167 | 846 | 14,314 |
| - after more than one year | 39,874 | 0 | 6,399 | 0 | 7,874 | 54,147 |
| | 47,909 | 1,466 | 7,199 | 3,167 | 8,720 | 68,461 |

| THE COMPANY | Environmental Reinstatement €'000 | Reorganisation & Redundancy €'000 | Insurance €'000 | Other €'000 | Deferred Tax excluding deferred tax on pension deficit €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| At beginning of the financial year | 2,175 | 0 | 6,747 | 0 | 0 | 8,922 |
| Charge to the profit and loss account | 0 | 111 | 1,850 | 0 | 0 | 1,961 |
| Credit to the profit and loss account | 0 | 0 | (534) | 0 | 0 | (534) |
| Utilised during the year | (8) | (111) | (864) | 0 | 0 | (983) |
| At end of the financial year | 2,167 | 0 | 7,199 | 0 | 0 | 9,366 |
| Amounts due as follows: | | | | | | |
| - within one year | 2,167 | 0 | 800 | 0 | 0 | 2,967 |
| - after more than one year | 0 | 0 | 6,399 | 0 | 0 | 6,399 |
| | 2,167 | 0 | 7,199 | 0 | 0 | 9,366 |

**17. Provisions for liabilities(continued)**

**(a) Environmental Reinstatement**

Environmental reinstatement costs include:

(i) Costs that will be incurred at the end of the economic lives of the peatlands. Under FRS 12 'Provisions, Contingent Liabilities and Contingent Assets', provision is made for these costs when the circumstances occur giving rise to the obligation under the Group's Integrated Pollution Prevention Control licence to decommission and reinstate the peatlands post peat production. The provision of €18,044,000 as at 25 March 2015 represents the present value of the expected future costs of decommissioning and reinstatement. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

(ii) Environmental provisions of €9,229,000 recognised in accordance with FRS 12 in respect of the Group's assessment of environmental liabilities in relation to (i) the AES site which was in existence prior to the Group's acquisition of the business in May 2007; (ii) a new facility taken under lease in the previous financial year and (iii) environmental obligations under existing waste licences. The provisions are based on the Group's estimate of the present value of future remediation costs, based on advice received from third party environmental experts.

(iii) The cost of maintaining the landfill facility post closure (2028) and the cost of capping existing engineered cells in use. The Group's estimate of minimum unavoidable costs measured at present value amount to €13,252,000 at 25 March 2015. 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.

(iv) Certain other environmental restoration costs of €2,167,000 are recognised in accordance with the provisions of FRS 12, being the Group's estimate of waste removal and waste management costs associated with certain of its lands. These costs may be impacted by a number of factors including changes in legislation and technology. These estimates are reviewed annually based on advice from third party environmental experts.

(v) A provision of €4,097,000 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 stations at the end of their useful economic lives. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

(vi) A provision of €1,120,000 is made for plant closure costs based on the present value of the current estimate of the costs of closure of briquette and horticulture compost plants at the end of their useful economic lives. The costs are provided on a discounted basis and a financing charge is included in the profit and loss account and added to the provision each year.

**(b) Reorganisation and Redundancy**

A provision for reorganisation and redundancy costs is recognised when a constructive obligation exists. The provision represents the Directors' best estimate of the cost of these measures and it is expected to be used within the next year.

**(c) Insurance**

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

**(d) Other**

Other provisions include various anticipated warranty, refundable deposits and other costs.

### 17. Provisions for liabilities(continued)

**(e) Deferred Tax**

The deferred tax provision is comprised of:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **€'000** | €'000 | **€'000** | €'000 |
| Accelerated capital allowances | **8,685** | 6,767 | **(105)** | (173) |
| General provisions | **(2,015)** | (1,449) | **(382)** | (415) |
| Unutilised tax losses | **(635)** | (121) | **(473)** | 0 |
| Total Undiscounted provision for deferred tax | **6,035** | 5,197 | **(960)** | (588) |
| Pension asset - deferred tax liability (Note 24) | **0** | 424 | | |
| Pension liability - deferred tax asset (Note 24) | **(7,828)** | (5,238) | | |
| Deferred tax liability/(asset) including that relating to pension deficit | **(1,793)** | 383 | | |
| **The movement on deferred tax during the year was as follows:** | | | | |
| **At the beginning of the financial year** | **383** | (140) | **(588)** | (309) |
| Deferred tax charge / (credit) in the profit and loss account excluding charge related to pensions[1] | **838** | (1,414) | **(372)** | (279) |
| Deferred tax charge in the profit and loss account related to pensions | **437** | 392 | **0** | 0 |
| **Net deferred tax charge / (credit) in the profit and loss account (Note 6)** | **1,275** | (1,022) | **(372)** | (279) |
| Deferred tax on pension liability in statement of total recognised gains and losses | **(3,451)** | 1,545 | **0** | 0 |
| **At the end of the financial year** | **(1,793)** | 383 | **(960)** | (588) |
| Deferred tax provision | **8,720** | 7,145 | **0** | 0 |
| Deferred tax asset (Note 12) | **(2,685)** | (1,948) | **(960)** | (588) |
| Deferred tax liability related to pension fund asset (Note 24) | **0** | 424 | **0** | 0 |
| Deferred tax asset related to pension fund liability (Note 24) | **(7,828)** | (5,238) | **0** | 0 |
| | **(1,793)** | 383 | **(960)** | (588) |

[1]The deferred tax charge of €838,000 to the profit and loss account is an increase in deferred tax assets in debtors of €737,000 to €2,685,000 and an increase in the deferred tax provision of €1,575,000 to €8,720,000.

At 25 March 2015 the Group had other potential deferred tax assets amounting to €3,662,000 (2014: €2,064,000). These assets relate to unutilised losses and are unrecognised due to uncertainty over recoverability.

### 18. Share capital and Share Premium

| | **2015** | 2014 |
|---|---|---|
| | **€'000** | €'000 |
| **Authorised** | | |
| 300,000,000 ordinary shares of €1.27 each | **380,921** | 380,921 |

| | **2015** | 2014 |
|---|---|---|
| | **Share Capital & Share Premium** | Share Capital & Share Premium |
| **Allotted and fully paid** | **€'000** | €'000 |
| At beginning of the financial year | **84,763** | 84,763 |
| **At end of the financial year** | **84,763** | 84,763 |

At 25 March 2015 the total number of ordinary shares allotted and fully paid was 65,212,638 (March 2014: 65,212,638).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 19. Minority shareholders' interest

| | Equity interests €'000 |
|---|---|
| At 26 March 2014 | (456) |
| Share of profit for the financial year | 30 |
| Acquisition of minority interest | (98) |
| Dividend paid | (138) |
| **At 25 March 2015** | **(662)** |

During the year the Group acquired the minority interest holding in Renewable Energy Ireland Limited.

### 20. Amounts included in cash flow statement

**(a) Reconciliation of operating profit to net cash flow from operating activities**

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| Operating profit | **52,425** | 50,255 |
| Depreciation of tangible assets (note 8) | **45,065** | 40,562 |
| Impairment of tangible assets (note 8) | **190** | 208 |
| Amortisation of intangible assets (note 7) | **2,450** | 2,338 |
| Impairment of intangible assets (note 7) | **0** | 205 |
| (Revaluation gain)/impairment of investment property (note 9) | **(437)** | (1,250) |
| Loss on disposal of subsidiary undertaking (Note 21) | **0** | 9 |
| Profit on sale of fixed assets | **(175)** | (173) |
| Adjustment for emission allowance cost included in operating profit | **2,902** | 0 |
| Amortisation of capital grants | **(1,608)** | (1,453) |
| Difference between provisioning charges and payments | **2,219** | (81) |
| Difference between pension charge and cash contributions | **(1,743)** | (2,067) |
| Increase in stocks | **(9,803)** | (36,713) |
| Increase in debtors | **(7,314)** | (8,857) |
| (Decrease)/increase in creditors | **4,890** | 4,465 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | **89,061** | 47,448 |

## 20. Amounts included in cash flow statement (continued)

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

| | 2015 €'000 | 2014 €'000 |
|---|---|---|
| **Returns on investments and servicing of finance** | | |
| Interest paid | **(13,893)** | (15,533) |
| Interest received | **370** | 5,460 |
| Dividends paid to minority shareholders in subsidiary undertaking | **(138)** | 0 |
| NET CASH OUTFLOW | **(13,661)** | (10,073) |
| | | |
| **Capital expenditure and financial investment** | | |
| Payments to acquire tangible fixed assets | **(101,798)** | (74,138) |
| Proceeds from disposal of fixed assets | **231** | 474 |
| Payments to acquire intangible fixed assets | **(11,485)** | (13,273) |
| Capital grants received (note 16) | **1,124** | 1,937 |
| Investment in joint venture (note 10) | **(1,775)** | (1,250) |
| NET CASH OUTFLOW | **(113,703)** | (86,250) |
| | | |
| **Acquisitions and disposals** | | |
| Disposal of subsidiary undertakings (Note 25) | **0** | 2,961 |
| NET CASH INFLOW | **0** | 2,961 |
| | | |
| **Financing** | | |
| Repayment of unsecured loan notes | **(40,714)** | (19,577) |
| NET CASH OUTFLOW | **(40,714)** | (19,577) |

### (c) Analysis of changes in net debt

| | At beginning of year €'000 | Cash Flow €'000 | Non-cash €'000 | At end of year €'000 |
|---|---|---|---|---|
| Unsecured loan notes (Note 15) | (243,800) | 40,714 | (162) | (203,248) |
| Convertible loan note (Note 15) | (990) | 0 | 0 | (990) |
| Overdrafts | (667) | (24,072) | 0 | (24,739) |
| Cash | 173,250 | (76,881) | 0 | 96,369 |
| **Net debt** | **(72,207)** | **(60,239)** | **(162)** | **(132,608)** |

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 21. Capital commitments

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

| | 2015 | 2014 |
|---|---|---|
| **THE GROUP** | **€'000** | €'000 |
| Tangible asset commitment | **21,328** | 55,363 |
| | **21,328** | 55,363 |
| **THE COMPANY** | | |
| Tangible asset commitment | **8,206** | 863 |
| | **8,206** | 863 |

The Group has entered into contracts on biomass handling infrastructure and the build of financial systems and reporting applications.

## 22. Operating lease commitments

At 25 March 2015 the Group had annual commitments under non-revocable operating leases expiring as follows

| | Land and Buildings | Plant and Machinery | Land and Buildings | Plant and Machinery |
|---|---|---|---|---|
| **THE GROUP** | 2015 | 2015 | 2014 | 2014 |
| On operating leases which expire: | €'000 | €'000 | €'000 | €'000 |
| Within one year | **11** | **696** | 78 | 601 |
| Within one to five years | **116** | **917** | 236 | 1,409 |
| After five years | **283** | **0** | 687 | 0 |
| | **410** | **1,613** | 1,001 | 2,010 |

| | Plant and Machinery | Plant and Machinery |
|---|---|---|
| **THE COMPANY** | 2015 | 2014 |
| On operating leases which expire: | €'000 | €'000 |
| Within one year | **44** | 9 |
| Within one to five years | **109** | 184 |
| | **153** | 193 |

## 23. 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.

## 24. Pension schemes

### (i) Defined benefit schemes

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

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

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

Bord na Móna plc had awarded unfunded pension benefits to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the balance sheet at €4,746,000 based on an actuarial valuation at 25 March 2015 (March 2014: €4,494,000).

***(b) Actuarial valuations and funding position of schemes***

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

The most recent valuations for the GESS and RWESS schemes are dated 31 March 2014 and the BnM Fuels scheme valuation is dated 1 April 2012. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 2.75% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €281.9 million.

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

(i) a deficit of €40.6 million on the GESS scheme
(ii) a deficit of €4.8 million on the RWESS scheme
(iii) a deficit of €2.5 million on the BnM Fuels scheme

At March 2014 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 71% and 97% of the benefits that had accrued to the members of the GESS and RWESS schemes respectively at the valuation dates. These actuarial valuations are available for inspection by members of the schemes but not for public inspection. In relation to the BnM Fuels scheme the actuarial value of total scheme assets was sufficient to cover 74% of the benefits that had accrued to members at the valuation date.

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

A funding proposal to address the RWESS scheme benefits was approved by the Board and shareholders and active members during the 2010 financial year. The revised funding arrangement required the active members to increase their contribution rate by 1.5% of their pensionable salary. The Group agreed to match the active members contributions. The approved terms of the revised funding proposals include the provision of increased benefits for members under the N200, which provided for improved benefits for members whose uplifted pensionable salary falls below a threshold multiple of the State pension. The other terms of the restructuring arrangements included a cap on pensionable salaries and the closure of the scheme to new entrants. The increased benefits provided to those active members, effective from 1 January 2010, accrue over future service from 1 January 2010 until the sixtieth birthday of each member. The present value of the estimated cost at 25 March 2015 was €8,300,000 and the Group will meet the capital cost by way of fixed annual capital payments by 30 June over a period of no more than twelve years.

A funding proposal to address the GESS scheme deficit was approved by the Board, shareholders, active members and the Pension Board in May 2015, post the balance sheet date. The changes to the GESS scheme are not accounted for in the current financial year as it represents a non-adjusting post balance sheet event. The revised funding arrangement requires a number of changes to the scheme, namely: a three year pensionable salary freeze until 2016, a pensionable salary cap until 2023, a Section 50 cut to the order of 10% to deferred members' benefits, a Section 50 adjustment to pensions-in-payments in line with 2013 priority order legislation and the scheme remains open to future accrual. In addition to the scheme changes, the Group will make payments of €36 million over an eight year period, with the first payment of €10.2 million made in May 2015.

A funding proposal to address the BnM Fuels pension deficit was approved by the Board, shareholders and active members during the 2014 financial year. The proposal consists of (i) closure of the scheme to future accrual with effect from June 2013 and the cessation of employee contributions and (ii) employer contributions for the period up to December 2023 for which an additional liability of €1,479,800 is recognised in accruals. Under the proposal, employer contributions have been agreed that reasonably satisfy the Funding Standard and the Funding Standard Reserve by December 2023.

### 24. Pension schemes (continued)

***(c) FRS 17 'Retirement Benefits'***

For the purposes of FRS 17 the actuarial valuations of the defined benefit schemes were updated to 25 March 2015 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 25 March 2015.

The Turf Development Acts 1946 to 1998 and the rules governing the Bord na Móna GESS and RWESS pension schemes lay down in considerable detail the benefits that are to be provided to members. They also stipulate the shared contributions to be paid by both Bord na Móna and the contributing members. This does not conform to the "balance of cost" defined benefit approach. For the purposes of reporting in accordance with Financial Reporting Standard 17 at 25 March 2015, 100% of the pension scheme deficits on the GESS and BnM Fuels defined benefit schemes have been recognised in the financial statements. The RWESS defined benefit scheme had a deficit and the Group has accounted for its share of the pension scheme deficit on a 50:50 basis between members and the Group. As 100% of the current service cost and finance costs were charged to the profit and loss account in the past, this amount has been reflected in the statement of recognised gains and losses during the year ended 25 March 2015 as noted below.

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

**The amounts recognised in the Balance Sheet are as follows:**

| | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|
| Fair value of the schemes' assets | **321,974** | 284,006 |
| Present value of schemes' liabilities and unfunded pensions liabilities | **(389,341)** | (323,623) |
| Members' share of surplus on RWESS scheme | **0** | (3,390) |
| Revised present value of schemes' liabilities and unfunded pension liabilities | **(389,341)** | (327,013) |
| Pension deficit | **(67,367)** | (43,007) |
| Related net deferred tax asset (Note 17(e)) | **7,828** | 4,814 |
| Net pension deficit | **(59,539)** | (38,193) |
| The net pension deficit is comprised as follows: | | |
| Pension asset | **0** | 3,390 |
| Related net deferred tax liability (Note 17(e)) | **0** | (424) |
| Pension asset net of deferred tax as per Group balance sheet | **0** | 2,966 |
| Pension deficit | **(67,367)** | (46,397) |
| Related net deferred tax asset (Note 17(e)) | **7,828** | 5,238 |
| Pension deficit net of deferred tax as per Group balance sheet | **(59,539)** | (41,159) |
| Net pension deficit | **(59,539)** | (38,193) |

| **The amounts recognised in the Profit and Loss Account are as follows:** | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|
| Analysis of the amount charged to operating profit | | |
| Current service cost | **(2,308)** | (2,944) |
| Curtailment gain | **0** | 132 |
| | **(2,308)** | (2,812) |
| Analysis of the amount credited to other finance income | | |
| Expected return on schemes' assets | **11,035** | 11,004 |
| Interest on schemes' liabilities | **(9,680)** | (9,915) |
| Net return on finance income (Note 5) | **1,355** | 1,089 |
| Total profit and loss account charge | **(953)** | (1,723) |
| **Actual return on schemes' assets** | **43,487** | 17,164 |

## 24. Pension schemes (continued)

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

| | 25 March 2015 €'000 | 26 March 2014 €'000 |
|---|---|---|
| Actual return less expected return on schemes' assets | **32,452** | 6,160 |
| Experience gains arising on schemes' liabilities | **3,763** | 6,611 |
| Changes in assumptions underlying the present value of schemes' liabilities | **(67,661)** | 3,172 |
| Actuarial gain/(loss) recognised | **(31,446)** | 15,943 |
| Less members' share of movement on scheme surplus during the financial year | **3,390** | (3,390) |
| Actuarial gain/(loss) recognised by the Group | **(28,056)** | 12,553 |

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 25 March 2015 is €88,642,000 (2014: €60,586,000 actuarial loss).

**Balance Sheet as at 25 March 2015**

| **Movement in schemes' assets and liabilities** | Scheme Assets €'000 | Scheme Liabilities €'000 | Scheme Deficit €'000 |
|---|---|---|---|
| At 27 March 2013 | 271,717 | (330,411) | (58,694) |
| Service cost charged to the profit and loss account | 0 | (2,944) | (2,944) |
| Curtailment gain | 0 | 132 | 132 |
| Interest on scheme liabilities | 0 | (9,915) | (9,915) |
| Expected return on assets | 11,004 | 0 | 11,004 |
| Members' share of reduced pension surplus at start of year | 0 | (3,390) | (3,390) |
| Actual less expected return on assets | 6,160 | 0 | 6,160 |
| Experience gains on liabilities | 0 | 6,611 | 6,611 |
| Change in actuarial assumptions | 0 | 3,171 | 3,171 |
| Contributions by members | 3,260 | (3,260) | 0 |
| Employer's contributions paid | 4,858 | 0 | 4,858 |
| Benefits paid | (12,993) | 12,993 | 0 |
| **At 26 March 2014** | **284,006** | **(327,013)** | **(43,007)** |
| | | | |
| Service cost charged to the profit and loss account | 0 | (2,308) | (2,308) |
| Interest on scheme liabilities | 0 | (9,680) | (9,680) |
| Expected return on assets | 11,035 | 0 | 11,035 |
| Members' share of reduced pension surplus at start of year | 0 | 3,390 | 3,390 |
| Actual less expected return on assets | 32,452 | 0 | 32,452 |
| Experience gains on liabilities | 0 | 3,763 | 3,763 |
| Change in actuarial assumptions | 0 | (67,661) | (67,661) |
| Contributions by members | 3,027 | (3,027) | 0 |
| Employer's contributions paid | 4,649 | 0 | 4,649 |
| Benefits paid | (13,195) | 13,195 | 0 |
| **At 25 March 2015** | **321,974** | **(389,341)** | **(67,367)** |

All of the schemes' liabilities with the exception of the liability in respect of the pensions paid to former managing directors are funded.

Expected contributions for the year to 30 March 2016 are €14,345,000.

### 24. Pension schemes (continued)

**Risks and rewards arising from the assets**

At 25 March 2015 the assets were invested in a diversified portfolio that consisted primarily of equity and debt securities, properties and cash. The fair value of the assets at year end was €321,974,000 (2014: €284,006,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

| | Mar'15<br>% | Mar'14<br>% |
|---|---|---|
| Equities | **31.3** | 40.5 |
| Bonds | **43.8** | 47.3 |
| Property | **5.4** | 5.1 |
| Cash | **18.5** | 6.4 |
| Alternatives | **1.0** | 0.7 |
| **Total** | **100** | 100 |

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

**Financial assumptions**

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

| | Mar'15 | Mar'14 |
|---|---|---|
| Rate of increase in salaries | **1.90%** | 2.25% |
| Rate of increase in pensions in payment - RWESS scheme | **1.00%** | 1.25% |
| Rate of increase in pensions in payment - GESS scheme | **0.00%** | 0.00% |
| Discount rate | **1.25%** | 3.00% |
| Revaluation assumption | **1.25%** | 1.50% |

**Mortality assumptions**

The mortality assumptions are based on standard tables reflecting typical pensioner mortality. The tables used are based on mortality rates in the year 2035 for all employees without allowance for additional improvements.

| **Retiring today** | Mar'15 | Mar'14 |
|---|---|---|
| Males (RWESS) | **20.5** | 20.5 |
| Females (RWESS) | **23.4** | 23.4 |
| Males (Other) | **20.9** | 22.7 |
| Females (Other) | **23.5** | 24.0 |

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

| **Retiring in 20 years** | Mar'15 | Mar'14 |
|---|---|---|
| Males (RWESS) | **20.5** | 20.5 |
| Females (RWESS) | **23.4** | 23.4 |
| Males (Other) | **23.5** | 25.0 |
| Females (Other) | **25.6** | 26.0 |

## 24. Pension schemes (continued)

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

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

| | **2015 €'000** | 2014 €'000 | 2013 €'000 | 2012 €'000 | 2011 €'000 |
|---|---|---|---|---|---|
| Fair value of plan assets | **321,974** | 284,006 | 271,717 | 251,169 | 240,225 |
| Defined benefit present value of obligation | **(389,341)** | (327,013) | (330,411) | (296,560) | (254,012) |
| Pension deficit | **(67,367)** | (43,007) | (58,694) | (45,391) | (13,787) |
| | | | | | |
| Experience adjustments arising on: | | | | | |
| the schemes' liabilities | **3,763** | 6,611 | 7,050 | 4,362 | 5,914 |
| as a percentage of the schemes' liabilities at March | **1.0%** | 2.0% | 2.1% | 1.5% | 2.3% |
| | | | | | |
| the schemes' assets | **32,452** | 6,160 | 10,898 | (322) | (4,567) |
| as a percentage of the schemes' assets at March | **10.1%** | 2.2% | 4.0% | (0.1%) | (1.9%) |

All scheme assets are stated to bid market values.

**Company pension fund liability**

| | **2015 €'000** | 2014 €'000 |
|---|---|---|
| At the beginning of the financial year | **4,494** | 4,688 |
| Utilised during year | **(341)** | (338) |
| Charge to the Profit & Loss Account | **129** | 135 |
| Charge to the Statement of Total Recognised Gains and Losses | **464** | 9 |
| At the end of the financial year | **4,746** | 4,494 |

**Sensitivity analysis for principal assumptions used to measure scheme liabilities**

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

| Assumption | Change in Assumption | Present value of plan liabilities | Impact on plan liabilities | % Impact on plan liabilities |
|---|---|---|---|---|
| An increase in the discount rate | 0.25% | 375,341 | (14,127) | (4%) |
| An increase in salary inflation | 0.25% | 393,179 | 3,838 | 1% |
| An increase in pension escalation | 0.25% | 399,900 | 10,179 | 3% |

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

The Group made employer contributions payable under a defined contribution scheme in respect of certain employees. Contributions payable by the employer to the defined contribution schemes in the year to 25 March 2015 amounted to €1,074,000 (2014: €934,000) which were charged to the profit and loss account and €128,000 (2014: €108,000) was payable at year end.

In addition and in compliance with the provisions of the Pensions Act 1990 (as amended), Bord na Móna plc has appointed personal retirement savings accounts (PRSAs) providers. During the year to 25 March 2015 the Group contributed €204,000 (2014: €212,000) on behalf of it's employees. This was charged to the profit and loss account and €2,120 (2014: €2,205) was payable at year end.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 25. Disposals

In the prior year ended 26 March 2014 the Group disposed of its entire holding in Suttons Oil Limited for a consideration, net of transaction costs (€60,000), of €3,216,000 resulting in a loss of €9,000. Details of the values of the assets and liabilities disposed of and the consideration received are set out below.

| | 2014 €'000 |
|---|---|
| Tangible assets | 305 |
| Stocks | 263 |
| Debtors | 2,601 |
| Bank and Cash | 255 |
| Creditors | (199) |
| Net assets disposed of | 3,225 |
| The consideration was satisfied as follows: | |
| Cash consideration net of transaction costs | 3,216 |
| Loss on disposal of subsidiary | (9) |

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

### 26. Related party transactions

Ownership of the Company: Bord na Móna plc is a majority state owned company. 95% of the issued share capital is held by the Minister for Finance (whose shares stand transferred to the Minister for Public Expenditure and Reform under the Minister's and Secretaries Act 2011). The other 5% is held by the employees of the Group.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods, property and provided services to entities controlled by the Irish Government, the principal of these being ESB. The Group operates a long-term agreement with ESB in relation to the sale of peat and provision of ancillary services to the power stations. Supply of these services in the year to 25 March 2015 amounted to €154.5 million (2014: €144.8 million) and amounts due from these entities to the Group at 25 March 2015 for these services amounted to €12.1 million (2014: €12.3 million).

From time to time the Group placed monies on deposit with financial institutions controlled by the State. The Group had placed monies on deposit of €18.1 million (2014: €15.0 million) with Allied Irish Banks plc at 25 March 2015.

### 27. Post balance sheet events

A funding proposal on the GESS deficit was agreed in May 2015 between the Board, active and deferred Members, Pensioners and the Pensions Board and subsequently received Ministerial consent as outlined in note 24. 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.

### 28. Board approval

The Board approved the financial statements on 25 June 2015.

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