21. Acquisitions

Advanced Environmental Solutions (Ireland) Limited acquired the waste collection business of Kildare County Council with effect from 22 August 2011, and the waste collection business of Wexford County Council with effect from 6 February 2012 for a combined consideration of €3,334,000. Both acquisitions have been accounted for using the acquisition method of accounting. Details of the provisional fair values of the assets acquired are set out below.

	Provisional Fair Value 2012 €'000
Tangible assets (Note 8)	**651**
Net current assets	**8**
Net assets acquired	**659**
Intangible assets arising on acquisition (Note 7)	**2,675**
Total consideration (including transaction costs)	**3,334**
Satisfied by:	
Cash	**1,708**
Non-cash consideration	**1,626**
Total consideration	**3,334**

22. Capital commitments

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

	2012 €'000	2011 €'000
THE GROUP		
Tangible asset commitment	**5,236**	3,598
	5,236	3,598
THE COMPANY		
Tangible asset commitment	**0**	0
	0	0

23. Financial commitments

At 28 March 2012 there were annual commitments under non-revocable operating leases expiring as follows:

THE GROUP	Land and Buildings 2012 €'000	Plant and Machinery 2012 €'000	Land and Buildings 2011 €'000	Plant and Machinery 2011 €'000
Operating leases which expire:				
Within one year	**55**	**375**	55	519
Within one to five years	**372**	**960**	372	812
After five years	**673**	**0**	674	0
	1,100	**1,335**	1,101	1,331

THE COMPANY	Other 2012 €'000	Plant and Machinery 2012 €'000	Other 2011 €'000	Plant and Machinery 2011 €'000
Operating leases which expire:				
Within one year	**0**	**31**	0	65
Within one to five years	**0**	**116**	0	96
After five years	**0**	**0**	0	0
	0	**147**	0	161

24. Guarantees and contingent liabilities

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, Bord na Móna plc has irrevocably guaranteed the liabilities of its wholly owned subsidiaries: Bord na Móna Energy Limited; Bord na Móna Allen Peat Limited; Edenderry Power Limited; Edenderry Power Operations Limited; Cushaling Power Limited; Bord na Móna Horticulture Limited; Bord na Móna Environmental Limited; Bord na Móna Property Limited; Bord na Móna Fuels Limited; BnM Fuels Limited; Suttons Limited; Suttons Oil Limited; Advanced Environmental Solutions (Ireland) Limited and Midland Waste Disposal Company Limited. As a result, these companies are exempt from the provisions of Section 7, Companies (Amendment) Act, 1986.

In the normal course of business the Group enters into various guarantees. At 28 March 2012 the value of these guarantees was €6,980,000 (2011: €7,144,000).

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

25. Pension schemes

(i) Defined benefit schemes
(a) Description of the Bord na Móna Pension schemes

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

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

Bord na Móna plc had awarded unfunded pension benefits to certain retired employees including former managing directors and their dependants. The future cost of funding these pensions is recognised in the balance sheet at €4,395,000 based on an actuarial valuation at 28 March 2012 (March 2011: €3,922,000).

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

The most recent valuations for the GESS and RWESS schemes are dated 31 March 2011 and the BnM Fuels scheme valuation is dated 1 April 2009. In the actuarial valuations it was assumed that the schemes' investments will earn a real rate of investment return of 3% above the rate of wage inflation. In the latest actuarial valuations the market value of the schemes' investments was €238.5 million.

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

(i) a deficit of €34.2 million on the GESS scheme

(ii) a deficit of €4.8 million on the RWESS scheme

(iii) a deficit of €3.5 million on the BnM Fuels scheme

At March 2011 after allowing for expected future increases in earnings and pensions in payment, the valuations indicated that the actuarial value of total scheme assets was sufficient to cover 72% and 97% of the benefits that had accrued to the members of the GESS and RWESS schemes respectively at the valuation dates. These actuarial valuations are available for inspection by members of the schemes but not for public inspection. In relation to the BnM Fuels scheme the actuarial value of total scheme assets was sufficient to cover 53% of the benefits that had accrued to members at the valuation date.

25. Pension schemes (continued)

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 28 March 2012 was €7,500,000 and the Group will meet the capital cost by way of fixed annual capital payments on 30 June over a period of no more than twelve years.

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

The Group had a three year funding proposal in place on the BnM Fuels scheme and on completion of the funding still have a remaining deficit. The Group will enter into further discussions with all relevant parties to determine an appropriate course of action.

(c) FRS 17 'Retirement Benefits'
For the purposes of FRS 17 the actuarial valuations of the defined benefit schemes were updated to 28 March 2012 by a qualified independent actuary. A full actuarial valuation of the unfunded pensions was completed by a qualified independent actuary at 28 March 2012.

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 28 March 2012, 100% of the pension scheme deficits on the GESS and BnM Fuels defined benefit schemes have been recognised in the financial statements. The RWESS defined benefit scheme had a surplus and the Group has accounted for its share of the pension scheme surpluses on a 50:50 basis between members and the Group. As 100% of the current service cost and finance costs were charged to the profit and loss account in the past, this amount has been reflected in the statement of recognised gains and losses during the year ended 28 March 2012 as noted below.

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

25. Pension schemes (continued)

The amounts recognised in the Balance Sheet are as follows:

	March 2012 €'000	March 2011 €'000
Fair value of the schemes' assets	**251,169**	240,225
Present value of schemes' liabilities and unfunded pensions liability	**(296,560)**	(254,012)
Members' share of surplus on RWESS scheme	**(1,115)**	(5,541)
Revised present value of schemes' liabilities and unfunded pension liabilities	**(297,675)**	(259,553)
Pension deficit	**(46,506)**	(19,328)
Related net deferred tax asset (Note 17(e))	**5,264**	1,925
Net pension deficit	**(41,242)**	(17,403)
The net pension deficit is comprised as follows:		
Pension asset	**1,115**	5,541
Related net deferred tax liability (Note 17(e))	**(139)**	(693)
Pension asset net of deferred tax as per Group balance sheet	**976**	4,848
Pension deficit	**(47,621)**	(24,869)
Related net deferred tax asset (Note 17(e))	**5,403**	2,618
Pension deficit net of deferred tax as per Group balance sheet	**(42,218)**	(22,251)
Net pension deficit	**(41,242)**	(17,403)

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

	2011/2012 €'000	2010/2011 €'000
Analysis of the amount charged to operating profit		
Current service cost	**(2,368)**	(2,999)
	(2,368)	(2,999)
Analysis of the amount credited to other finance income		
Expected return on schemes' assets	**14,919**	14,854
Interest on schemes' liabilities	**(13,321)**	(13,278)
Net return on finance income (Note 5)	**1,598**	1,576
Total profit and loss account charge	**(770)**	(1,423)
Actual return on schemes' assets	**14,597**	10,287

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

	2011/2012 €'000	2010/2011 €'000
Actual return less expected return on schemes' assets	**(322)**	(4,567)
Experience gains arising on schemes' liabilities	**4,362**	5,914
Changes in assumptions underlying the present value of schemes' liabilities	**(39,845)**	0
Actuarial (loss)/gain recognised	**(35,805)**	1,347
Less members' share of movement on scheme surplus during the financial year	**4,426**	(2,202)
Actuarial loss recognised by the Group	**(31,379)**	(855)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 28 March 2012 is €56,892,000 (2011: €25,513,000 actuarial loss).

25. Pension schemes (continued)

Balance Sheet as at 28 March 2012

Movement in schemes' assets and liabilities	Scheme Assets €'000	Scheme Liabilities €'000	Scheme Deficit €'000
At 31 March 2010	233,444	(255,756)	(22,312)
Service cost charged to the profit and loss account	0	(2,999)	(2,999)
Interest on liabilities	0	(13,278)	(13,278)
Expected return on assets	14,854	0	14,854
Members' share of increased pension surplus at start of year	0	(2,202)	(2,202)
Actual less expected return on scheme assets	(4,567)	0	(4,567)
Experience losses on liabilities	0	5,914	5,914
Contributions by members	3,753	(3,753)	0
Employer's contributions paid	5,262	0	5,262
Benefits paid	(12,521)	12,521	0
At 30 March 2011	240,225	(259,553)	(19,328)
Service cost charged to the profit and loss account	0	(2,368)	(2,368)
Interest on scheme liabilities	0	(13,321)	(13,321)
Expected return on assets	14,919	0	14,919
Members' share of reduced pension surplus at start of year	0	4,426	4,426
Actual less expected return on assets	(322)	0	(322)
Experience losses on liabilities	0	4,362	4,362
Change in actuarial assumptions	0	(39,845)	(39,845)
Contributions by members	3,564	(3,564)	0
Employer's contributions paid	4,971	0	4,971
Benefits paid	(12,188)	12,188	0
At 28 March 2012	**251,169**	**(297,675)**	**(46,506)**

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 31 March 2013 are €4,998,000.

Risks and rewards arising from the assets

At 28 March 2012 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 €251,169,000 (2011: €240,225,000). The fair value of the asset categories as a percentage of total schemes' assets were as follows:

	March 2012 %	March 2011 %
Equities	**50.8**	60.3
Bonds	**39.1**	26.9
Property	**5.0**	5.5
Cash	**5.1**	7.3
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.

Basis of expected return on schemes' assets

The expected return on the schemes' assets is determined based on the weighted average expected return of the underlying asset class. For equities the expected return is 7.25% and is expected to exceed that of bonds by on average 3.75%. The expected rate of return on cash is 1% and for property assets the expected rate of return is 5.5%. The pension levy deduction is 0.6%. The overall expected rate of return on schemes' assets at 28 March 2012 was 4.88% (2011: 6.26%).

25. Pension schemes (continued)

Financial assumptions

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

	March 2012	March 2011
Rate of increase in salaries	**3.00%**	3.00%
Rate of increase in pensions in payment - RWESS scheme	**1.25%**	1.25%
Rate of increase in pensions in payment - GESS scheme	**0.00%**	0.00%
Discount rate	**4.00%**	5.25%
Inflation assumption	**1.75%**	1.75%

Mortality assumptions

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

Retiring today	**March 2012**	March 2011
Males (RWESS)	**20.5**	20.5
Females (RWESS)	**23.4**	23.4
Males (Other)	**22.3**	20.5
Females (Other)	**23.7**	23.4

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

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

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

	2011/2012 €'000	2010/2011 €'000	2009/2010 €'000	2008/2009 €'000	2007/2008 €'000
Defined benefit present value of obligation	**(296,560)**	(254,012)	(252,417)	(237,834)	(266,464)
Fair value of plan assets	**251,169**	240,225	233,444	186,484	253,672
Pension deficit	**(45,391)**	(13,787)	(18,973)	(51,350)	(12,792)
Experience adjustments arising on:					
the schemes' liabilities	**4,362**	5,914	7,220	7,686	3,787
as a percentage of the schemes' liabilities at March	**1.5%**	2.3%	2.9%	3.2%	1.4%
the schemes' assets	**(322)**	(4,567)	40,015	(72,302)	(41,173)
as a percentage of the schemes' assets at March	**(.1%)**	(1.9%)	17.1%	(38.8%)	(16.2%)

All scheme assets are stated to bid market values.

Company pension fund liability

	2011/2012 €'000	2010/2011 €'000
At beginning of the financial year	**3,922**	4,053
Utilised during year	**(346)**	(346)
Charge for year	**819**	215
At end of the financial year	**4,395**	3,922

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.

25. Pension schemes (continued)

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%	287,449	(9,111)	-3%
An increase in salary inflation	0.25%	299,449	2,889	1%
An increase in pension escalation	0.25%	303,007	6,447	2%

(ii) Defined contribution schemes and personal retirement savings accounts (PRSA)
The Group made employer contributions payable under a defined contribution scheme in respect of certain employees. Contributions payable by the employer to the defined contribution schemes in the year to 28 March 2012 amounted to €669,000 (2011: €223,000) which were charged to the profit and loss account and €70,000 (2011: €53,000) 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 28 March 2012 the Group contributed €395,000 (2011: €531,000) on behalf of it's employees. This was charged to the profit and loss account and €1,802 (2011: €2,765) was payable at year end.

26. Related party transactions

Ownership of the Company: Bord na Móna plc is a majority state owned company. 95% of the issued share capital is held by the Minister for Communications, Energy and Natural Resources and by or on behalf of the Minister for Finance. The other 5% is held by the employees of the Group.

Sales of goods, property and services to entities controlled by the Irish Government: In the ordinary course of its business the Group sold goods, property and provided services to entities controlled by the Irish Government, the principal of these being ESB. The Group operates a long-term agreement with ESB in relation to the sale of peat and provision of ancillary services to the power stations. Supply of these services in the year to 28 March 2012 amounted to €120.9 million (2011: €121.5 million) and amounts due from these entities to the Group at 28 March 2012 for these services amounted to €12.3 million (2011: €13.7 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 €20.0 million with Allied Irish Banks plc (A.I.B) at 28 March 2012 (2011: €70 million). The Group earned rental income from Anglo Irish Bank of €1.0 million during the year (2011: €1.4 million).

27. Post balance sheet events

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

28. Board approval

The Board approved the financial statements on 6 July 2012.