

7. Intangible assets

THE GROUP	Goodwill	Patents	Total	Goodwill	Patents	Total
	2012	2012	2012	2011	2011	2011
	€'000	€'000	€'000	€'000	€'000	€'000
AT COST						
At beginning of the financial year	64,188	503	64,691	64,260	503	64,763
Consideration and fair value adjustments	0	0	0	(79)	0	(79)
Arising on acquisition (Note 21)	2,675	0	2,675	0	0	0
Exchange adjustment	15	0	15	7	0	7
At end of the financial year	66,878	503	67,381	64,188	503	64,691
AMORTISATION						
At beginning of the financial year	30,326	503	30,829	20,015	252	20,267
Charge for year (Note 2)	3,291	0	3,291	3,622	101	3,723
Impairment	16,857	0	16,857	6,687	150	6,837
Exchange adjustment	2	0	2	2	0	2
At end of the financial year	50,476	503	50,979	30,326	503	30,829
NET BOOK AMOUNTS						
At beginning of the financial year	33,862	0	33,862	44,245	251	44,496
At end of the financial year	16,402	0	16,402	33,862	0	33,862

In accordance with the provisions of FRS 11 - 'Impairment of Fixed Assets', the Group has reviewed the carrying value of goodwill. The recoverable amounts of the identified income generating units (IGU) were estimated based on a value in use calculation using cash flow projections based on the financial five year plans as approved by the Board. Cash flows beyond five years are extrapolated based on a perpetuity growth rate of 2.3% (2011: 2.3%) and a pre tax weighted average cost of capital of 9.7% (2011: 9.2%) which are consistent with the Group's expectation for market development and growth in market share where applicable. Based on these reviews, the Group have provided for an impairment charge of €16,857,000 (2011: €6,687,000) on its investment in goodwill in the Resource Recovery sector.

The key assumptions which impact on the related value in use calculation are:

Volume and yield on domestic and commercial customers

Despite the reduced economic activity in Ireland, the business has maintained its collection volumes and increased its market share. Growth expectations for 2013 and 2014 are to remain weak but thereafter growth rates are expected to reflect an increase in economic activity. As waste collection volumes declined over the last 4 years, revenue yields on both domestic and commercial waste streams have also declined and gross margins have tightened. A gradual recovery in yields is anticipated in the projections.

Processing and end treatment costs

Processing costs have increased significantly in the last 12 months as landfill gate fees remain stable and regulation changes increased the landfill levy from €30 per tonne to €50 per tonne in September 2011. Further increases in landfill levies up to €75 per tonne are expected and are included in the projections which will impact on future processing costs.

Sensitivity

A movement in the growth rate of 1% would increase or decrease the recoverable amount of the Group's waste collection IGU by €0.3 million. A movement in revenue yields of 1% would increase or decrease the recoverable amount by €4.5 million. A movement in processing costs of 1% would increase or decrease the recoverable amount by €0.9 million. A movement in the discount rate of 1% would increase or decrease the recoverable amount of the Group's waste collection IGU by €4.9 million.

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8. Tangible assets

	Peatland, 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
(i) THE GROUP							
AT COST							
At 30 March 2011	119,347	24,313	255,574	161,069	17,604	1,677	579,584
Reclassification	7,778	0	(7,709)	121	(190)	0	0
Additions at cost ¹	1,199	3,094	11,491	1,333	1,021	10,208	28,346
Arising on acquisition (Note 21)	0	0	651	0	0	0	651
Disposals	(4,724)	0	(23,982)	0	(529)	0	(29,235)
Transfers from projects in progress	0	0	328	0	0	(328)	0
Exchange adjustment	0	0	62	0	99	4	165
At 28 March 2012	123,600	27,407	236,415	162,523	18,005	11,561	579,511
ACCUMULATED DEPRECIATION							
At 30 March 2011	85,904	12,209	177,339	36,777	6,124	0	318,353
Reclassification	(2,864)	0	4,298	(92)	(1,342)	0	0
Charge for year (Note 2)	6,416	3,462	17,382	10,515	624	0	38,399
Impairment ²	300	0	1,576	0	5,000	0	6,876
Disposals	(3,328)	0	(25,224)	0	(528)	0	(29,080)
Exchange adjustment	0	0	25	0	3	0	28
At 28 March 2012	86,428	15,671	175,396	47,200	9,881	0	334,576
NET BOOK VALUE							
At 30 March 2011	33,443	12,104	78,235	124,292	11,480	1,677	261,231
At 28 March 2012	37,172	11,736	61,019	115,323	8,124	11,561	244,935

¹ Included in additions is a sum of €2,673,000 (2011: €1,206,000) in respect of a restoration asset for the landfill sites, a sum of €1,039,000 in respect of Powergen decommissioning assets (2011: €Nil) (Note 17) and a sum of €132,000 (2011: €1,349,000) in respect of interest capitalised on assets in the course of construction during the year (Note 5). The rate of interest applied was 7.3% (2011: 7.3%).

² In accordance with the provisions of FRS 15 - 'Tangible Fixed Assets' the Group conducted impairment reviews of the Group's tangible assets. This process has resulted in an impairment charge of €6,876,000 (2011: €Nil).

8. Tangible assets (continued)

	Peatland, Drainage & Production Buildings €'000	Railways, Plant & Machinery €'000	Freehold land, Administration & Research Buildings €'000	Total €'000
(ii) THE COMPANY				
AT COST				
At 30 March 2011	559	9,785	5,872	16,216
Reclassification	0	190	(190)	0
Additions at cost	0	534	1,021	1,555
Disposals	0	0	(528)	(528)
At 28 March 2012	559	10,509	6,175	17,243
ACCUMULATED DEPRECIATION				
At 30 March 2011	0	7,458	3,991	11,449
Reclassification	0	397	(397)	0
Charge for year	0	1,320	407	1,727
Disposals	0	0	(528)	(528)
At 28 March 2012	0	9,175	3,473	12,648
NET BOOK VALUE				
At 30 March 2011	559	2,327	1,881	4,767
At 28 March 2012	559	1,334	2,702	4,595

The tables above include valuations performed by the former Bord na Móna which transferred its assets to Bord na Móna plc on 30 December 1998 on its dissolution pursuant to the Turf Development Act, 1998.

9. Investment properties

	2012 €'000	2011 €'000
At beginning of the financial year	11,900	13,600
Revaluation during the year charged to the statement of total recognised gains and losses	(2,463)	(1,700)
Revaluation during the year charged to the profit and loss account	(777)	0
At end of the financial year	8,660	11,900

The investment property is stated at market value as at 28 March 2012. 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 arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

The valuation of the Group's freehold interest in the property was carried out by DTZ Sherry Fitzgerald, qualified professional valuers acting in the capacity as external valuer. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards Global, 7th Edition (the 'Red Book'). The valuation was carried out as at 28 March 2012.

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

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10. Financial assets

(i) THE GROUP

	2012 €'000	2011 €'000
JOINT VENTURE		
At beginning of the financial year	0	0
Investment during the year	1,525	0
Group share of loss	(332)	0
At end of financial year	1,193	0
Share of gross assets	1,525	0
Share of gross liabilities	(332)	0
Share of net assets	1,193	0

The following transactions were carried out with the joint venture:

	2012 €'000	2011 €'000
(a) Purchase of service	253	0
(b) Provision of finance	1,500	0
(c) Amounts receivable from joint venture	253	0
(d) Amounts payable to joint venture	1,525	0

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 has not yet commenced trading.

(ii) THE COMPANY

	Subsidiary undertakings			
	Unlisted shares €'000	Convertible loan stock €'000	Loans €'000	Total €'000
At beginning of the financial year	25,400	1,512	87,766	114,678
Impairment during the year	(18,547)	(730)	0	(19,277)
At end of the financial year	6,853	782	87,766	95,401

The Company has reviewed the carrying value of investments in subsidiary companies as at 28 March 2012. The review resulted in an impairment of the value of unlisted shares of €18,547,000 (2011: €18,184,000).

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 redeemed at par upon the expiration of ten years from the date of issue. The Company has reviewed the carrying value of investments in convertible loan stock and impaired the investment by €730,000 (2011: €Nil).

10. Financial assets (Continued)

The principal subsidiary and joint venture companies in the Group at 28 March 2012 are as follows:

Subsidiary company	Business	Registered office	Shareholding %
Bord na Móna Energy Limited	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
Renewable Energy Ireland Limited	Wind energy	Newbridge, Co Kildare	89
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
Bord na Móna Fuels Limited	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 Oil Limited	Distribution of oil	Newbridge, Co Kildare	100
Suttons Limited	Distribution of oil	Newbridge, Co Kildare	100
Bord na Móna Horticulture Limited	Production and sale of horticultural products	Newbridge, Co Kildare	100
Bord na Móna UK Limited	Sale and distribution of solid fuels and horticultural products	Bridgewater, Somerset, England	100
Bord na Móna Environmental Limited	Production, sale and installation of environmental products.	Newbridge, Co Kildare	100
Bord na Móna Environmental 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
Advanced Environmental Solutions (Ireland) Limited	Resource recovery and recycling company	Newbridge, Co Kildare	100
Bord na Móna Property Limited	Property holding company	Newbridge, Co Kildare	100
Derryarkin Sand and Gravel Limited	Extraction and sale of sand and gravel	Newbridge, Co Kildare	55
Joint venture company			
Oweninny Power Limited	Power generation	St. Stephens Green, Dublin 2	50

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

11. Stocks

	THE GROUP	
	2012 €'000	2011 €'000
Raw materials	22,020	15,415
Work in progress	318	34
Finished goods	67,568	61,467
Maintenance spares	5,693	6,201
	95,599	83,117

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