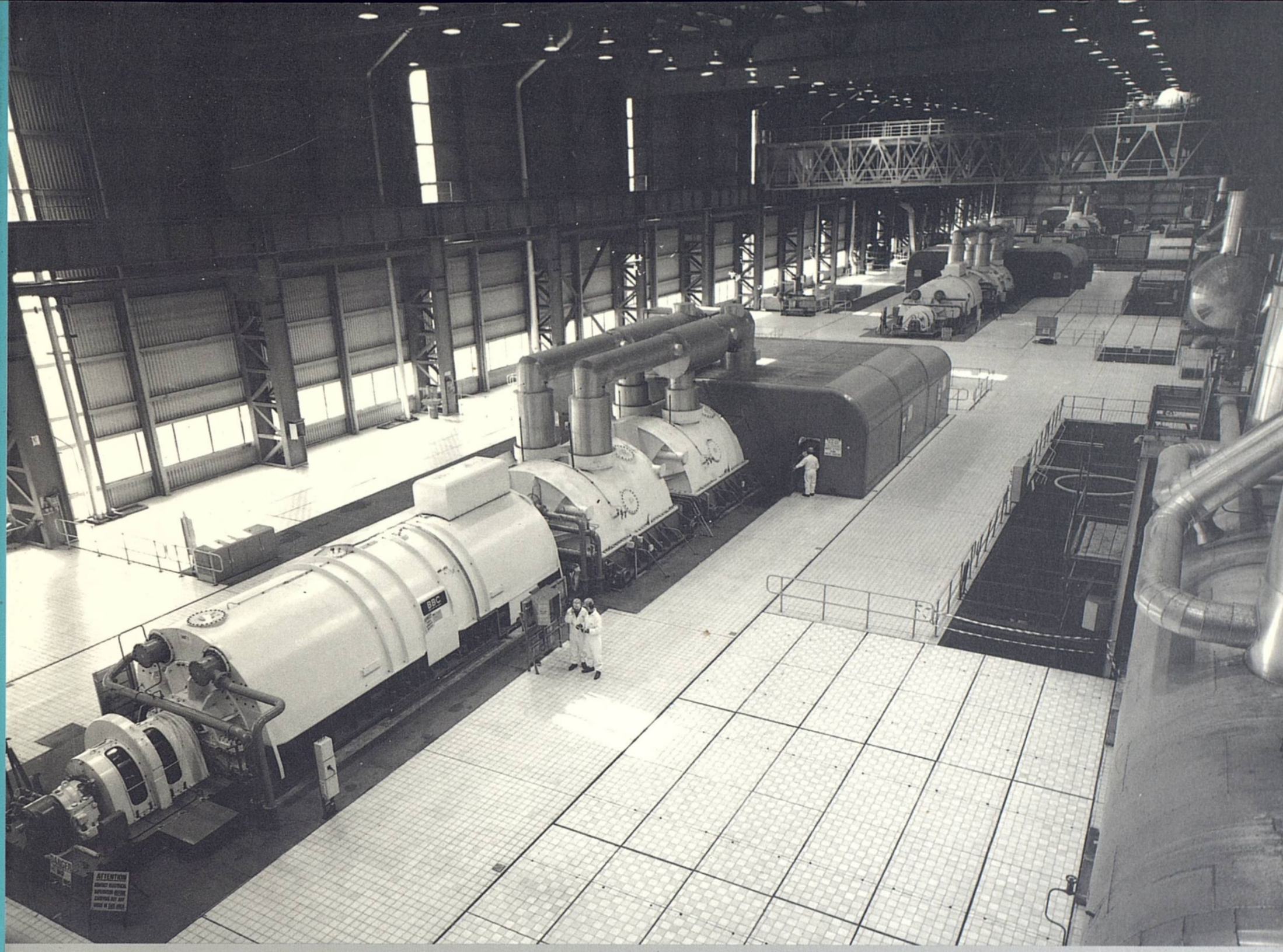


Annual Report for the year ended 31 December 1994

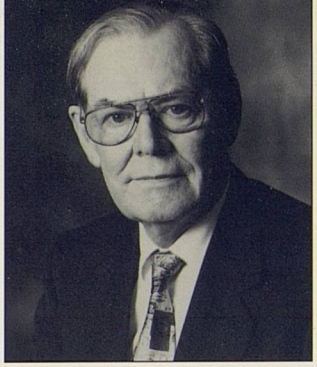
ELECTRICITY SUPPLY BOARD
BORD SOLÁTHAIR AN LEICTREACHAIS

Highlights

Financial Outcome-Deficit	(£18.7m)
Income	£976.5m
Assets in Commission (before depreciation)	£2740.5m
Sales (Million Units)	14024.9

Contents

Chairman's Report	2
Chief Executive's Review	4
Financial Statements	33
Appendices	53



Dr. P. J. Moriarity Chairman

Chairman's Report

In accordance with the provisions of the Electricity (Supply) Acts 1927/1988, the Board presents its Annual Report and Accounts for the year ended 31stDecember, 1994.

It is disappointing that the financial accounts for 1994 show a deficit of £18.7M, after provision for loan repayment of £56.8M. However, I am hopeful that resolution of all the issues being addressed under the Cost and Competitiveness Review will bring permanent improvement in our financial position. Not only issues of efficiency improvement but also imposition of social costs and timely electricity price adjustments are fundamental to a proper level of profits. Nine years have passed since ESB last increased prices and they are now amongst the lowest in Europe.

It is daunting to look forward to the uncertain future emerging from EU policies on the internal market. A brief assessment of where ESB stands to-day, after nearly seventy years life, is opportune to evaluate the changes in the company's statutory position adumbrated by Government.

It is sometimes popular to criticise State companies and it is easy to forget that they were a crucial part of the building of modern Ireland. ESB has never failed the nation since it was founded in 1927. It has built and operated a complex hi-tech electricity infrastructure without which economic and social development would not have been possible. Over that period there have been four industrial relations disputes of short duration which interrupted electricity supply to the community. While any such events are unacceptable in a public service monopoly, our track record compares favourably with industry in general.

Unlike any other state company, there is no state investment in ESB, neither equity nor loans. There have been no subsidies from the taxpayer. Every survey reveals that ESB has a high reputation with its customers. There has been a Customer Charter since 1990; the first in Ireland. It is driven by a company philosophy of service and care. Special payment arrangements are made for customers who need them and it is very rarely necessary to disconnect service for unpaid bills. Proof of the quality of service is in the fact that over 50% of customers pay their bills in full within fourteen days. Outstanding customer bills are at an historic low of 4.8% of annual turnover, a standard which has not been surpassed in other electricity companies.

ESB is a well respected company internationally. It has built a large international business on the strength of its reputation as an integrated utility from generation to supply. Turnover in ESB Commercial Enterprises was close on £70 million in 1994. ESB International is at present working in thirty four countries. It employs 600 people, professionals, graduates and technicians mostly. ESB International has the potential to be a major force in world energy markets on its own and with strategic alliances. It has the capability of growing its business three fold inside five years. However, this achievable target will require the Government, trade unions, management and staff of ESB to fashion a consensus which will allow the company to build on its strengths and track record.

ESB is a valuable state owned asset. It is the sort of company Ireland needs if we are to make any impression on our level of unemployment. The shared vision of the Board, the management, the staff and the trade unions is to be a world class company judged by the highest commercial standards. This requires from Government, as owner, a commercial freedom which has not been forthcoming during the company's history to date.

The EU is pressing forward with policies which will produce real competition and better transparency in the supply of public services. This is a good thing and ESB welcomes it. In a strategic plan published in 1990, "Connecting with the Future", the Board and management of ESB recognised the contribution of private power and recommended competition. Competition and transparency can be facilitated by the restructuring changes currently being implemented for the Irish electricity industry and in ESB. The objective should be to achieve workable simplicity in all of this rebuilding, rather than to follow unquestioningly models considered appropriate for much larger economies.

Playing in a competitive world market will demand of ESB world class standards in work practices, technology, service, staffing, overtime, commercial freedom, etc. The changes necessary are well known to everybody. They have been discussed for over six months in a tripartite forum consisting of representatives of ESB management, trade unions and the Department of Transport, Energy and Communications under the umbrella of the Cost and Competitiveness Review. The need for change on many fronts is recognised and nobody is an any doubt about the critical importance of reaching agreement. Implementation of obvious changes must start soon.

It was a brave new strategy for ESB management and the trade unions to combine with the Department of Transport, Energy and Communications in an effort to conclude this major far-reaching review embracing all aspects of ESB business and its relationships with Government. Nobody expected an easy, quick fix result from the negotiations but it is not unreasonable to expect delivery at this stage. The prize is the creation of a new ESB, leaner, stronger, commercially driven, which would have a bright global future. The alternative is all down hill, the decline of a valuable national strategic asset which has the capability to make the required contribution to its owner and to the economic development of the nation.

While time-absorbing negotiations are dominating the attention of the management team, it is easy to forget that normal ESB life has to go on. Customers have to be supplied, stations have to be kept running, environmental protection needs constant vigilance, standards of safety have to be maintained, growth in demand has to be met. 1994 was a good year in all these respects. Like 1992 and 1993, there were no serious industrial relations problems. There were no supply problems and it was possible to meet all the demand arising from expansion in domestic housing, industry and commerce which recovery from the recession is bringing. Electricity demand growth was 4.4% over 1993 and confidence in the economic recovery continuing suggests growth of at least the same order for three or four years more. This rate of growth is significantly higher than elsewhere within the European Union.

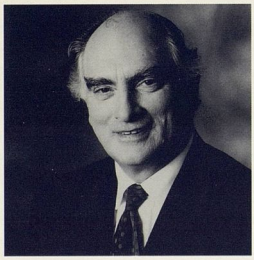
For achieving the primary objective of ESB, which is to provide an acceptable level of electricity supply to the nation, the Board wishes me to thank the staff and management. The Board has every confidence that the entire workforce will now meet the very formidable challenges ahead so that the vision of ESB to become a world class electricity company will be realised.

P. J. Moriarty, Chairman.

"the certainties which have prevailed will be things of the past and the company will have to compete to succeed"

A new era is opening in the history of ESB and 1994 saw developments take form which will shape the future of the company.

It is clear beyond doubt that ESB's monopoly position, a feature of the electricity industry in Ireland since 1927, will disappear in the near future. The new industry structure required by the European Union must provide for competitors.



ESB will, of course, remain the dominant force in the business in Ireland for some time to come. But the certainties which have prevailed will be things of the past and the company will have to compete to succeed.

Competition is the norm in business, the spur to performance, new products and quality service to customers. For ESB it means a change in the company culture from one which has been motivated by a national service ethic to one where business imperatives will take precedence.

ESB is actively confronting the challenge of major change. A comprehensive programme of changes in work practices, organisation and performance is in discussion with trade unions.

The planning and implementation of change dominated 1994.

1994: Brief Overview

When viewed solely in financial terms 1994 was a disappointing year. The operating surplus of £37.3M is inadequate in terms of return on assets. More particularly this level of surplus falls far short of that required to finance critical investment in the electricity networks. After providing for the repayment of borrowings, the overall result for the year is a deficit of £18.7M.

A key current objective is to increase profitability substantially. Eliminating excess costs has a major role in achieving this aim. We succeeded in controlling operating costs in 1994 and also made important progress in addressing the major cost issues through the Cost and Competitiveness Review.

This Review has involved the management, trade unions and Department of Transport, Energy and Communications as partners in a comprehensive examination of all aspects of the company's cost and competitive position. The process has been successful in identifying potential for significant efficiencies, cost reductions and balancing of social costs. These are currently the subject of negotiations between management, trade unions and the Department aimed at reaching agreement on a programme of change which will be implemented in a realistic timeframe.

ESB did not increase prices in 1994 and, indeed, has not done so since January 1986, a period of over nine years. A successful outcome to the Cost and Competitiveness Review, involving an agreed programme of change and cost reduction, needs to include an appropriate price mechanism geared to meet the financial requirements of the company.

Strong growth in demand for electricity continued. The 4.4% increase recorded in 1994 reflects the buoyancy of the Irish economy. Over the last seven years alone demand has increased by 33%. This level of growth is significantly stronger than that experienced in other European countries. In the UK, for example, demand grew in 1994 by 1.1% over 1993.

ESB connected more than 26,500 new customers in 1994, a 27% increase on the previous year, and the highest since 1981. All the indications are that this trend will continue for the foreseeable future and clearly this reinforces the necessity for substantial investment in generation capacity and in the supply networks.

The first phase of the planned combined cycle plant at Poolbeg in Dublin, a 150MW gas unit, was completed and brought into operation. The two remaining phases, which are critical to meet demand in late 1996 and in 1997, have yet to be approved by Government.

During 1994 ESB achieved a significant improvement in plant availability. Further improvement is possible and is being targetted.

The political and security developments in Northern Ireland provided the basis for the restoration of the interconnector between the electricity systems north and south of the border. The refurbishment work will be completed in Spring 1995 and electricity will flow between the two parts of the island for the first time in twenty years. The restoration will provide immediate benefits to ESB and NIE in terms of supplementary power as well as trading opportunities. Reliance on the interconnector for planning future generation capacity on both sides of the border can only be assured by the successful conclusion of the peace process.

The level of change taking place in the electricity industry in Ireland was demonstrated by the success of the Alternative Energy Requirement, a scheme to promote the use of renewable and alternative fuel sources announced by the Minister of State for Energy in April 1994. The Power Procurer managed a competitive tender process aimed at securing up to 75MW of new electricity generating capacity by 1997 from alternative sources such as combined heat and power, hydro, wind, land fill gas, biomass and waste. The invitation to tender attracted considerable interest and resulted in highly competitive proposals. The Power Procurer is now offering thirty four contracts to independent companies to generate and supply up to 111MW of power to ESB at prices which include a significant environmental premium.

Our international businesses continued to expand in 1994. We are currently working in thirty four countries throughout the world, earning worthwhile profits and developing our reputation as high quality consultants.

More about the Cost and Competitiveness Review

In April 1994 the Minister for Transport, Energy and Communications launched the Cost and Competitiveness Review.

In many respects it is a unique initiative. The partners in the process, the management, trade unions and Department of Transport, Energy and Communications representatives are working together to agree a plan for the implementation of major change in ESB and the achievement of efficiencies and cost reduction. The successful conclusion of the Cost and Competitiveness Review will establish new parameters for the conduct of change programmes, not just in ESB but throughout Irish industry.

By its nature it is a complex process and all parties have been required to shed many of their traditional approaches to the issues on the agenda. Despite its complexity the process has been marked by a high level of cooperation and a recognition of the signal importance of the exercise to the future success of ESB.

A key element of the Cost and Competitiveness Review involved joint management and trade union groups carrying out studies of work practices and arrangements in high performing electricity utilities abroad. McKinsey and Company, the international consultants, assisted the groups in their studies and in late September, 1994 presented their analysis of the findings and impacts on ESB. The analysis identified an extensive range of potential changes across all areas of the company's operations which will deliver significant cost reductions and efficiencies. The impact on employment will be substantial and widespread changes in work practices and resource utilisation have been outlined. The rationalisation of regional and area structures will also arise.

The scale of change on the agenda is extensive by any standards. Nevertheless, the realities of the business, which are driving the change programme, cannot be avoided. I am committed to the partnership process we have undertaken and to the participative basis on which it operates. Goodwill, trust and sensitivity are crucial as we all seek to agree the programme of change and cost reduction essential to the future of ESB in the competitive environment.

Financial Perspective

The financial result for the year was an operating surplus of £37.3M. However, after charging the loan repayment provision a deficit of £18.7M resulted. This is the second year in succession that a deficit has been reported. It is clear that ESB is not earning an adequate return on its assets. The continuation of this situation is untenable for a state company with a key role in the Irish economy.

The main features in the Profit & Loss Account include increased revenue of £33.8M, little adverse movement in underlying fuel costs and reasonably stable operating charges which reflect tight cost control. Electricity payroll costs were contained to an increase of 0.7%. For the first time there is a £25M special provision for restructuring.

Our financial objective in the coming years is to achieve a substantially higher level of profitability. Bringing the Cost and Competitiveness Review process to a successful conclusion and implementing the targeted efficiencies, as well as the approval of a price mechanism, are crucial to this purpose.

Turning to the Balance Sheet, the company's debt/equity ratio, presently 52/48, is at an acceptable level and it is our objective to maintain this position. However, this has been achieved at a cost. Important investment, particularly in network refurbishment, has been deferred because of inadequate internal financing capability. Resorting to substantial borrowing for capital purposes, with all the associated risks, is not considered an acceptable option. Investment decisions, therefore, will continue to be influenced by the company's ability to generate the appropriate level of finance from internal resources.

Capital expenditure for the year was £154.1M, £16.3M down on 1993 levels. This reflects tight control and covers development of the new gas generation unit in Poolbeg and investment in transmission and distribution facilities.

We carried out a restructuring of the debt portfolio in 1994 with satisfactory results and we continue to achieve an acceptable cost of funds. Opportunities to raise borrowings at good rates were taken through the year. The strong year-end cash position reflects a significant level of prefunding for 1995 requirements as well as improved working capital management.


ISUZU
90 G 4419
90 G 4419

Achieving our Vision

Our vision statement was developed with the active participation of staff throughout the company. It sets out clear and demanding objectives.

The vision was written in the context of the dramatic changes taking place in the electricity industry in Ireland and abroad. Achieving this vision requires careful planning in implementing necessary change. Most importantly, it requires the active participation of staff and trade unions in the company.

My task is to lead ESB to the achievement of that vision and I am confident of success. I am focusing on a number of key factors which I believe are crucial to its fulfilment:

Organisation and Management Capability

We have carried out a major restructuring of the company which now has five business units operating with a strong degree of autonomy and strict accountability for the achievement of specific performance targets. The Corporate Centre is guiding overall strategic direction and control of the company.

The essence of the new structure is that decision making is devolved down through the organisation empowering managers and staff to take actions based on business needs. Managers play a key role in initiating this business-driven approach and leadership skills are essential. We are selecting and developing managers with these attributes.

People

In 1991 I set up the Review of Relationships, involving management and trade unions, under the chairmanship of Peter Cassells, General Secretary, Irish Congress of Trade Unions, to chart a new course by which we would conduct relationships within the company. The report, produced by the review group in early 1993, heralded a new approach to the involvement of trade unions and staff in determining the future of the company and this enabled the Cost and Competitiveness Review to come about.

I am committed to empowering people in their jobs as the best way to achieve real success in a competitive business environment.

Competitiveness

Achieving a competitive position relative to the new players who will enter the market in the future is critical. I am determined that ESB will meet the competitive challenges which come our way.

The changes being discussed between management and trade unions in the Cost and Competitiveness Review are based on the best practices observed in the best utilities in the world. This joint process is aimed at achieving essential change in the business without confrontation.

Quality of our Services

Quality is an essential element in our strategy for competitiveness and growth. We are building on our already high standing with our customers and aim to deliver continuously improving services.

Commercial Enterprises

ESB will be subject to competition in the home market in the future. We will vigorously defend that market. We will not limit ourselves to the home market, however. We are pursuing growth and profits by expanding our international business. With twenty years of experience behind us in international markets we are well positioned to do so.

Relationships

Our future success will not only depend on our ability to compete on price and quality. The company's reputation, based on the way it conducts its relationships with customers and with Government, is an important part of the mix.

We are well aware of this vital success factor. We continuously work to nurture and improve these relationships and will fulfil our responsibility to behave as a good corporate citizen at all times.

The Restructuring of the Electricity Industry in Ireland

The pace of change in the electricity industry throughout the world continues to accelerate. It is clear that the European Union is determined to finalise the Directive on the internal energy market as quickly as possible.

The deliberations on the content of the Directive, and the delay in its finalisation, reflect both the complexity of the issues involved and the concern of governments to ensure that an industry which plays such a crucial role in the economic and social lives of their countries will continue to operate successfully in the liberalised market.

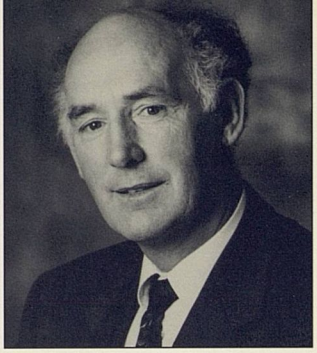
The Directive will certainly provide for competition in generation which is, at this stage, an uncontentious issue. Considerable divergence of positions exists in relation to third party access to networks, which would give generators the right to sell direct to customers. There is also considerable divergence of positions in relation to competition in supply.

ESB has been involved in detailed discussions with the Department of Transport, Energy and Communications on the development of proposals for the new electricity industry in Ireland. A new structure for the industry, as well as legislation, is required, both to cater for the pending European Union Directive and to ensure that the industry will continue to deliver reliable supply and service to the community at competitive prices. These discussions have been very productive in exploring and debating the many complex issues involved.

In 1993 ESB restructured the company, setting up five business units for Power Generation, National Grid, Customer Services, Business Services and Commercial Enterprises.

Business Unit management operates with a high degree of autonomy and each has its own clear strategies and objectives.





Ken O'Hara Managing Director

Chief Executive's Review

Power Generation

ESB's power production business is managed by Power Generation. This business unit operates twenty four power stations throughout the country with a total capacity of 4164MW. Generation is from a mix of fuels including coal, gas, hydro, oil and peat and plant size ranges from the 5MW sod-peat burning plants at Gweedore and Cahirciveen to the 900MW coal-burning station at Moneypoint.

To underpin future success Power Generation is focussing on a number of key objectives. These include:

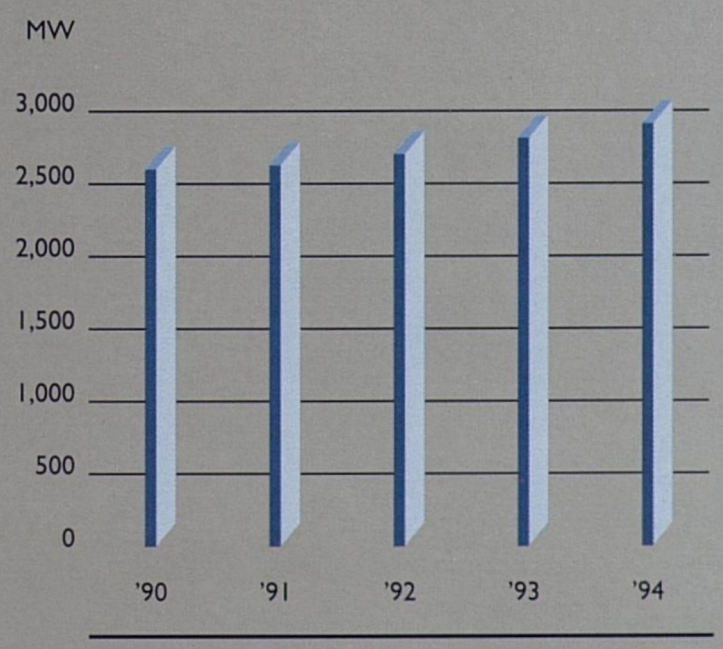
- Achieving commercial return on capital employed.
- Improving plant availability further to achieve world class performance.
- Implementing a programme of extensive change in work practices, management structures and operating regimes in all plant.
- Managing environmental performance of plant in compliance with national and international regulations and agreements.
- Bidding successfully for new generating plant.
- Maintaining high standards of managerial and technical competence.

"the transition to the new competitive business environment requires fundamental changes in the approach of Power Generation to operating and maintaining power stations"

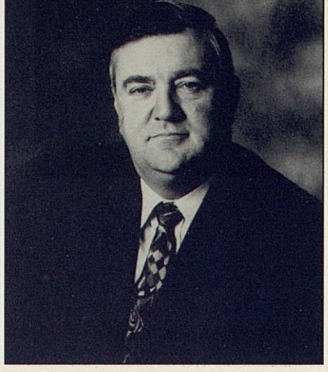
The transition to the new competitive business environment requires fundamental changes in the approach of Power Generation to operating and maintaining power stations. Contractual Power Purchase Agreements with the Power Procurer will become the basis for performance and commercial success.

During 1994 Power Generation recorded significant achievements, including a further improvement in overall plant availability performance. The first phase of the new combined cycle plant at Poolbeg, a 150MW gas turbine, was brought on stream, meeting all its efficiency and environmental performance targets. In addition, a mould-breaking agreement was developed by a joint management and trade union working party in relation to the operation of the total plant at Poolbeg. This plant is expected, ultimately, to have a capacity of 910MW.





Peek Load Trends



Kieran O'Brien Managing Director

Chief Executive's Review

National Grid

National Grid provides a power transmission service, linking the generators to the bulk supply points on the distribution system and to those large industrial customers directly connected to the transmission network. The transmission system will be open to all power producers on the basis of transparent and fair usage charges. The system will operate on a clear commercial and non-discriminatory basis. Principles for such transmission charging are being developed.

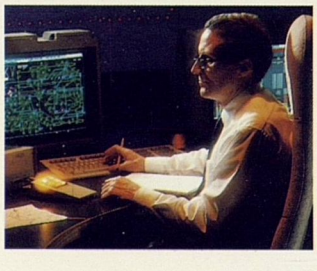
National Grid ensures reliability of electricity delivery from producers to the distribution system. A strong high voltage transmission grid is vital to reliably transfer large amounts of power throughout the country. Over the next five years investment of up to £100M will be required to meet the increasing demand for electricity and to refurbish ageing equipment and lines in the 110kV and 220kV systems.

Work on the 275/220kV interconnector with Northern Ireland began on both sides of the border at the end of 1994 and the interconnector is planned to be available for commercial operation in Spring 1995.

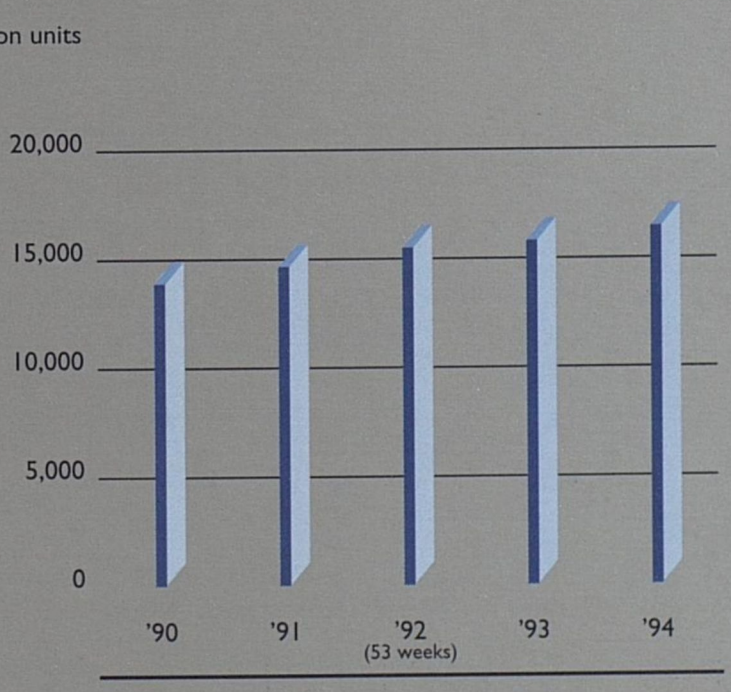
"over the next five years investment of up to £100M will be required to meet the increasing demand for electricity"

National Grid is responsible for the economic dispatch of generation to meet varying customer demand and for the operation of power system in a safe, reliable and efficient manner. These functions are carried out centrally from the National Control Centre, which provides the State-of-the-Art computer systems and software applications necessary to control a dynamic and complex power system.

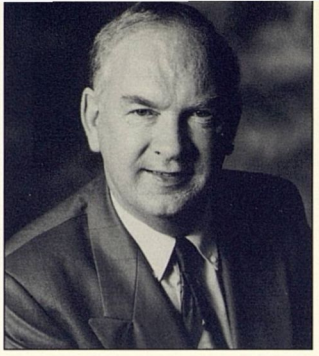
The Grid Protocol is currently under development. This document will establish the technical rules for connection to the grid and will set out the processes and procedures necessary to operate the power system in a fair and transparent manner.







System Demand Trends



Ted Dalton Managing Director

Chief Executive's Review

Customer Services

Customer Services Business Unit provides an electricity distribution service based on transparent and fair commercial charges and provides quality, customer-driven supply services to ESB customers. ESB's retail and electrical contracting activities are also part of the business unit's activities.

Our customers rightly expect a high standard of electricity supply and we provide a 24 hour service to meet this demand. Large industry, in particular, is increasingly mobile and will not establish facilities or remain in locations where they find that infrastructure services are not of a satisfactory cost or quality.

The distribution networks in Ireland, 38Kv, 10Kv and low voltage total 155,200 kilometres, the highest ratio of networks to customers in Europe. Ireland's dynamic economic growth and consequent buoyant electricity usage requires continuing high investment on these networks, projected at approximately £500M over the next five years. In particular our rural networks, now nearly forty years old, are suffering from under-investment. The maintenance of quality supply standards for customers is a key issue for ESB and it is likely that, over the next number of years, the

European Union will introduce standards for the electricity industry. ESB is addressing the issue of supply quality through a range of initiatives including new working techniques and damage prevention technology.

"our rural networks, now nearly forty years old, are suffering from under-investment"

We survey our customers regularly and these assessments indicate that ESB already provides a first-class customer service. We do not intend to rest on that and we plan to further improve our responsiveness to our customers' needs through the greater empowerment of front-line staff and the use of modern information technology.

The collection of electricity accounts matched the performance of 1993, which was the best ever recorded. We manage this activity in a sensitive, caring way and have a special Help Policy for any of our customers in difficulty.

More than 26,500 new dwellings were connected in 1994, the highest number since 1981.

We introduced or extended a number of new live-working techniques which significantly reduce the need for supply interruption during planned maintenance. Almost one million customer hours were saved during the year.

Two cross-border connections were commissioned between Letterkenny and Strabane and Cathaleen's Falls/Shankill and Enniskillen. These links are now ready for service and will be used for standby purposes initially.

ESB continued to support and implement Government policies in the areas of energy efficiency, environmental protection and safety. Through one of the most comprehensive programmes of its kind in Europe, ESB worked closely with its customers to achieve a saving of 140 million units of electricity in 1994.

The Programme for National Recovery published by Government in 1987 encouraged ESB to invest in carefully selected companies in the engineering and electronics sectors. While the return on investment has been good, it was considered appropriate to revise the company's overall investment strategy. A new policy relative to investment in the commercial business area was adopted by the Board of ESB in 1994. In the coming years ESB will, where it is profitable, take opportunities to leverage existing assets. Furthermore, ESB will invest in opportunities where a direct fit exists with its engineering and contracting activities given that a genuine synergy will result.

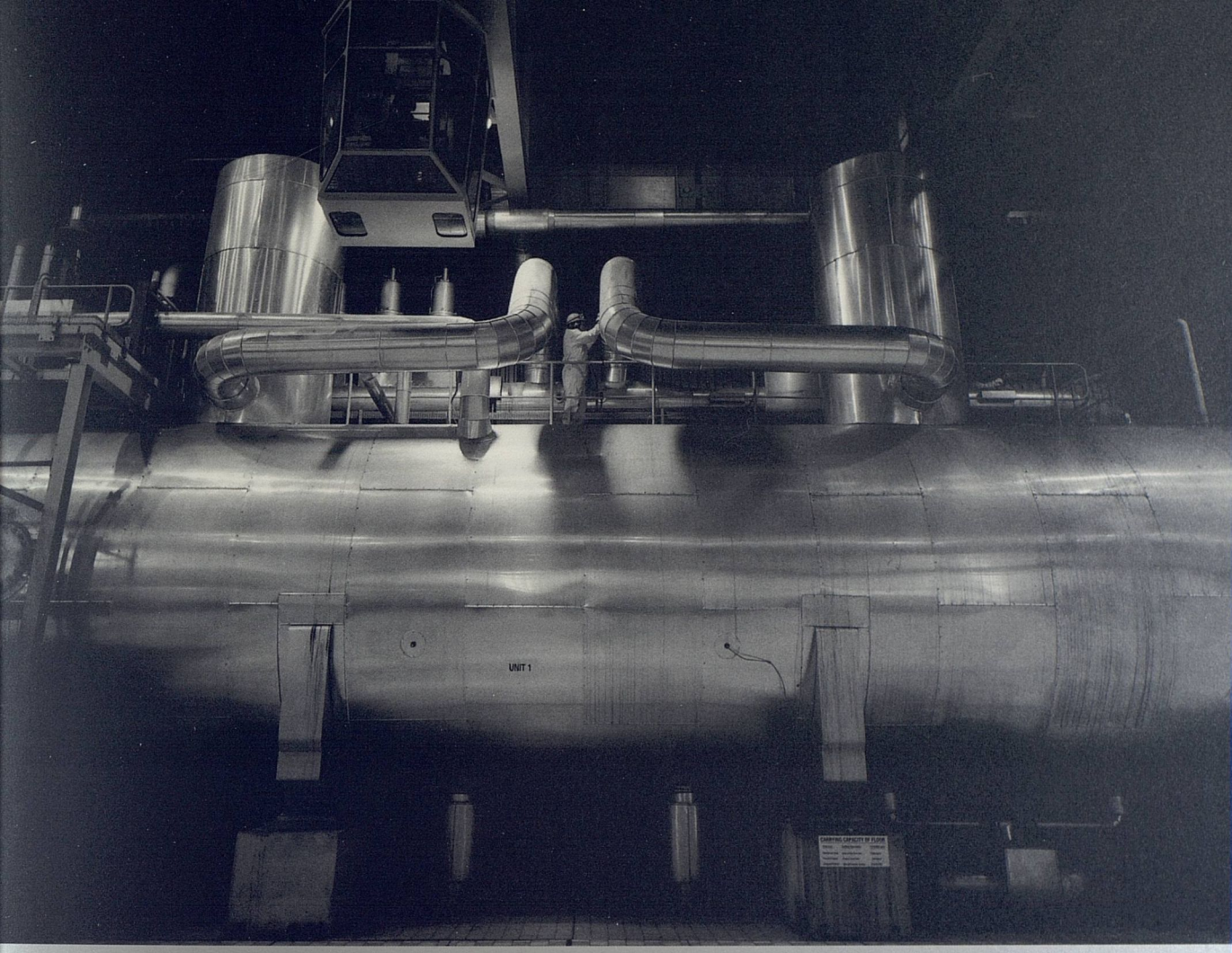
To illustrate, the participation of ESB Industrial Holdings in Hoermann Ltd. of Cork has resulted in turnover increasing from £6.8M to £17.0M over the last two years.

Canal Construction Ltd. coordinated ESB International's involvement in the engineering and project management of the Ballinamore-Ballyconnell Canal Project which opened in April 1994.

FTI Finance continued to consolidate its position as a leading provider of financial expertise especially in the areas of corporate finance and treasury management. FTI Finance works with a variety of companies throughout Europe and opened its first overseas office in Prague to support its expanding business in that area.

Worldwide, the salmon farming industry experienced further rationalisation coupled with a significant increase in production. The current restructuring of the industry is characterised by a move towards vertical integration within the supply chain. This trend has been associated with long-term success in the intensive culture of other animal species.

Having successfully steered its marine farms through a long and challenging development phase, ESB decided that it was timely to dispose of its marine salmon farming interests, Salmara Fisheries Ltd. The sale of these units in counties Cork, Kerry, Donegal and the smolt unit in Co. Leitrim was concluded. It is with regret that ESB is leaving this business. However, considerable satisfaction can be drawn from the company's involvement with a wide variety of upstream and downstream businesses including those which are now exporting fish farming equipment.



Management of the power utility in Sierra Leone.

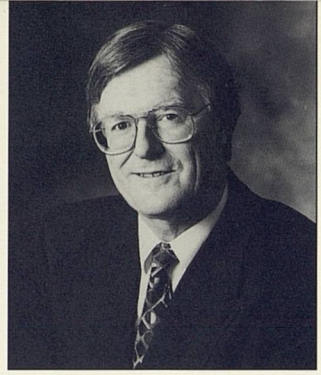
Contract for the operation and maintenance of the 440MW power station at Port Dixon, Malaysia.

Installation of automated financial accounting systems for Water and Power Development Authority, Pakistan.

ESB Fund Managers Exempt Pool Pension Fund was the top performing fund in1994, in the survey conducted of all the major pension consultants.

Acquisition of an overhead line contracting business in the UK.

Commencement of the twentieth year of continuous involvement with the Ministry of Power & Water in Bahrain.



Fiachra Mc Dyer Power Procurer

Chief Executive's Review

Power Procurement

Power Procurement, established in 1993, is an independent function which deals with the administration and planning of a contract-based bulk electricity market. In this market producers will sell on the basis of long-term Power Purchase Agreements and electricity is sold in bulk at a common price according to a structured bulk supply tariff. In carrying out this function, the Power Procurer is responsible for ensuring that sufficient generation capacity is contracted to meet projected demand. The Power Procurer will purchase bulk electricity at lowest cost from both ESB Power Generation and independent power producers.

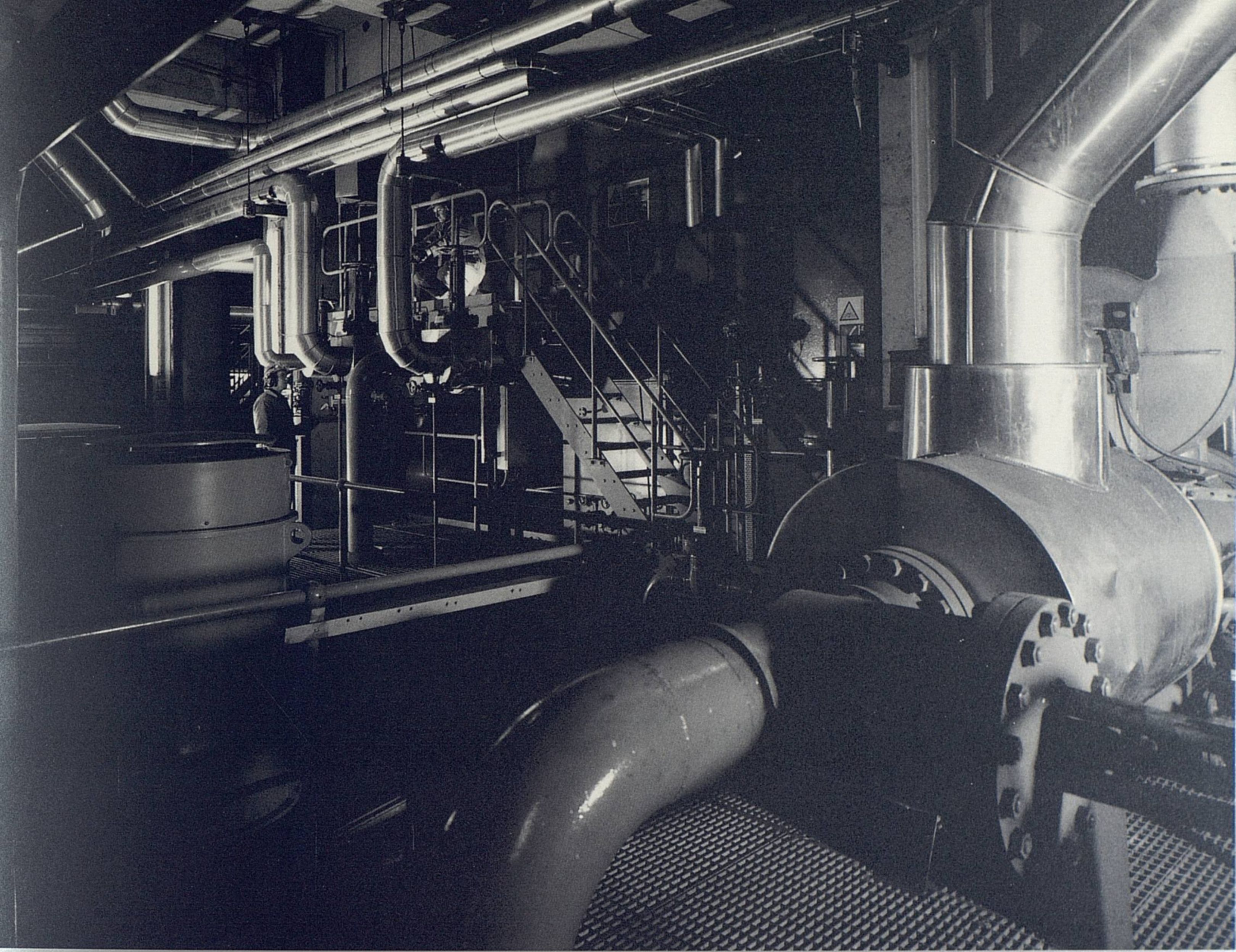
"the Power Procurer is responsible for ensuring that sufficient generation capacity is contracted to meet projected demand"

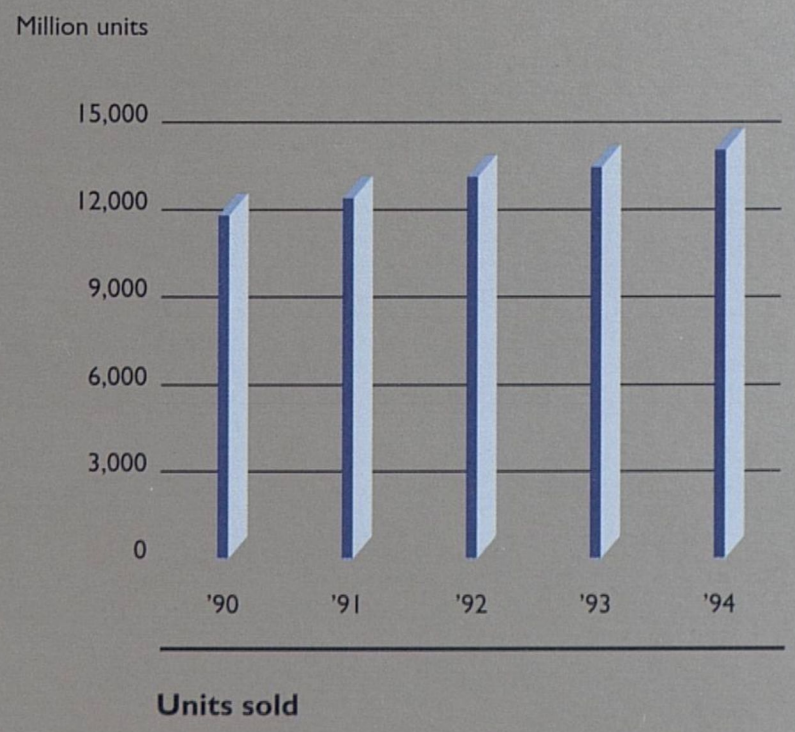
During 1994 development of Power Purchase Agreements with ESB Power Generation was brought to an advanced stage, including the format of a future competitive bidding process for such agreements. The Power Procurer's activities will enable competition in the generation of electricity and it is the competition to win Power Purchase Agreements which will be central to the emerging electricity market.

In planning for the restoration of the North-South Interconnector, Power Procurement initiated discussions with its counterpart in Northern Ireland Electricity on the form of trading agreement necessary to allow a resumption of trading expected in 1995.

A major competition, designed to attract bids at viable prices, was conducted to secure a supply of 75 megawatts of electricity generating from alternative sources. In total 101 commercial and technical projects were evaluated with contracts to be offered for the generation and supply of electricity by private sector companies in 1995. This competition was administered on behalf of the Minister for Transport, Energy and Communications, by the Power Procurer under the Alternative Energy Requirement initiative.







Units sold

Safety and the Natural Environment

Safety

The safety of staff and the public continues to be a key concern in all aspects of our operations. A detailed review of our safety policy and our management of safety issues was initiated in the light of the internal reorganisation of ESB into business units. ESB has complied with all legal obligations under the Safety, Health and Welfare at Work Act 1989 and other safety legislation. A comprehensive safety audit system has been put in place in power stations and our efforts at increasing public awareness of the dangers associated with electricity have continued.

Natural Environment

Concern for the preservation of the high quality of Ireland's natural environment continues to be a driving force within the electricity industry. It is also widely recognised that the sector has a key role to play in national responses to some of the major regional and global environmental problems of concern, notably acid rain and the threat of global warming. We also recognise that there is a significant cost to be borne in carrying out our environmental responsibilities and that, ultimately, this cost will be reflected in the price of electricity to our customers.

Significant international developments in 1994 included the ratification by Government of the Sofia Protocol which restricts emissions of nitrogen oxides (NOx), the signing by Government of the Second Sulphur Protocol to the same Convention, which limits emissions of sulphur dioxide (S02), and the publication by Government of the National Strategy on carbon dioxide (CO2) abatement, as required under the 1992 UN Convention on Climate Change.

The retrofitting of newly developed low NOx producing burners to our thermal stations continued in 1994 with the installation of new burners at Moneypoint Unit 2 and at Aghada Unit 1. The cumulative cost of this programme to date is approximately IR£7M.

The Second Sulphur (Oslo) Protocol will restrict SO2 emissions from the electricity sector to an annual 82KT from the year 2000, a reduction of approximately 32KT from that allowed under European Union legislation. Our objective is to achieve this requirement in the most cost-effective manner by a switch to lower sulphur content fuels. The combined effect of meeting the Second Sulphur and Sofia Protocols will be to increase electricity production costs by approximately 2%.

The National Strategy on CO2 abatement highlights the important contribution required of the electricity industry in achieving national targets. Actions undertaken by ESB have focused on a more rational use of energy and include:

- Continued efficiency improvement at all power stations
- A programme of reduction in system losses
- The promotion of energy conservation and increased efficiency in the use of electricity
- The promotion of Demand Side Management measures, including provision of third party finance
- The implementation of the Government initiative in support of alternative energy, including combined heat and power. Many of the initial energy savings made under these programmes have had positive cost benefits. Economic returns on investment in these programmes will become more difficult to achieve as the programmes are extended. Eventually a subsidy from the customer may be required to ensure their continuation.

Little progress was achieved in 1994 on reaching a conclusion regarding the Commission's proposal for a European Union wide carbon/energy tax. The Commission's proposal, if implemented in full, would increase industrial electricity prices in Ireland by 26% on average. The impact of such a tax on the Irish economy, and in particular on indigenous manufacturing industry, needs careful consideration.

In anticipation of Integrated Pollution Control licensing by the Environmental Protection Agency, ESB will make provision for expenditure of IR£36M over the next number of years to enhance our environmental management and audit systems and the control, monitoring and recording of discharges from our thermal power stations to the environment.

Work continued on developing and expanding our environmental management programme in 1994 during which a comprehensive internal audit process was implemented in all power stations.



The Board

There were eleven general meetings and five special meetings of the Board during the year ended 31st December, 1994. The number in brackets opposite each name is the number of meetings attended by each Board Member.

The following were the members of the Board at 31st December, 1994:

Patrick J. Moriarty	(16)
Rynal Coen	(12)
Sean Geraghty	(16)
Denis Holland	(16)
Eamon Kelly *	(16)
Patrick J. Kevans	(12)
Joseph LaCumbre	(13)
William M. McCann	(14)
Colm McCarthy **	(11)
Joe Moran	(16)
Caitríona Murphy	(10)
Edmond O'Kelly **	(12)

*Appointment expired 31st December 1994

**Appointment expired 22nd March 1995

This Report was approved by the Board at its meeting on 14th March, 1995 for submission to the Minister for Transport, Energy and Communications.

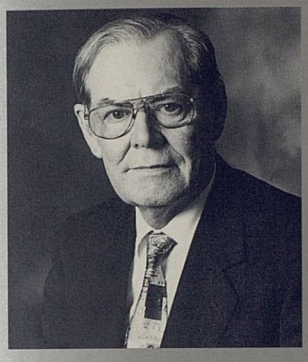
Signed:

P. J. Moriarty, *Chairman*

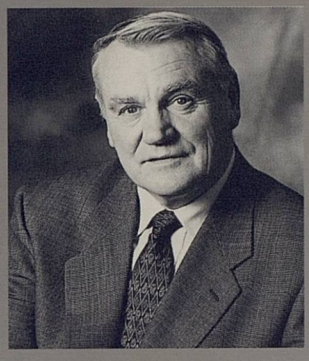
D. J. Moran, *Chief Executive*

D. Mahony, *Secetary*

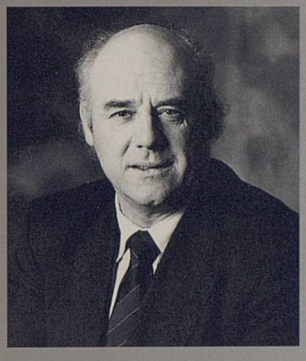
Patrick J. Moriarty



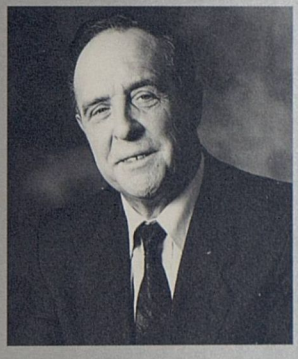
Rynal Coen



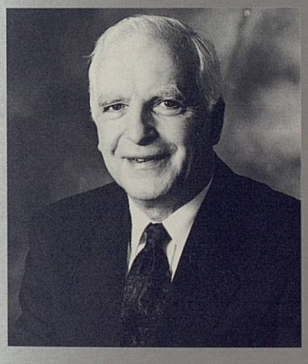
Sean Geraghty



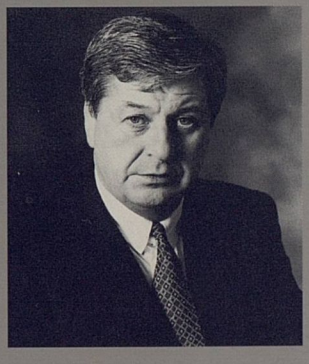
Denis Holland



Eamon Kelly



Patrick J. Kevans



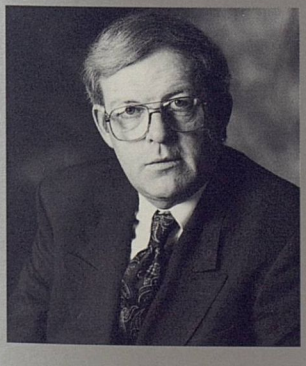
Joseph LaCumbre



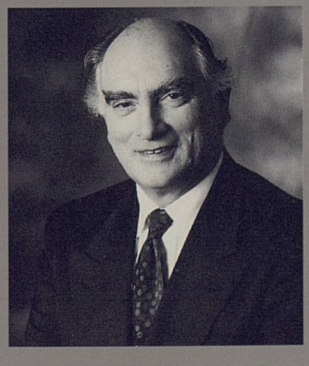
William M. McCann



Colm McCarthy



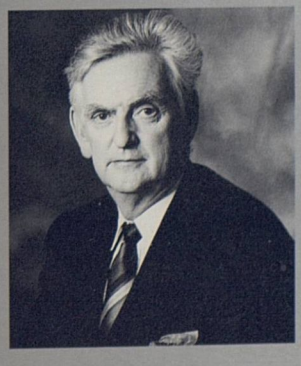
Joe Moran



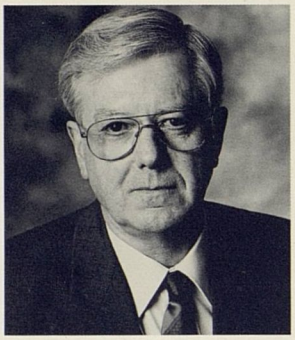
Caitríona Murphy



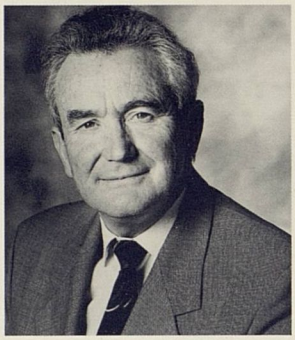
Edmond O'Kelly



Lorcan S. Canning
Director, Corporate Personnel



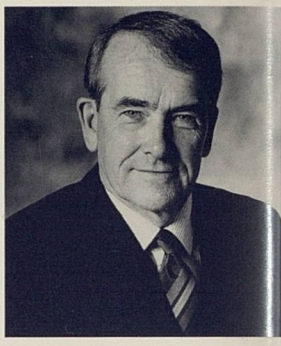
John A. Duffy
Director, Corporate Strategy & Technology



Joe Maher
Director, Corporate Finance



Don Mahony
Secretary



Board Members

Patrick J. Moriarty, *Chairman*
Rynal Coen
Sean Geraghty
Denis Holland
Eamon Kelly
Patrick J. Kevans
Joseph LaCumbre
William M. McCann
Colm McCarthy
Joe Moran, *Chief Executive*
Caitríona Murphy
Edmond O'Kelly, *Deputy Chairman*

Secretary

Don Mahony

Executive Directors

John A. Duffy
Corporate Strategy & Technology

Lorcan S. Canning
Corporate Personnel

Joe Maher
Corporate Finance

Power Procurer

Fiachra McDyer

Managing Directors, Business Units

Ken O'Hara
Power Generation

Kieran O'Brien
National Grid

Ted Dalton
Customer Services

Richard Hayden
Business Services

Michael Hayden
Commercial Enterprises

Accounts for Year ended 31 December 1994

Contents

Consolidated Profit and Loss Account	34
ESB Balance Sheets	35
Consolidated Statement of Total Recognised Gains and Losses	36
Consolidated Cash Flow Statement	37
Statement of Accounting Policies	38
Notes to the Financial Statements	41
Appendices	53
Statement of Board Members' Responsibilities	61
Auditors' Report	62

Consolidated Profit and Loss Account

Year ended 31 December 1994

	Notes	1994 £000's	1993 £000's
Turnover	1	**976,511**	942,683
Operating Costs		**(840,577)**	(830,299)
Restructuring Costs	14	**(25,441)**	0
Net Interest Cost	2	**(73,179)**	(77,679)
Operating Surplus		**37,314**	34,705
Provision for repayment of borrowings (See Policy Note 3.)		**(56,803)**	(55,228)
Share of Associated Undertakings' Profit		**1,272**	337
Taxation Charge	4	**(444)**	(611)
Deficit Before Minority Interests		**(18,661)**	(20,797)
Minority Interests		**(17)**	(1)
Deficit for Year	5 & 6	**(18,678)**	(20,798)
Deficit from Previous Year		**(67,727)**	(46,929)
Deficit to Next Year	6	**(86,405)**	(67,727)

Signed: **P. J. Moriarty,** Chairman

Signed: **D. J. Moran,** *Chief Executive*
J. P. Maher, *Director, Finance*

14th March, 1995.

ESB Balance Sheets

As at 31 December 1994

	Notes	Consolidated 1994 £000's	Consolidated 1993 £000's	Parent 1994 £000's	Parent 1993 £000's
Assets Employed:					
Fixed Assets:					
Tangible Assets	7	**1,719,264**	1,675,286	**1,714,468**	1,669,393
Financial Assets	8	**57,604**	57,053	**102,531**	85,692
		1,776,868	1,732,339	**1,816,999**	1,755,085
Current Assets:					
Stocks	9	**103,415**	121,867	**99,651**	114,185
Debtors	10	**264,924**	262,059	**217,392**	219,265
Investments	11	**869**	821	**869**	821
Cash at Bank and in Hand		**150,015**	7,220	**144,654**	4,042
		519,223	391,967	**462,566**	338,313
Creditors (Falling due within one year)					
Borrowings & Other Debt	12	**(163,674)**	(114,242)	**(162,542)**	(93,593)
Other Creditors	13	**(185,161)**	(162,532)	**(175,362)**	(155,688)
		(348,835)	(276,774)	**(337,904)**	(249,281)
Net Current Assets		**170,388**	115,193	**124,662**	89,032
Total Assets less Current Liabilities		**1,947,256**	1,847,532	**1,941,661**	1,844,117
Creditors (Falling due after more than one year)					
Borrowings & Other Debt	12	**(895,773)**	(875,969)	**(895,741)**	(875,743)
Other Creditors	13	**(563)**	0	**(563)**	0
		(896,336)	(875,969)	**(896,304)**	(875,743)
Provision for Liabilities and Charges	14	**(110,742)**	(88,058)	**(110,742)**	(88,058)
Net Assets		**940,178**	883,505	**934,615**	880,316
Financed By:					
Reserves:					
Sinking fund for Repayment of Borrowings	15	**50,008**	49,651	**50,008**	49,651
Other Reserves	16	**976,512**	901,538	**976,717**	901,570
Profit and Loss Account	6	**(86,405)**	(67,727)	**(92,110)**	(70,905)
Minority Interests		**63**	43	**0**	0
		940,178	883,505	**934,615**	880,316

Signed: **P. J. Moriarty,** Chairman

Signed: **D. J. Moran,** *Chief Executive*
J. P. Maher, *Director, Finance*

14th March, 1995.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 1994

	Notes	**1994 £000's**	1993 £000's
Deficit Before Minority Interests		**(18,661)**	(20,797)
Provision for Repayment of Borrowings	15	**56,803**	55,228
Interest (including gains) on Sinking Fund investments	15	**3,454**	11,955
Non Repayable Supply Contributions	16	**15,247**	11,168
Translation differences on consolidation of foreign subsidiaries	16	**(173)**	200
Minority Interest		**(17)**	(1)
Total Recognised Gains and Losses for year		**56,653**	57,753

Reconciliation of movements in Reserves:

Total recognised gains and losses for period		**56,653**	57,753
Increase in minority interests		**20**	121
Opening Reserves		**883,505**	825,631
Closing Reserves		**940,178**	883,505

Consolidated Cash Flow Statement

Year ended 31 December 1994

	Notes	1994 £000's	1993 £000's
Net Cash Inflow from Operating Activities	17(a)	**284,129**	236,073
Returns on Investments and Servicing of Finance			
Interest Received (including gains) on Sinking Fund		**2,748**	9,830
Other Interest Received		**3,974**	5,645
Interest Paid		**(77,983)**	(85,449)
Interest Element of Finance Lease Payments		**(4,975)**	(3,906)
Net Cash Outflow from Returns on Investments and Servicing of Finance		**(76,236)**	(73,880)
Taxation			
Corporation Tax		**(509)**	(266)
Investing Activities			
Purchase of Tangible Assets		**(22,110)**	(128,369)
Purchase of Financial Assets		**0**	(3,898)
Purchase of Investments		**(48)**	0
Sale of Tangible Assets		**2,354**	14,693
Sale of Financial Assets		**184**	33,426
Sale of Investments		**0**	32
Net Cash Outflow from Investing Activities		**(19,620)**	(84,116)
Net Cash Inflow before Financing		**187,764**	77,811
Financing			
Repayment of Long Term Loans	17(c)	**(189,385)**	(213,301)
New Loans in Year	17(c)	**185,046**	139,440
Capital Element of Finance Lease Payments	17(c)	**(39,840)**	(19,294)
Non Repayable Supply Contributions	17(c)	**13,948**	11,218
Minority Interests		**3**	120
Net Cash Outflow from Financing		**(30,228)**	(81,817)
Increase/(Decrease) in Cash and Cash Equivalents	17(b)	**157,536**	(4,006)

Statement of Accounting Policies

1. BASIS OF ACCOUNTING

The financial statements have been prepared under the Historical Cost Convention.

Section 21 (2) of the Electricity (Supply) Act 1927 requires ESB (Parent) to fix charges made for the sale of electricity and for goods and services rendered by it so that the revenue derived in any year from such sales and services will be sufficient and only sufficient (as nearly as may be) to pay all salaries, working expenses, and other outgoings properly chargeable to income in that year and such sums as the Board may think proper to set aside in that year for reserve fund, extensions, renewals, depreciation, loans and other like purposes. The accounting policies adopted in these financial statements reflect this requirement.

2. BASIS OF CONSOLIDATION

The group financial statements include the financial statements of the parent and of all subsidiary undertakings together with the group's share of the net assets of associated undertakings. Where a subsidiary undertaking or an interest in an associated undertaking is acquired during the financial year, the group financial statements include the attributable results from the date of acquisition. A separate profit and loss account for the parent is not presented.

3. PROVISION FOR REPAYMENT OF BORROWINGS

An amount is included in the profit and loss account each year, and transferred to the sinking fund reserve, so as to set aside such sums as are considered proper for the repayment of borrowings as is required under the terms of Section 5 of the Electricity (Supply) (Amendment) Act 1982. The amount is reviewed periodically and presently consists of:

: An amount for repayment of ESB stock issues in accordance with contractual obligations.

: An amount for repayment of other borrowings calculated at 6% of their Irish Pound value as at the previous year end.

Interest earned on sinking fund investments is credited directly to the sinking fund reserve.

4. FOREIGN CURRENCY

(a) ESB (Parent) Borrowings

Foreign currency borrowings and related hedging contracts are translated at exchange rates ruling at the year end, and differences, including those realised during the year, are charged or credited to the provision for currency movements on borrowings. This provision is maintained, in the light of historical experience, for possible currency exchange losses. An amount is estimated each year which is included in the Profit and Loss Account as a charge/credit under Operating Costs and transferred to the provision account. In estimating the amount the following factors are taken into account; previous long term currency trends, present expectations, the profile of the debt and the balance on the provision account for currency movements on borrowings coming forward from the previous year. This treatment, while not following SSAP 20, is considered more appropriate in the context of ESB's rate fixing responsibility.

(b) Subsidiary Undertakings

The balance sheets of foreign subsidiary undertakings are translated at year end rates and the profit and loss accounts are translated at average rates for purposes of consolidation. Translation gains or losses arising are disclosed as a movement on reserves.

5. NON-REPAYABLE SUPPLY CONTRIBUTIONS

Non repayable supply contributions from customers towards the cost of providing or upgrading electricity supply, which are levied in order to provide permanent capital, are credited directly to capital reserves.

6. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost.Cost includes prime cost,overheads and interest during construction. Depreciation is designed to recover historical cost over allotted lifespans. Methods used are appropriate to the nature of the Group's business and to the character and extent of all its tangible fixed assets. Assets are grouped and allotted lifespans in line with international practice. Major asset classifications and their allotted lifespans are:-

: Generation plant and Thermal Station Structures (other than Moneypoint Station)	20 years
: Distribution Plant and Structures	25/30 years
: Transmission Plant and Structures and Moneypoint Station Plant	30 years
: General Buildings, Hydro Stations and Moneypoint Station Structures	50 years

Depreciation is provided:-

: On the straight-line method for Transmission, Distribution and General Assets.
: On a projected plant usage basis for Generating Units.
: On all assets from date of commissioning.

7. FINANCE LEASES

The cost of assets acquired under finance leases is included in tangible fixed assets. Depreciation is provided at rates designed to recover this cost over the shorter of the allotted lifespans of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest is charged to the Profit and Loss Account over the period of the leases in proportion to the balances outstanding. Rentals payable under operating leases are charged to the Profit and Loss Account evenly over the term of lease.

8. CAPITAL GRANTS

Capital grants are treated as deferred income, which is credited to the profit and loss account on the same basis as the related fixed assets are depreciated.

9. STOCKS

Stocks are valued at the lower of average cost and net realisable value.Spares held for major generating plant breakdowns are written down over the plant lifetime. Provision is made for obsolete , slow moving or defective items where appropriate.

10. FINANCIAL FIXED ASSETS

Listed Investments are shown at cost with a note as to market value.Unlisted investments are shown at cost unless in the opinion of the Directors there has been a permanent diminution in value.

11. DEFERRED PAYMENT/HIRE PURCHASE SALES

Profit on deferred payment/hire purchase sales is taken in the year of sale. Credit for interest is taken on a reducing balance basis over the deferred payment/hire purchase term.

12. TAXATION

Corporation tax payable is provided on taxable profits at the current rates.

Deferred Tax is accounted for in respect of all material timing differences only to the extent that it is probable that a liability will arise in the foreseeable future.

13. PROVISION FOR GENERATING STATION DISMANTLING.

Provision is made for the estimated costs of dismantling generating stations when they come to the end of their useful lives. The amount of the provision is reviewed on an annual basis and charges are included in the Profit and Loss Account under Operating Costs.

14. PROVISION FOR ENVIRONMENTAL COSTS

Provision is made for the estimated costs to be incurred by the Board on specific projects as they are identified to meet its environmental objectives so that these costs are charged to the Profit and Loss account over an appropriate period. The adequacy of the provision will be reviewed annually in the light of emerging experience and changing demands.

15. FUEL COMMITMENTS

ESB (Parent) policy is to hedge exchange rates applicable to a significant proportion of its estimated future requirements for fuel by means of appropriate hedging contracts.

The exchange rate used in the cost of hedged US Dollars for fuel purchases is the average exchange rate of the hedging contracts in place. Other fuel purchases are recorded at the spot rate or at the actual rate arising on related short term hedging contracts.

This treatment is consistent with ESB's rate fixing responsibility and is reviewed annually.

16. SUPERANNUATION SCHEME

The cost of providing pensions and other post retirement benefits is charged to the Profit and Loss account on a systematic basis as recommended by the Actuaries.

Year ended 31 December 1994

1. TURNOVER – £000's

Turnover, which comprises the value of sale of goods and services, excluding intra-group transactions,is attributable as follows:

	1994	1993
(a) Business Activity:		
Electricity	**875,802**	845,433
Appliance Sales and Contracting	**48,552**	47,038
Other Activities	**52,157**	50,212
	976,511	942,683
(b) Geographic Markets (Originating primarily in Ireland):		
Ireland	**938,069**	922,331
Europe	**24,610**	11,665
Others	**13,832**	8,687
	976,511	942,683

All of the Group's Turnover and Operating Surplus arise from continuing operations.

2. NET INTEREST COST – £000's

		1994		1993
Total Interest Payable:				
On loans repayable within 5 years	**35,410**		38,150	
On other loans	**47,525**		52,984	
		82,935		91,134
Total Interest Receivable :				
From Listed Investments	**(74)**		(74)	
From Other Investments	**(4,315)**		(4,963)	
		(4,389)		(5,037)
Less				
Capitalised Interest		**(5,367)**		(8,418)
Net Interest Payable		**73,179**		77,679

Year ended 31 December 1994

3. EMPLOYEES

	1994	1993
(a) Average number of employees in year by business activity and total:		
Electricity Supply	**9,784**	10,028
Appliance Sales and Contracting	**286**	294
Other Activities	**896**	771
	10,966	11,093
(b) Employee Costs in year (£000's):		
Pay (Salaries/Wages)	**248,369**	244,626
Social Welfare Costs (PRSI)	**6,711**	6,728
Pension Costs	**35,769**	34,193
Other Payroll Costs	**17,552**	17,147
	308,401	302,694

Includes Payroll costs capitalised £43m (£44.6m in 1993).

4. TAXATION – £000's

	1994	1993
Corporation Tax	**443**	638
Deferred Tax	**0**	(51)
Share of Associated Companies Tax	**1**	24
Total Charge	**444**	611

5. DEFICIT FOR THE YEAR – £000's

	1994	1993
The deficit for the year is stated after charging:		
Depreciation	**104,140**	96,040
Provision for Currency Movements on Borrowings	**10,000**	20,000
Bad Debts	**2,324**	2,344
Operating lease charges	**82**	75
Auditors' Remuneration	**145**	147
ESB (Parent) Board Members' Fees	**55**	55

The Auditors received £0.072m for provision of non-audit services to the Group during the year.

6. CONSOLIDATED PROFIT AND LOSS ACCOUNT – £000's

	Group 1994	Parent 1994
Deficit at start of year	(67,727)	(70,905)
Retained Deficit for year	(18,678)	(21,205)
Deficit at end of year	(86,405)	(92,110)

7. FIXED ASSETS AND CAPITAL COMMITMENTS – £000's

(a) Tangible Fixed Assets – £000's

Consolidated	Land and Buildings	Plant and Machinery	Total Assets in Commission	Payments on Account and Assets in Course of Construction	Total
Cost					
Balance at start of year	488,588	2,083,493	2,572,081	101,170	2,673,251
Additions/Transfers	11,673	175,216	186,889	(32,780)	154,109
Retirements/Disposals	(225)	(18,278)	(18,503)	0	(18,503)
Balance at end of year	500,036	2,240,431	2,740,467	68,390	2,808,857
Depreciation					
Balance at start of year	173,878	824,087	997,965	0	997,965
Charge	13,124	91,016	104,140	0	104,140
Retirements/Disposals	(128)	(12,384)	(12,512)	0	(12,512)
Balance at end of year	**186,874**	**902,719**	**1,089,593**	**0**	**1,089,593**
Net Book Value at 31 Dec,1994	**313,162**	**1,337,712**	**1,650,874**	**68,390**	**1,719,264**
Net Book Value at 31 Dec,1993	**314,710**	**1,259,406**	**1,574,116**	**101,170**	**1,675,286**

Included in the net book value above are net fixed assets of £4.8m (1993: £5.9m) relating to subsidiary undertakings. The non depreciable element of land and buildings amounts to £2.6m (£2.6m in 1993).

Finance Leases

All finance leases are held by the parent company.

The net book value of tangible fixed assets includes an amount of £203.7m (£87.7m in 1993) in respect of assets held under finance leases. Depreciation charged on such assets during the year amounted to £6m (£2.5m in 1993).

(b) Capital Commitments – £000's

	Consolidated		Parent	
	1994	1993	**1994**	1993
Contracted for	**28,449**	45,033	**28,404**	45,033
Authorised but not contracted for	**26,906**	66,440	**24,806**	63,400
	55,355	111,473	**53,210**	108,433

Year ended 31 December 1994

8. FINANCIAL FIXED ASSETS – £000's

Consolidated	Associated Undertakings Shares	Loans	Total	Sinking Fund and Other Investments	Total
Balance at start of year	7,475	0	7,475	49,578	57,053
(Disposals)/Additions	(934)	0	(934)	418	(516)
Share of retained Profit	1,067	0	1,067	0	1,067
Balance at end of year	7,608	0	7,608	49,996	57,604

Parent	Subsidiary Undertakings Shares	Loans	Total	Sinking Fund and Other Investments	Total
Balance at start of year	12,634	23,580	36,214	49,478	85,692
Additions/(Disposals)	0	18,764	18,764	418	19,182
Provision for Writedown	(750)	(1,593)	(2,343)	0	(2,343)
Balance at end of year	11,884	40,751	52,635	49,896	102,531

Sinking Fund Investments included above of £49.896m (1993: £49.478m) are represented by long term bank deposits.
The Market Value of Sinking Fund Investments at the end of year is £49.896m.

9. STOCKS – £000's

	Consolidated 1994	1993
Materials and Spares	**66,364**	72,249
Fuel	**31,764**	40,032
Other Stock	**3,764**	7,682
Goods for Resale (Appliances)	**1,523**	1,904
	103,415	121,867

All the Other Stock above is held by subsidiary undertakings.
The replacement cost of stock is not significantly different from their balance sheet values.

Year ended 31 December 1994

10. DEBTORS – £000's

	Consolidated		Parent	
	1994	1993	**1994**	1993
Amounts falling due within one year:				
Trade Debtors	**50,554**	49,583	**42,111**	43,255
Unbilled Consumption	**108,532**	107,603	**108,532**	107,603
Deferred Payments/Hire Purchase Contracts	**34,432**	17,758	**10,825**	6,771
Amounts owed by:				
Subsidiary Undertakings	**0**	0	**5,087**	8,244
Associated Undertakings	**840**	1,305	**0**	0
Other Debtors	**56,016**	59,624	**50,411**	53,115
	250,374	235,873	**216,966**	218,988
Amounts falling due after more than one year:				
Deferred Payments/Hire Purchase Contracts	**14,550**	26,186	**426**	277
Total Debtors	**264,924**	262,059	**217,392**	219,265

11. CURRENT ASSET INVESTMENTS – £000's

	Consolidated and Parent	
	1994	1993
Listed	**869**	821
Market Value of Listed Investment	**935**	995

12. BORROWINGS AND OTHER DEBT – £000's

Consolidated	**Overdraft/ Other Debt**	**Finance Leases**	**Borrowings**	**1994 Total**	1993 Total
Borrowings due within one year	**6,658**	**12,374**	**144,642**	**163,674**	114,242
Borrowings due after more than one year:					
Between 1 & 2 Years	**0**	**13,155**	**122,703**	**135,858**	103,123
Between 2 & 5 Years	**0**	**58,904**	**318,309**	**377,213**	276,661
After 5 years	**0**	**53,941**	**328,761**	**382,702**	496,185
Total Borrowings due after more than one year	**0**	**126,000**	**769,773**	**895,773**	875,969
Total Borrowings Outstanding	**6,658**	**138,374**	**914,415**	**1,059,447**	990,211

Year ended 31 December 1994

12. BORROWINGS AND OTHER DEBT – £000's (continued)

Parent	Overdraft/ Other Debt	Finance Leases	Borrowings	1994 Total	1993 Total
Borrowings due within one year	**5,694**	**12,374**	**144,474**	**162,542**	93,593
Borrowings due after one year:					
Between 1 & 2 Years	**0**	**13,155**	**122,703**	**135,858**	102,897
Between 2 & 5 Years	**0**	**58,904**	**318,277**	**377,181**	276,661
After 5 years	**0**	**53,941**	**328,761**	**382,702**	496,185
Total Borrowings due after one year	**0**	**126,000**	**769,741**	**895,741**	875,743
Total Borrowings Outstanding	**5,694**	**138,374**	**914,215**	**1,058,283**	969,336

13. OTHER CREDITORS – £000's

	Consolidated		Parent	
CREDITORS FALLING DUE WITHIN ONE YEAR	**1994**	1993	**1994**	1993
Progress Payments on Work in Progress	**6,114**	3,882	**6,114**	3,882
Trade Creditors	**54,458**	46,734	**53,126**	44,487
Other Creditors	**29,366**	21,641	**29,113**	16,857
PAYE/PRSI	**7,702**	8,646	**7,623**	8,529
VAT	**20,595**	18,281	**20,597**	18,024
Accruals and Deferred Income	**44,034**	40,769	**32,372**	34,601
Amounts owed to Subsidiary Undertakings	**0**	0	**3,950**	6,792
Accrued Interest on Borrowings	**22,467**	22,579	**22,467**	22,516
Corporation Tax	**425**	0	**0**	0
	185,161	162,532	**175,362**	155,688

	Consolidated		Parent	
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	**1994**	1993	**1994**	1993
Deferred Capital Grants	**563**	0	**563**	0
	563	0	**563**	0

14. PROVISIONS FOR LIABILITIES AND CHARGES – £000's

Consolidated & Parent	Provision for Currency Movements	Provision for Generating Station Dismantling	Provision for Environmental Costs	Provision for Restructuring Costs (note 21)	Total
Balance at start of year	58,701	23,275	6,082	0	88,058
Transfer from Profit and Loss Account	10,000	2,694	3,734	25,441	41,869
Revaluation differences	(6,752)	0	0	0	(6,752)
Utilised during year	0	(6,470)	(5,963)	0	(12,433)
Balance at end of year	61,949	19,499	3,853	25,441	110,742

15. SINKING FUND FOR REPAYMENT OF BORROWINGS – £000's

Consolidated & Parent	1994	1993
Balance at start of year	**49,651**	49,429
Movements during year:		
Provision for Repayment of Borrowings	**56,803**	55,228
Interest income (incl.gains) on Sinking Fund Investments	**3,454**	11,955
Sinking Fund applied to repay borrowings (Note 16)	**(59,900)**	(66,961)
Balance at end of year	**50,008**	49,651
Represented by:		
Sinking Fund Investments (Note 8)	**49,896**	49,478
Interest Accrued	**112**	173
	50,008	49,651

Year ended 31 December 1994

16. OTHER RESERVES – £000's

Consolidated	Non-Repayable Supply Contributions	Repaid Capital Reserve	Others	Total Other Reserves
Balance at start of year	238,174	663,396	(32)	901,538
Movements during year:				
Non-Repayable Supply Contributions	15,247	0	0	15,247
Borrowings Repaid ex Sinking Fund	0	59,900	0	59,900
Translation differences on consolidation of Foreign Subsidiaries	0	0	(173)	(173)
Balance at end of year	253,421	723,296	(205)	976,512

Others above relate to subsidiary undertakings.

17. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating surplus to net cash inflow from operating activities – £000's

	1994	1993
Operating Surplus	**37,314**	34,705
Net Interest Cost	**73,179**	77,679
Depreciation	**104,140**	96,040
Provision for Liabilities and Charges	**29,436**	30,400
Loss on Disposal of Tangible Assets	**3,637**	221
Provision for Write Down of Investments	**955**	0
Translation Differences	**(173)**	200
Increase in Debtors	**(2,600)**	(5,204)
Decrease/(Increase) in Stocks	**13,891**	(3,660)
Increase in Creditors	**24,350**	5,692
Net Cash Inflow from Operating Activities	**284,129**	236,073

(b) Analysis of balances in cash and cash equivalents and movements during the year – £000's

	Cash at Bank and in Hand	Overdraft/ Other Debt	Total
Balance at start of year	56,698	(21,921)	34,777
Net Cash Inflow	142,360	15,176	157,536
Exchange Rate Movements	853	87	940
Balance at end of year	199,911	(6,658)	193,253

Year ended 31 December 1994

17. CONSOLIDATED CASH FLOW STATEMENT – £000's (continued)

(c) Analysis of changes in financing during the year – £000's

	Finance Leases	Long Term Loans	Non Repayable Supply Contributions	Minority Interests	Total
Balance at start of year	56,480	911,810	241,165	43	1,209,498
Cash Flow Items:					
Payments of Finance Leases	(39,840)	0	0	0	(39,840)
New Loans taken out in year	0	185,046	0	0	185,046
Payments of Long Term Loans	0	(189,385)	0	0	(189,385)
Non Repayable Supply Contributions	0	0	13,948	0	13,948
Sale of Interest	0	0	0	3	3
Non Cash Items:					
New Capital Finance Leases	121,753	0	0	0	121,753
Unrealised Exchange Differences	(19)	6,944	0	0	6,925
Minority Share of losses	0	0	0	17	17
Balance at end of year	138,374	914,415	255,113	63	1,307,965

(d) Major non cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value of £121.8m.

Year ended 31 December 1994

18. PENSION COMMITMENTS

Pensions for employees in the electricity business and the majority of employees of subsidiary undertakings are funded through an independent defined benefit scheme called ESB General Employees' Superannuation Fund. The scheme is vested in independent trustees nominated by ESB and its members for the sole benefit of employees and their dependants.

The pension costs of the scheme are assessed in accordance with the advice of independent actuaries obtained at three yearly intervals. The latest actuarial valuation for the scheme was at 31 December 1992 using the attained age method. The principal actuarial assumption was that, over the long-term, the annual rate of return on investments would be 3% higher than the annual increase in pensionable remuneration and pensions in course of payment.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was IR£491.4m million which compared to an actuarial valuation of accrued liabilities, based on current earnings, of IR£553.9m .

The actuarial value of the assets was sufficient to cover 54% of the liabilities allowing for expected future increases in earnings and pensions. Payment of the recommended funding rate is planned to increase the figure to 100% over time.

In the past, ESB have been involved in voluntary severance programmes and have made additional contributions to the pension scheme. The costs in the current year amount to IR£3.6 million and will continue at this level up to 31 March 1995, with revised amounts continuing to 31 December 2002. These amounts will be adjusted in line with average salary inflation at each future actuarial valuation.

The total pension cost of the group was IR£35.8million being an increase of IR£1.6 million from 1993.

The actuarial report is available for inspection by members of the scheme only and is not available for public inspection.

19. ACCOUNTING YEAR

Income and expenditure are aligned on a 52 or 53 week year as appropriate. 1994 is a 52 week year (1993 - 52 weeks).

20. COMPARATIVE FIGURES

Where appropriate, previous year's figures are regrouped/restated.

21. CONTINGENT LIABILITY

(i) The Board has commenced negotiations on a major reorganisation and restructuring which will incorporate a voluntary severance programme phased over a number of years. The overall cost of the restructuring programme is likely to be very substantial. At the date of approval of these financial statements the negotiations on the restructuring were at an advanced stage but information was not available on which to base an estimate of the likely final cost. However, voluntary severance costs have been identified amounting to £25.4m which have been fully provided for (see note 14). No other provisions have been made in this respect at the balance sheet date and accordingly a contingent liability exists for the remaining cost of the restructuring programme.

(ii) Deferred Tax: unutilised capital allowances forward at 31 December 1994 are estimated at £568m. The potential tax liability deferred as a consequence of accelerated capital allowances is estimated at £193m (1993: £199m).

22. APPROVAL OF ACCOUNTS

The Board approved the accounts on 14th March 1995.

23. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary Undertakings	Registered Office	Group Share %	Nature of Business
ESB International Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	International Engineering, Consultancy & Computing Services
ESBI Engineering Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Engineering (Overseas) Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Contracting Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Contracting
ESBI Consultants Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Consultancy
ESBI Engineering UK Ltd	122 London Road Kingston on Thames Surrey KP26-QJ, Great Britain.	100	Engineering & General Consultancy
EPIN European Procurement Information Network Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Marketing Software
ESBI Computing Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	95	Computer Services
Civil, Environmental & Construction Engineering Ltd	16-18 St.Stephen's Green Dublin 2.	100	Civil Engineering
Computer Plus Ltd	27 Lr Fitzwilliam St. Dublin 2.	100	Software Development
Salmara Holdings Ltd.	39 Merrion Square Dublin 2.	100	Commercial Fisheries
Salmara Fisheries Ltd.	39 Merrion Square Dublin 2.	100	Commercial Fisheries
Kealincha Salmon Ltd.	39 Merrion Square Dublin 2.	100	Fish Farming
Fleet Fish Farm Ltd.	39 Merrion Square Dublin 2.	100	Fish Farming
ESB International Services Ltd	37 Upper Fitzwilliam St Dublin 2.	100	Financial Consultancy & Computer Services
FTI Finance	Russell Court St Stephen's Green Dublin 2.	82	Financial Management Consultancy

ESB Fund Managers Ltd .	37 Upper Fitzwilliam St Dublin 2.	100	Funds Management
FinancElectric Ltd.	37 Upper Fitzwilliam St Dublin 2.	100	Customer Credit
ESB Industrial Holdings Ltd.	27 Lr Fitzwilliam St. Dublin 2.	100	Industrial & Commercial Projects
Power Generation Technology Snd Bhd	Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur Malaysia.	100	Power Generation Contracting

Associated Undertakings	**Registered Office**	**Group Share %**	**Nature of Business**
Irish Salmon Producers Group Ltd.	Kilkieran Connemara,Co.Galway	37	Salmon Marketing
Top Tech Ireland Ltd.	Poppintree Ind. Est. Finglas Dublin 11.	50	Supply of special processes to Computer Industry.
Sevent Industries Ltd.	27 Lr Fitzwilliam St. Dublin 2.	49	Electrical Distribution Material Manufacture
ESBI Energy Company	2800 Post Oak Road Houston,Texas 77056,USA.	50	Engineering Consultancy
Transpower Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	50	Development of Independent Power Projects
Seeboard International Ltd.	Grand Avenue, Hove, East Sussex BN3 2LS.	49	Consultancy
ESBI/ETV Ltd	Szecheny 1 RKP3 H 1054 Budapest V Hungary.	50	Engineering Consultancy Services
Hoermann Security System Ltd.	Mahon Industrial Estate Blackrock Cork.	21.6	Electronics Manufacturing
Corby Power Ltd.	Mitchell Road Phoenix Parkway Corby Northamptonshire NN17 IQ7 Great Britain.	20	Power Generation

ESB Input to Ireland's Economy

	1990 £m	1991 £m	1992 £m	1993 £m	**1994 £m**
Fuel: Natural Gas, Peat, Native Coal	141	132	124	129	**137**
Irish Suppliers of Goods and Services including Capital Work	175	185	182	189	**218**
Rates	27	29	31	32	**34**
Payroll Costs including Capital Projects	235	258	284	301	**306**
Interest paid to Irish Lenders & Stockholders	26	25	25	24	**22**
TOTAL	604	629	646	675	**717**

Data Summary

		1993		**1994**
Financial Outcome – Surplus /(Deficit)		(£20.8m)		**(£18.7m)**
Income		£943m		**£977m**
Assets in Commission (before Depreciation)		£2,572m		**£2,740m**
Sales (Million Units)		13,439		**14,025**
Customers		1,348,196		**1,375,975**
Group average number of employees in year		11,093		**10,966**
Electricity Supply	10,028		**9,784**	
Appliance Sales & Contracting	294		**286**	
Other Activities	771		**896**	
Group Payroll				
Pay		£245m		**£248m**
ESB Contribution to Pension Fund/ PRSI and Expenses		£58m		**£60m**

5 Year Summary – Financial Statistics

FINANCIAL STATISTICS	1990 £M	1991 £M	1992 £M	1993 £M	**1994 £M**
Operations:					
Income	819	860	915	943	**977**
Expenditure	818	856	913	964	**996**
Surplus/(Deficit)	1	4	2	(21)	**(19)**
Cumulative Deficit	(53)	(49)	(47)	(68)	**(87)**
FUNDING CAPITAL DEVELOPMENT PROGRAMME:					
Requirements:					
Capital Expenditure	92	116	140	170	**154**
Working Capital Movement (excl. long-term debt repayable within 12 months)	62	23	(3)	(9)	**106**
	154	139	137	161	**260**
Financing:					
Internal Resources (after debt repayment)	53	31	20	-	**-**
Borrowings	101	108	117	161	**260**
	154	139	137	161	**260**
SOURCES AND EMPLOYMENT OF CAPITAL:					
Sources:					
* Debt Liabilities Outstanding	1,007	976	916	938	**1,009**
Reserves	700	745	825	884	**940**
	1,707	1,721	1,741	1,822	**1,949**
Employment:					
Net Fixed Assets	1,512	1,513	1531	1,581	**1,659**
Capital Work-in-Progress	39	63	88	101	**68**
Net Current Assets (excl. long-term debt repayable within 12 months) and Provisions	156	145	122	140	**222**
	1,707	1,721	1,741	1,822	**1,949**
* Inclusive of Cumulative Currency (Loss)	(76)	(48)	(30)	(74)	**(68)**

5 Year Summary – Key Ratios

	1990	1991	1992	1993	**1994**
Return on Average Net Assets (%)	8.0	7.7	8.3	7.0	**6.1**
Debt/Net Assets (%)	59.0	57.0	53.0	52.0	**52.0**
Current Ratio (Times)	2.3	2.5	2.5	2.4	**2.8**
Interest Cover (Times) (excl. interest Capitalised)	1.6	1.6	1.9	1.7	**1.7**
Foreign/Total Borrowings (%)	68.0	68.0	66.0	48.0	**35.2**
Internal Resources/ Capital Expenditure (%)	58.0	26.0	14.0	–	–
Average Electricity Credit Period (Days from Date Billed)	19.6	20.9	17.3	16.6	**15.6**

Annual Capital Expenditure (£m)

Year	Distribution	Transmission	Generation	General
1990	62	2	12	16
1991	70	2	24	20
1992	84	4	34	18
1993	106	8	35	21
1994	**90**	**6**	**41**	**17**

Analysis of Cumulative Investment in Fixed Assets (%)

	1984/ 1985	1985/ 1986	1986 (9 mths)	1987	1988	1989	1990	1991	1992	1993	**1994**
Distribution	35	27	25	24	25	26	31	32	33	34	**36**
Generation	42	53	54	56	54	53	51	50	49	48	**46**
Transmission	15	14	15	15	15	14	11	11	10	10	**10**
General	8	6	6	5	6	7	7	7	8	8	**8**

Summarised Statement of Borrowings (Parent) – including leases

	Balance Outstanding 31 Dec. 1993	Borrowed during Year	Redeemed during Year	Adjustment for Currency changes	Balance Outstanding 31 Dec. 1994
	£000's	£000's	£000's	£000's	£000's
Total – Irish Pound Borrowings	212,329	190,126	86,497	–	315,958
Total – Foreign Borrowings	735,702	116,672	122,670	6,926	736,630
Total – All Borrowings	948,031	306,798	209,167	6,926	1,052,588

Currency and Repayment Profile

	Repayable within 1 year	Repayable within 1 to 2 years	Repayable within 3 to 5 yrs	Repayable within 6 to 10 yrs	Repayable after 10 yrs	Total	Currency as % of Total Borrowings
	£000's	£000's	£000's	£000's	£000's	£000's	%
IRISH POUNDS	110,171	98,355	168,622	240,721	64,511	682,380	65
EUROPEAN							
Swiss Francs	36,359	15,656	72,669	26,781	13,461	164,926	16
ECU's	1,538	6,152	34,027	18,630		60,347	6
Sterling	-	-	47,144	-	-	47,144	4
French Francs	1,111	2,311	20,051	7,175	-	30,648	3
Luxembourg Francs	3,911	6,757	15,416	4,504	-	30,588	3
Dutch Guilders	806	1,718	12,126	6,918	-	21,568	2
Deutsche Marks	2,952	4,909	7,126	-	-	14,987	1
	156,848	135,858	377,181	304,729	77,972	1,052,588	
Repayment Profile	15%	13%	36%	29%	7%	-	100%

Where debt swaps/hedges apply, Irish Pound values are based on currency liability under the swap/hedge arrangement.

Detailed Statement of Borrowings (Parent) – including leases

Amount Borrowed		Year(s) of Borrowing		Year(s) of Maturity	Balance Outstanding 31 Dec. 1994	
000's			**IRISH POUND BORROWINGS**		000's	
IEP	12,000	1972	Stock -9%	1992/95	IEP	2,697
IEP	20,000	1983	Stock - 13.5%	2006/08	IEP	19,778
IEP	30,000	1988	Stock - 8.25%	2003	IEP	20,250
IEP	40,000	1993 - 1994	Stock - 8.25%	2013	IEP	40,000
IEP	233,945	1984 - 1994	Domestic Financial Institutions	1989/2002	IEP	159,981
IEP	52,000	1990 - 1994	European Investment Bank	1995/2004	IEP	52,000
IEP	21,252	1994	U.S. Bank	2008	IEP	21,252
			FOREIGN CURRENCY BORROWINGS			
		1978/93	European Investment Bank	1983/2008		
USD	106,666*		- United States Dollars		USD	64,649
DEM	270,215		- Deutsche Marks		DEM	103,476
NLG	148,894		- Netherlands Guilders		NLG	59,937
CHF	361,576		- Swiss Francs		CHF	171,699
JPY	10,205,000*		- Japanese Yen		JPY	5,894,134
GBP	20,185*		- Sterling		GBP	19,515
XEU	82,641		- European Currency Unit		XEU	63,245
LEC	2,761,636		- Luxembourg Francs		LEC	1,620,175
ITL	8,145,000*		- Italian Lire		ITL	5,621,679
FRF	149,600		- French Francs		FRF	109,028
FRF	376,961	1973/85	French Banks	1977/2004	FRF	51,268
CHF	125,625	1981/85	Swiss Export Agency	1986/97	CHF	23,064
JPY	3,400,000*	1988	Japanese Bank	1998	JPY	3,400,000
USD	42,989*	1988	Banking Syndicate	1995	USD	42,989
CHF	37,800	1988	German Bank	1995	CHF	37,800
JPY	2,500,000*	1989	Japanese Bank	1999	JPY	2,500,000
XEU	63,146*	1989/94	U.S. Insurance Co.	1999	XEU	63,146
XEU	27,649*	1990/94	U.S. Insurance Co./Swiss Bank	2001	XEU	27,649
JPY	2,600,000*	1991	Japanese Bank	1996	JPY	2,600,000
FRF	180,000*	1991	German Bank	2001	FRF	180,000
JPY	3,000,000*	1992	Japanese Insurance Co.	2002	JPY	3,000,000
NLG	100,000*	1992	Dutch Bank	2002	NLG	100,000
JPY	6,000,000*	1993	Japanese Insurance Co.	2003	JPY	6,000,000
DEM	24,161*	1993	Austrian Bank	2000	DEM	14,125
CHF	110,000*	1994	Swiss Banks	1995	CHF	110,000
USD	15,000*	1994	Japanese Insurance Co.	2001	USD	15,000
JPY	3,000,000*	1994	Japanese Insurance Co.	2004	JPY	3,000,000
DEM	15,980*	1994	German Bank	2008	DEM	15,980

*Currency debt swaps contracts in place.

Analysis of Units Sold

Class of Supply	**1994 (Millions)**	1993 (Millions)	Increase	% Increase
Domestic	**5,314.4**	5,147.9	166.5	3.2
Commercial	**3,442.0**	3,314.0	128.0	3.9
Industrial	**5,268.5**	4,976.8	291.7	5.9
TOTAL	**14,024.9**	13,438.7	586.2	4.4

Growth of ESB 1930-1994

Year	Units sold to Customers Millions	Revenue from Electricity sales £000	Average price per unit sold Pence	Customers Total
1929/30	43.2	478	1.108	48,606
1939/40	318.6	1,946	0.612	172,545
1949/50	626.1	4,774	0.763	310,639
1959/60	1,692.2	14,724	0.871	610,946
1969/70	4,411.6	39,400	0.892	786,500
1979/80	8,560.3	300,024	3.505	1,043,428
1985/86	9,787.8	757,172	7.736	1,194,765
1990	11,768.0	756,074	6.425	1,278,870
1991	12,370.1	785,205	6.348	1,302,061
1992	13,103.9	826,464	6.307	1,326,547
1993	13,438.7	842,416	6.269	1,348,196
1994	14,024.9	874,879	6.238	1,375,975

Distribution System Trends

	1990	1991	1992	1993	**1994**
Networks Installed (Km)	653	965	1,019	1,025	**853**
Transformer Capacity (kVA)	140,755	250,289	471,930	447,821	**389,384**
New Dwellings Connected	19,482	19,594	21,624	20,864	**26,552**
Capital Expenditure (£000)	62,420	69,581	84,105	105,758	**89,700**

Network Statistics

	Installed in 1994	In Service at 31/12/1994
Overhead Lines (Km)	678	80,302
Underground Cables (Km)	175	3,757
Substations - Number	3,022	158,130
- Capacity (MVA)	389	14,423

Capital Expenditure

Capital Expenditure on the Distribution Network in 1994 was £89.7m, and the work programmes included:

- The installation of networks to provide supply to new customers.
- Reinforcement of existing network to cater for the growth in demand and to improve efficiency.
- Enhancements to networks to meet quality standards (note; significant backlog in sub-standard supplies).
- Replacement of network assets which have reached the end of their life.

Transmission System Trends

	1990	1991	1992	1993	**1994**
Networks Installed (Km)	2,083	2,083	2,083	2,083	**2,083**
Transformer Capacity (kVA)	11,186,500	11,186,500	11,186,500	11,436,500	**11,616,500**

Network Statistics

	Installed in 1994	In Service at 31/12/1994
Overhead Lines (Km)	–	2,018
Underground Cables (Km)	–	65
Substations - Number	–	21
- Capacity (kVA)	180,000	11,616,500

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Electricity Supply Acts 1927 to 1988 require the Board Members to prepare Financial Statements for each financial year in accordance with those acts.

The Board Members consider that in preparing the Financial Statements on page 34 to 52 that appropriate accounting policies have been used and consistently applied, reasonable and prudent judgements and estimates have been exercised and that all accounting standards which they consider to be applicable have been followed.

The Board Members have responsibility for keeping proper books of account and for taking such steps as are reasonably open to them to safeguard the assets of the Board and its subsidiaries and to prevent and detect fraud and other irregularities.

The Audit Committee of the Board is composed mainly of non-executive members and meets regularly. The Audit Committee discusses with the internal auditor and external auditor the group's internal accounting controls, the internal audit function, the choice of accounting policies, the external audit programme, the statutory audit report, financial reporting and other related matters. The internal auditor and the external auditor have full and unrestricted access to the Audit Committee.

On behalf of the Board

Signed: **P.J. Moriarty,** Chairman
Signed: **D.J. Moran,** Chief Executive

14 March 1995

AUDITORS' REPORT

As auditors appointed by the Minister for Transport, Energy and Communications, with the consent of the Minister for Finance, we have audited the Financial Statements of Electricity Supply Board on pages 34 to 52.

Respective responsibilities of Board Members and auditors

As described on page 61 the Board Members of Electricity Supply Board are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board Members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements, when read in conjunction with the note on the provision for the repayment of borrowings on page 38, give a true and fair view of the state of affairs of the parent and of the group at 31 December 1994 and of the results of the group for the year then ended.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion , the parent has kept proper books of account with which the balance sheet of the parent at 31 December 1994 is in agreement.

KPMG Stokes Kennedy Crowley

Chartered Accountants
Registered Auditors
1 Stokes Place
St. Stephen's Green
Dublin 2

14 March 1995

NOTES

NOTES

Designed and produced by Design Factory
Origination by Graphic Reproductions
Printed by Wood-Printcraft