Annual Report and Accounts

for the year ended 31 December 2000



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we never forget that
people rely on our services





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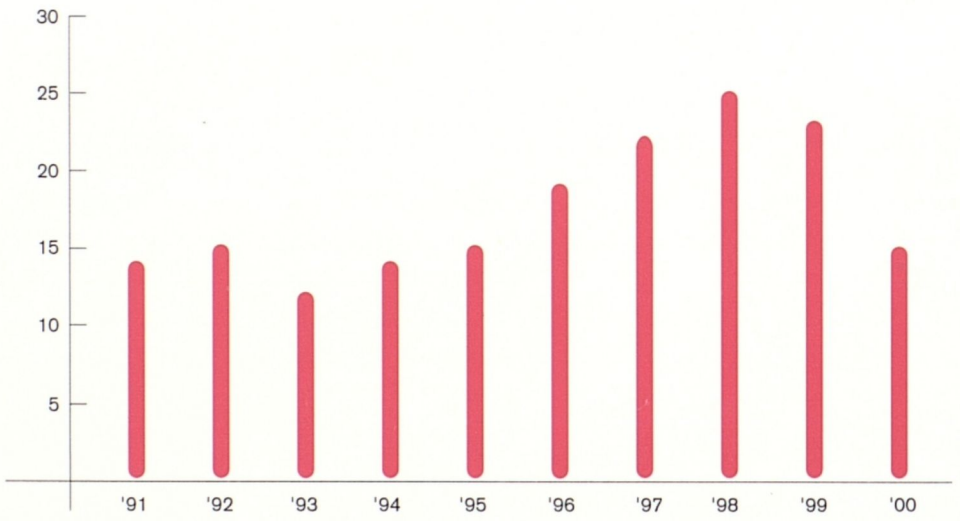
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HIGHLIGHTS

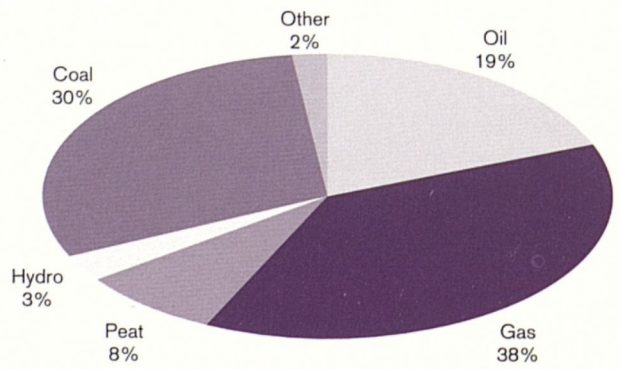
Financial Highlights

	IR£m	Change on 1999	Euro€m
Turnover	1,492	+10.1%	1894
Surplus for the Year	31	-85.6%	39
Assets in commission (gross)	3,996	+9.1%	5074
Borrowings	661	+0.9%	839
Sales (millions units)	19,257	+3.5%	
Total customers	1,631,488	+3.4%	

Operating Margin %



Fuel Source Analysis 2000

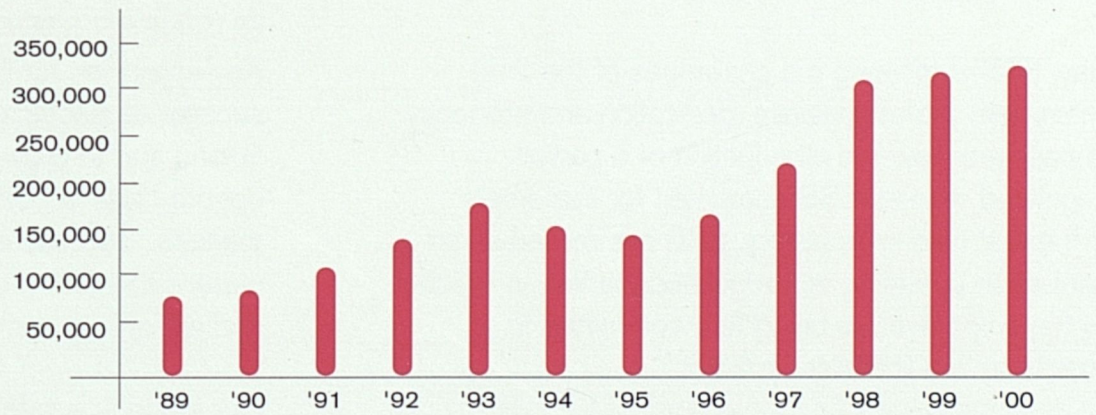


we are Ireland's largest
white goods retailer

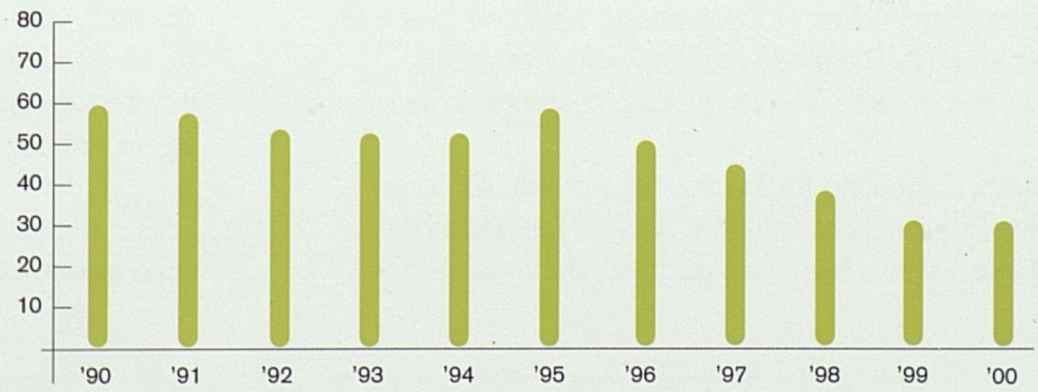



ESB
ESB RETAIL
NAME & ADDRESS
PROVIDER OF CREDIT
SHOP
YOUR ACCOUNT No.
SHOP PHONE No.
SOLD BY
DESCRIPTION
DATE
TRANSACTION TYPE

Capital Expenditure



Debt/Debt + Net Assets %





In accordance with the provisions of the Electricity (Supply) Act 1927 (as amended), the Board presents its Annual Report and Accounts for the year ended 31st December 2000.

ESB's proud heritage dates back almost to the foundations of the State, a period of change and challenge, when the company established the nation's electricity supply system to bring energy to the country's homes, businesses and essential services.

Today, ESB is meeting the challenges of the 21st Century with professionalism, dedication and efficiency. The past year saw the introduction of a partially deregulated market. ESB competed for customers for the first time in its history. ESB has moved as an organisation operating in a regulated market, in which it was the only player, to being fully committed to competition in a liberalised market.

The results for the year 2000, which show a decline of £71 million in our operating surplus compared to 1999, reflect the difficult environment experienced by ESB. The bill for fuel and purchased electricity increased by £124 million. We have also made provision for an exceptional restructuring charge of £236 million related to staff exits over the next few years. The sale of Ocean, which netted ESB £86 million, had a mitigating effect on the year-end results.

DEREGULATION

Since 19th February 2000, a partially deregulated electricity market has been in operation. The implementation of this process, which will eventually lead to a fully liberalised market within four years, has provided ESB with its greatest challenge to date.

We are competing for the business of the 380 large industrial users that form the 31% of the electricity market that has been deregulated. At the same time, we have encouraged competition by facilitating independent suppliers in the purchase of electricity for resale.

ESB has shown that not only can it survive, but is ready and able to embrace competition. ESB is competing, successfully, in the tough new environment and is preparing all the elements of the business for the fully open market.

BUSINESS STRATEGY

Key objectives for ESB are to be the number one supplier of electricity in the fully liberalised market in Ireland and to grow and exploit the business opportunities in both existing and new overseas markets. Success in these areas will benefit our current and future customers and our employees and will enhance shareholder value.

Our strategy is to deliver on these objectives. Our competitive supply business, ESBIE, is positioned to lead the way in the deregulated market as the electricity supplier of choice. ESB is vigorously pursuing new profitable investment opportunities as a priority, domestically and internationally.

EXPANSION AND GROWTH

ESB's strategy is further underpinned by a substantial investment programme which will create and nurture sustainable markets and growth opportunities in the longer term.

A record number of new customers were connected this year, with demand increasing by 6% per annum. An investment of £2.1bn in the transmission and distribution networks over the next five years will see a significant strengthening of the electricity infrastructure.

ESB is also at the cutting edge of new technological opportunities with its 1,200km fibre optic cable investment.

through strategic positioning, alliances and consulting we continue to expand our operations globally





On the international front, ESB continues to build on its long record of strong achievement, with exciting developments in Northern Ireland, Poland and Spain.

MOVING FORWARD TOGETHER

ESB is preparing for the fully liberalised market, both internally and externally. The Tripartite Agreement between ESB, the Department of Public Enterprise and the Group of Unions, sets the framework for a transition programme facilitating change and competition. ESB will move to full competition in a spirit of co-operation with all parties involved, supporting competitiveness and continued cost reductions.

STAFF AND SHAREHOLDERS

Since 1927, generations of those employed by ESB have distinguished themselves by their strong work ethic, professionalism and loyalty to customers. They have always shown a readiness to adapt to new circumstances.

This legacy of excellence, hard work and committed service continues. ESB staff have delivered much in the past year, meeting the increased demands of existing customers, connecting an additional 57,399 customers, while ably responding to the distress calls created by weather conditions.

The management and staff have shown a commitment that bodes well for the future of the company, for which I am particularly grateful. I would also like to commend my colleagues on the Board for their contribution to a challenging year.

The continuing support of the Minister for Public Enterprise and her Department officials is deeply appreciated.

I would also like to pay tribute to my predecessor, Billy McCann and to thank him for his dedication and commitment to ESB over many years.

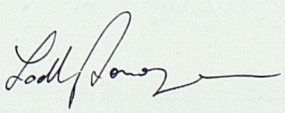
A BRIGHT FUTURE

For 74 years, ESB has impacted on the lives of the entire nation. Already one of the cheapest providers of electricity in the EU, we carry on the very best traditions of public service, while pursuing our objective of being the number one supplier of choice in the new liberalised market.

The year 2000 marked the beginning of the most momentous changes to impact on ESB. The new peat power plant owned by Edenderry Power was commissioned during the year. In addition we will soon see other independent power producers supplying the market and every household, farm and business, will be able to choose their supplier.

We are transforming into a lean, competitive business, built on the proven service, commitment and expertise of ESB staff. Investment in building an infrastructure will allow ESB to avail of new business opportunities and provide service of the highest quality. Our portfolio of businesses continues to grow abroad, as the ESB builds on its excellent reputation.

ESB is determined to move forward and thrive in the new electricity market. We are focused on an agenda that will see the company as the primary competitor in a fully liberalised environment. We will continue to embrace partnership between management, unions and staff as the basis for the future success of the company. ESB will retain its reputation of public service, continue to develop its commercial focus and provide real competition for the benefit of all its stakeholders.



T O'Donoghue
Chairman

De réir forálacha reachta Acht um Sholáthar Leictreachais 1927 (leasaithe), fógraítear Tuarascáil Bhliantúil agus Cuntais an Bhoird Soláthair Leictreachais don bhliain dár críoch 31 Nollaig 2000.

Is cúis mortais duinn oidhreacht luachmhar an Bhoird Soláthar Leictreachais. Téann sí i bhfad siar go bunú an Stáit nach mór nuair a bhunaigh an Chomhlacht córas sholáthar leictreachais chun fuinneamh a chur ar fáil do theaghlaigh, do lucht ghnó agus do sheirbhísí riachtanacha na tire.

Sa lá atá inniu ann is le gairmiúlacht, diograis agus éifeachtacht a bhfuil an Bord Soláthar Leictreachais ag dul i ngleic le dushláin an 21 haois . Le linn na bliana seo chaite, cuireadh tús iomaíochta le margadh leictreachais na hÉireann. Bhí sé de dhualgas ar an mBord glacadh go toilteanach leis an athrú seo, druidim i dtreo an mhargaidh oscailte agus a chuid den mhargadh intofa a ghnóthú.

Le laghdú £71 milliún ar bharrachas oibriúcháin i gcomparáid le 1999, taispeánann na torthaí iarmartacha cuid de na deacrachtaí a d'fhulaing an Bord i rith an tréimhse seo. Chosain ardú sa chostas breosla amháin £124 milliún sa bhreis ar an gcomhlacht. Ina theannta, táimid taréis £236 milliún a chur ar leataobh do hathstructurú, de bharr cuíchóiriú inmheánach ar leith sna blianta atá romhainn. Chuir díolacháin Ocean, a ghnóthaigh £86 milliún don mBord, le torthai na bliana.

DÍTHREORÚ

Tá margadh leictreachais díthreoraithe i bpáirt ag feidhmiú ó 19 Feabhra 2000. Is é an dúshlán is mó atá romhainn anois ná an próiseas seo a chur i gcrích go hiomlán, le saormhargadh oscailte i gceann ceithre bliana dá bharr.

Táimid in iomaíocht ghéar ar thóir gnóthas 31% den mhargaidh leictreachais atá díthreoirithe cheana féin, a bhfuil 380 mórúsáideoir tionsclaíoch ina measc. Ag an am chéanna táimid ag iarraidh iomaíocht bhríomhar a spreagadh i measc na soláthraithe neamhspleách i gceannach leictreachais ar athdhíol. Ar ndóigh tá sé cruthaithe ag an mBord Solathar Leictreachais, ní hamháin go bhfuil sé ar a chumas an fód a sheasamh sa mhargadh oscailte, ach go bhfuil sé lán toilteanach agus réidh glacadh le pé dushlán a chuirfear ina choinne.

STRAITÉIS GNÓ

Is iad na cuspóirí is tabhachtaí don mBord Soláthar Leictreachais ná an lámh in uachtar a bheith aige ar an margadh lánoscailte leictreachais in Éirinn maraon le borradh agus fás thar cuimse a shaothrú ar na margaidh thar lear agus ar na margaidh daingin chomh maith. Dá fheabhas a éiríonn linn na haidhmeanna seo a bhaint amach is ea is fearr é dár gcustaiméirí anois agus sa todhchaí, dár noibrithe agus don luach scairshealbhóireachta.

Tá sé de rún againn na straitéisi thuas a chur i bhfeidhm gan mhoill. Tá ESBIE, ár ngnó soláthair leictreachais chun tosoigh mar cheannródaí sa mhargadh díthreoraithe agus é mar phríomhrogha idir chomhlachtaí soláthar leictreachais. Tá an BSL ag dul i muinín deiseanna úra infheistíochta sa mbaile agus thar sáile a bhfuil brabús ar leith ag baint leo.

FORBAIRT AGUS FÁS

Ó bhun go barr na straitéise seo, is léir go bhfuil béim áirithe curtha ar chlár infheistíochta éifeachtach a chruthóidh agus a chothóidh margaidh agus deiseanna forbartha go fadthéarmach. Bhí méadú thar cuimse ar líon na gcustaméir i mbliana agus an éileamh ag méadu 6% sa bhliain. Beidh feabhas agus treisiú le brath ar an mbonneagar leictreach i gceann cúig bliana de bharr £2.1 billiún a chaitheamh ar thraiseoladh cumhachta agus lionraí dáilte.

Le ceannach 1,200km sreangán snáithínoptúlach tá an BSL chun tosaigh de shíor ag baint leas as deiseanna úra na nuatheicneolaíochta.

our continued investment in infrastructure ensures we continue to meet the country's electricity demands





Maidir le cursaí idirnáisiúnta leanann an BSL lena chuid oibre dhearfach le forbairt I dTuaisceart na hÉireann, sa Pholainn agus sa Spáinn.

AR AGHAIDH LINN AR SCÁTH A CHÉILE

Ta an BSL ag ullmhú go hinmheánach agus go seachtaireach don saormhargadh oscailte. Tá an Chomhdháil thríthaobhach idir an Rialtas, An Roinn Fiontair Poiblí agus na Ceardchumainn taréis cinneadh ar chreatlach don athrú ionchasach a bheidh i réim sa structúir nuabhunaithe. Agus an BSL ag druidim ar an saormhargadh iomaíoch oscailte rachaimid i gcomhairle leis na grupaí eagsúla ag moladh spiorad na hiomaíochta a chothú agus costais a ísliú.

LUCHT OIBRE AGUS SCAIRSHEALBHÓIRÍ

Ó 1927 amach bhí sé de bhua ag an mBord oibrithe den scoth a fhostú, foireann a léirigh gairmiúlacht agus dilseacht dá gcustaméiri de shíor, a raibh nós acu tabhairt faoi dhúshláin úra go réidh. Maireann an dearcadh sin ó shin i leith. Lean an dianoibre le linn na bliana seo áfach; ag freastal ar chustaméirí, ag glacadh le 57,399 cuntais nua agus ag cur caoi ar sheirbhisí leictreachais sa drochaimsir.

Tá mé go mór faoi chomaoin ag bainistíocht agus foireann an chomhlachta i dtaobh a ndíograise. Mo bhuíochas chomh maith le mo chomhleacaithe a d'oibrigh chun leasa an Bhoird, don Aire agus dá hoifigigh sa Roinn Fionntair Poibli.

Molaim mo réamhtheachtaí, Billy McCann, as ucht a chuid dúthrachta agus a shároibre ar son an chomhlachta ar feadh na mblianta.

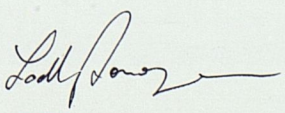
TODHCHAÍ LONRACH

Tá tionchar ar leith ag an mBord Soláthar Leictreachais ar mhuintir na hÉireann le 74 blian anuas. Cheana féin, táimid ar cheann de na soláthraithe leictreachais is saoire sa chomhphobal Eorpach. Seasaimid ar son na traidisiúin is buaine a mbaineann le Seirbhís Phoiblí agus ag an am chéanna táimid ag iarraidh ár bpríomhchuspóir a chur i gcrích: bheith mar cheannródaí sa mhargadh díthreoraithe agus bheith mar phríomhrogha idir chomhlachtaí sholáthar leictreachais sa saormhargadh oscailte.

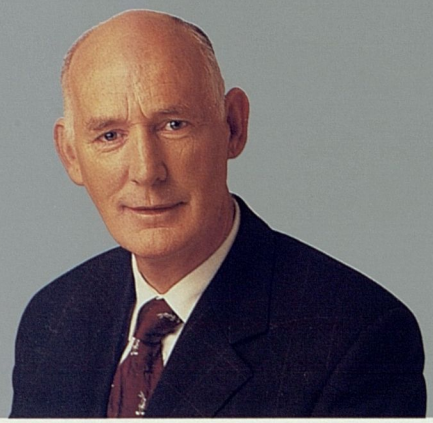
Ceann de na hathruithe is mó le rá a chuaigh i bhfeidhm ar an mBSL le linn 2000 ná an staisiún cumhachta nua in Éadan Doire. Chomh maith leis sin is gairid go bhfeicimid tairgeoirí cumhachta neamhspleách ag soláthrú an mhargaidh. Beidh deis mar sin ag gach uile theaghlach, feirm agus gnó a rogha soláthraí a thoghadh.

Tá claochló faoi lanseoil sa mBSL; claochló atá bunaithe ar sheirbhís, diograis agus oilteacht na foirne. Tabharfaidh infheistíocht sa mbonneagar deis don mBord glacadh le gnó nua agus seirbhis den chéad scoth a chur i gcrích. Tá clú agus cáil tuilte ag an mBSL thar lear agus tá ár bpunann sóchmhainní ag forbairt i gcónaí.

Tá sé de rún ag an mBSL gluaiseacht ar aghaidh de réir a chéile agus leas a bhaint as an margadh nua leictreachais. Tá sí mar aidhm againn go mbeidh an chomhlacht mar phríomhimreoir i dtimpeallacht shaor lánoscailte. Is é bunús na forbartha ná leanacht leis an gcomhoibriú agus leis an rannphairtíocht idir an bhainistíocht, na ceardchumainn agus muintir na foirne. Leanfaidh an BSL ag freastal go dicheallach ar a chustaméirí, ag forbairt a ghnó go bríomhar agus ag cruthú fioriomaíocht ar mhaithe lena rannpháirtithe ilghnéitheacha.



T O'Donoghue
Cathaoirleach



The operating surplus of the group for 2000 was £238 million, a significant decline of £71 million on the previous year's surplus. This reduction is largely due to cost inflation, particularly fuel, which increased by £124 million to £457 million, an annual increase of 37%.

The surplus for the year was £31 million, a decrease of £185 million on the surplus for 1999. An exceptional restructuring charge of £236 million, based on the approved voluntary severance scheme and the target of 2,000 staff exits over the next few years, has been included. The other exceptional item in the accounts is the profit on sale of Ocean of £86 million, net of liabilities to third parties.

The return on capital employed for 2000, including the exceptional items noted above, is 3.5%. Excluding these items the return would have been 9%. The latter is a substantial decrease on the 12.6% return achieved in 1999 and largely reflects the impact of higher fuel costs, without a compensating increase in customer tariffs.

Group summary IR£m	2000	1999	Change
Turnover	1,492	1,355	137
Operating costs	(1,262)	(1,038)	(224)
Share of profits/(losses) from associates and joint ventures	8	(8)	16
Operating surplus before exceptional items, interest and tax	238	309	(71)
Exceptional items			
– Profit on sale of investments	163	-	163
– Restructuring charge	(236)	-	(236)
Surplus before interest and tax	165	309	(144)
Interest	(25)	(43)	18
Taxation	(61)	(54)	(7)
Minority Interests	(48)	4	(52)
Surplus for the financial year	31	216	(185)

our customer service team is available
24 hours a day, 365 days a year





GENERATION COSTS

During 2000, international oil and gas prices rose to levels not seen in over 10 years, leading to higher fuel purchase costs. In addition, both sterling and the US dollar traded strongly against the Euro, adding further to the cost of fuel. These factors contributed to the £124 million rise in the bill for fuel and purchased electricity to £457 million.

It is unlikely that either oil or gas prices will retreat to the low levels of 1998 and early 1999. By the end of 2000, coal prices reached a five-year high and have now stabilised at this higher level.

RESTRUCTURING PROVISION

During 2000, ESB, the Group of Unions and the Department of Public Enterprise signed the Tripartite Agreement, which set out a framework for the introduction of full competition by 2005. ESB is committed to a reduction in its share of the power generation market to 60%, by 2005. In addition, all parties agreed to further restructuring and change within ESB.

Based on this agreement, discussions on the implementation of a restructuring programme began in 2000. The Board and the Government have approved the terms of a voluntary severance package. It is envisaged that about 2,000 staff will leave ESB under this severance programme over the next few years. The net increase required in the restructuring provision to fund this is £236 million, which has been included in the results for 2000.

DISPOSAL OF INVESTMENTS

During the year ESB disposed of its 30% investment in Ocean Communications Ltd. to its joint venture partner British Telecom (BT). The disposal netted a profit of £86 million to ESB.

ESB Fund Managers, a 100% subsidiary, and Renley Ltd, an associate company, were also sold during the year.

TAXATION AND INTEREST

The estimated tax bill for 2000 is £61 million, including £25 million Capital Gains Tax on the sale of our investment in Ocean. £28 million relates to the ESB parent, where the effective rate (after manufacturing relief) is 17%. The net interest charge of £25 million is an £18 million decrease on the charge for 1999.

BORROWINGS

Borrowings increased by £6 million during the year and stand at £661 million at the end of 2000. The ratio of debt to debt plus net assets is largely unchanged at 31%. During 2000 ESB generated sufficient cash from operations to cover net loan repayments and meet the growing capital investment programme. However, the funding of the increased capital investment programme will result in a significant increase in borrowing over the next five years.

CAPITAL INVESTMENT

Capital investment for the year amounted to over £330 million. The 2000 capital work programme included:

- Continuation of the network renewal programme.
- Connection of over 57,000 new customers, an increase of 8% over 1999.
- Significant transmission and distribution network projects to meet load growth and to improve supply standards.

We expect to invest approximately £3.8 billion in the next five years, with the majority of that outlay on the transmission and distribution networks. The level of expenditure in the network businesses will be determined in agreement with EirGrid and the Commission for Electricity Regulation and will include a significant investment in the electricity infrastructure in the Border/Midlands/Western (BMW) Region.

Technology will be exploited for greater efficiencies and economies. Two new peat stations at Shannonbridge and Lanesboro will replace all the older obsolete peat power stations. Construction of a new 400MW CCGT (Combined Cycle Gas Turbine) plant, at Ringsend, an ESB joint venture with Statoil, is underway and will be in commercial operation early in 2002.

TREASURY

Treasury policies are regularly reviewed and revised as appropriate and are approved by the Board. The Group's activities are financed by operating cash flows, borrowings and finance leases. ESB actively manages the financial risks associated with borrowing, foreign exchange activities and investment.

In terms of financial instruments, ESB uses borrowings to finance operations, fixed rate deposit instruments to invest surplus funds, and interest rate and foreign exchange instruments to manage interest rate and currency risks arising from its operations and sources of finance. All transactions in financial instruments are non-speculative. Disclosures in relation to financial instruments in place at year end are set out in Note 14 to the accounts.

Funding and debt management is carried out centrally by Group Treasury with the objective of minimising funding costs (within acceptable risk parameters). Debt management strategies are summarised as follows:

- To maintain ESB's debt in Euro
- To maintain an acceptable portion of the debt portfolio at fixed rates of interest
- To achieve a balanced debt maturity profile, considering the life times of underlying assets
- To achieve a smooth annual debt repayment profile

Disclosures in relation to ESB's debt at year end are set out in Notes 13 and 14 to the accounts.

ESB also actively manages its foreign currency exposures, mainly US Dollar and Sterling, on fuel and other purchases so as to minimise costs and reduce volatility due to currency fluctuations. These exposures are managed using foreign currency spot and forward purchase contracts, deposits and borrowings.

At year end, after taking into account the effects of forward foreign exchange contracts and currency swaps, ESB had no material currency exposures for the year 2000.

IMPLEMENTATION OF EURO

The implications of euro changeover have been reviewed by ESB since 1996 and in 1998, the ESB Euro Programme was established covering group wide activities. ESB was fully prepared for the three year Transition Period which started on 1 January 1999 and has adopted a proactive approach to euro changeover:

- ESB converted internal financial management information systems to euro in April 2001, and conducts all internal reporting in euro
- Dual display of euro equivalents on customer bills, and ability to accept euro payments was provided early in 1999
- ESB is encouraging suppliers to move to euro as early as possible
- Staff training requirements have been identified and training is underway

Work is on target to ensure a smooth changeover of all remaining business processes and IT systems to euro by 1 January 2002. Customer bills will issue in

our power stations are crucial to generate
the electricity that powers the country





euro, with dual display of IEP equivalents, from 1 January 2002.

The total cost of changeover to euro for ESB is estimated at £9m (EUR 11.4m). We have presented our Profit and Loss and Balance Sheet in euro in Appendix II.

NON-CORE ACTIVITIES

ESB Retail performed to target, with both turnover and profits up on previous years. The refurbishment of a number of shops during the year contributed to this improved performance. FinanceElectric, which provides credit for customers of ESB Retail, also had a successful year.

During 2000, the electrical contracting business continued to grow, reflecting the continued buoyancy of the Irish economy. Established business lines such as Public Lighting and New Works, played a key role in this growth, while current growth in the economy was availed of to develop newer business lines such as Power Quality Solutions and our Build Own Operate and Maintain (BOOM) product.

The financial performance for 2000 reflects the difficult cost situation experienced by ESB in the year. Looking ahead, increasing costs and competition, and the new regulatory environment will create a difficult financial environment for the company. The successful implementation of our capital investment and change programmes, while maintaining our financial viability, will be the key challenge facing us in the future.

MANAGING THE CHALLENGES OF MARKET LIBERALISATION

ESB is fully exploiting the opportunities presented by the opening up of the market to competition. The company is well prepared for deregulation and is now competing vigorously in the partially liberalised market. Our objective is to remain the primary player when the market is fully opened.

During the past year, we implemented a new senior management structure, concluded the Tripartite Agreement, set up our subsidiary, ESB Independent Energy (ESBIE), planned an acceleration of our investment in the electricity infrastructure in Ireland and identified large scale opportunities in the electricity business internationally.

In 2000 demand for electricity grew by approximately 6%. We have satisfied that demand, while also connecting a record number of new customers for a single year.

Notwithstanding the substantial progress made, there is a lot more work to do to ensure that the company is ready for the rigours of a fully open market and that the country's electricity infrastructure meets the needs of the growing economy.

ESB has a well-earned reputation for its commitment to customer service. From the Rural Electrification Scheme to the current boom conditions ESB has played a key role in the development of the economy. As we adjust to a fully open market, ESB will continue to contribute to the national economy.

We are determined to make competition work in the best interests of customers and our stakeholders, implementing the necessary cost efficiencies for success in the new competitive market.

The customer is and will continue to be our primary focus. We take pride in the high standard of service we provide to our customers at one of the lowest prices in Europe. We are determined to retain customer confidence.

COMPETITION

ESB worked with the Commissioner for Electricity Regulation to help move the competitive process forward. We promoted the introduction of competition to the supply market by the auction of 600MW of our capacity. This enabled competitors to enter the market

ahead of commissioning their own generation. Our own subsidiary, ESB Independent Energy (ESBIE), was established as a ring-fenced independent supplier in the new market and has performed strongly.

While in recent years we have reduced our costs significantly, developments in technology and new industry practice mean that opportunities have opened up to achieve further efficiencies. Our target is to reduce our staff numbers by 2,000 and to reduce our cost-base over the next few years. This change programme will be implemented in partnership with the trade unions and staff.

The Tripartite Agreement concluded between the Department of Public Enterprise, management and ESB unions is a template for the future. It maps out the way forward for management, unions and staff to work together as a team, to position the company strongly for full competition.

ESB BRAND

ESB has a strong, well-established brand identity, synonymous with service and reliability. Our ongoing and in-depth research demonstrated strong year-on-year development across a variety of brand metrics. As we become more competitive and pursue expansion, we will build a new commercial future while leveraging our traditional brand strength.

INTERNATIONAL OPERATIONS

ESB International is a highly successful arm of our business operations, particularly in the engineering and consultancy area. We continue to expand this business in line with our growth strategy.

ESBI is involved in consultancy projects across Europe, the Middle East, Asia, the former Soviet Union, and the Americas. Our involvement as System Administrator in Alberta in Canada has been especially innovative and successful.

The past year has been a successful and busy one for our International Investments business. Late last year we opened an office in Warsaw as part of our programme to position ourselves to participate in the acquisition of distribution assets as the electricity industry in Poland is privatised.

Our proposed 800MW CCGT plant in Bilbao in Spain received a major boost following a positive declaration on the environmental impact from the Spanish Government.

We consolidated our involvement in the Corby Power Plant 400MW power plant in UK, where ESB shareholding has increased to 50%.

NORTHERN IRELAND

Approval has been received from the Northern Ireland Electricity Regulator for a new 400MW generating plant at Coolkeeragh in Derry. A project team is now in place to undertake the development of the new power station with a target completion date of late 2004, subject to the necessary approvals, including that of the shareholder. ESB owns 40% of the existing coal fired station and we won approval to progress with the new much larger CCGT plant, in the face of formidable competition.

By December 2000 we had gained 25% of the eligible supply market in Northern Ireland, supplying a diversity of businesses.

As well as increasing ESB's stake in the Northern Ireland market, Coolkeeragh will position the company to exploit further market opportunities in the Republic and the UK, through developments in the North/South and Moyle interconnectors.

TECHNOLOGY INVESTMENT

We are investing in a nation-wide broadband fibre-optic telecommunications network along our transmission and distribution overhead power lines system.

every year we connect over 45,000
new customers to the network




ESB
NAME
Thomas Duff
SIGNATURE
12346

This investment will roll out over the next three years and will complement our infrastructural development programme. It will contribute to economic growth on a regional basis by providing the means to attract high-tech industry.

The 1,200km fibre optic system will be built in two stages, forming a 'figure of eight' national system. This technological highway will give ESB the opportunity to sell or lease capacity to other licensed operators.

We have established a Telecoms Division as part of our Engineering and Commercial Businesses, to exploit the commercial benefits of this investment. It also positions us very strongly, either independently or as part of a consortium, in a bid for a 3G mobile licence.

ENVIRONMENT

As the country continues to enjoy the fruits of economic success, there is an increasing concern to ensure that success is not achieved at a cost to our environment. ESB is committed to developing its business in a socially responsible way respecting the health and safety of the public and our staff, the environment and the communities in which we operate.

Integrated Pollution Control License applications have been submitted to the Environmental Protection Agency (EPA) in respect of all thermal generating stations other than existing peat plant. The process will be completed in December 2001. Investments in environmental improvements have been made as part of our ongoing programme of reducing environmental risks. It is anticipated that further expenditures will be required in light of proposals for more stringent EU environmental legislation.

Since 1994 ESB has been at the forefront in introducing environmental management systems at generating stations involving a commitment to continuous improvement in our environmental performance. Formal accreditation of these systems to ISO 14001 International Standard has been achieved in respect of 95% of thermal generating station capacity.

Publication of the National Climate Change Strategy by the Government in October highlighted the strategic impact of the issue on the electricity sector. In addition to new energy taxes, the strategy requires the sector to reduce emissions of carbon dioxide by at least the equivalent of replacing Moneypoint with new gas-fired generation. Plans under development aim to ensure a significant proportion of these reductions will be achieved within the sector domestically. However, access to flexibility mechanisms provided under the Kyoto Protocol, such as emissions trading, will be necessary if the remaining reductions are to be delivered at reasonable cost while ensuring strategically essential fuel diversity.

We are examining the further expansion of our renewable energy activities, in particular wind farms. We recognise the need, with regard to both wind farms and transmission and distribution projects, to develop such infrastructure in an environmentally sustainable manner.

HEALTH AND SAFETY

Safety is a core value of ESB. We fully accept our responsibility to provide for the safety of our customers and the public arising from our activities. It is our policy to ensure the safety, health and welfare of our staff while at work and of visitors to our sites and premises. The policy is implemented through maintaining safe places and systems of work and facilitating open consultation arrangements with staff. Audit and monitoring procedures assist in ensuring the maintenance of policies, standards and guidelines and compliance with legislative requirements. Safety performance relative to similar organisations internationally is assessed at regular intervals.

The procedures confirm substantial compliance with policy, as laid down in ESB's Safety Statement. Remedial measures have been initiated where deficiencies were identified.

Notwithstanding the above and a 25% reduction in the rate of accidents involving absence from work of one or more days, a member of staff suffered a fatal injury during the year. This fatal accident is deeply regretted. While it is the first fatal accident in over seven years our sympathies must go to the bereaved family. This occurrence must provide an added stimulus to our safety improvement programmes.

ESB is sensitive to the views of the public on issues related to health concerns. We are committed to open and transparent debate on all matters. In particular, with regard to electromagnetic fields (EMF), we welcome the latest independent study published by the UK National Radiological Protection Board. The report finds no causal relationship between electricity pylons and incidences of cancer while recommending further study of an association found between certain magnetic fields and health.

CUSTOMER SERVICE

We have a strong record of delivering quality service at low prices and we are confident that our traditional focus on customer care gives us a distinct advantage over our competitors.

We increased new connections by over 4,500 on the previous year, while customer satisfaction and good value continues to be apparent in our retail outlets, where turnover has increased by 10%.

Our programme of infrastructural development over the next five years will greatly enhance the quality and level of service we can offer our customers. With the growth in the economy, demand for electricity increased by about 6% during the year and to meet the increased demand during the winter months, ESB demonstrated its foresight by installing temporary generation units totalling 115MW in Cork and Mayo.

We continue to upgrade our customer response facilities with sophisticated computer systems at the monitoring and control centres at Leopardstown in Dublin and at Wilton in Cork.

Our Customer Call Centre facilities, which operate 24 hours a day, continue to operate successfully, as does the Customer Arbitrator's office, which adjudicates independently on customer complaints.

CUSTOMER CHARTER

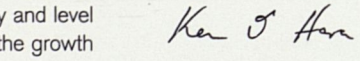
Payments under our customer charter amounted to £14,700 involving 70 customers.

STAFF

The Government decision to legislate for an ESOP to facilitate the allocation of 5% of the company's equity to staff, agreed under CCR is a significant development. It will contribute to a competitive culture within ESB and enhance the pursuit of common goals between the staff and the company in the future.

THE WAY FORWARD

The year 2000 was unique for ESB. As we operate in new market conditions, ESB will remain commercially focused and growth driven. Our record of public service allied to a highly motivated and committed management and staff together with a strong brand image are a solid foundation on which we will build a successful future for ESB and its stakeholders.



K O'Hara
Chief Executive

through the investment and development in wind energy we continue to integrate green energy sources into our power generation activities



FALLSTO
BORMACK, D-
Persönliche Schutzausrü

There were 13 Board Meetings, 11 General Board Meetings and 2 Special Board Meetings during the year ended 31st December 2000. The numbers in brackets opposite each name represents the attendance by each Board Member at general and special meetings respectively, during the year.

The following is the 2000 disclosure

BOARD MEMBER	GENERAL/SPECIAL	DATE OF COMPLETION OF TERM
William M McCann, Chairman	(11,2)	18 01 01
James Wrynn	(6,2)	27 07 00
Joe LaCumbre	(11,1)	
Jerry Carey	(10,1)	14 04 01
Sean Geraghty	(10,1)	
Stewart Harrington	(3,0)	27 03 01
Georgina Kenny	(7,1)	
John McGinley	(11,2)	
Caitriona Murphy	(11,1)	
Tadhg O'Donoghue	(3,0)	
Ken O'Hara	(11,2)	
Pat Smith	(11,2)	
Paul Sweeney	(11,2)	02 04 01
Anne Taylor	(11,2)	

This report was approved by the Board at its meeting on 24th April 2001, for submission to the Minister for Public Enterprise.

T O'Donoghue
Chairman

K O'Hara
Chief Executive

L Donald
Secretary

BOARD MEMBERS

TADHG O'DONOGHUE

KEN O'HARA

JERRY CAREY

EOIN FAHY

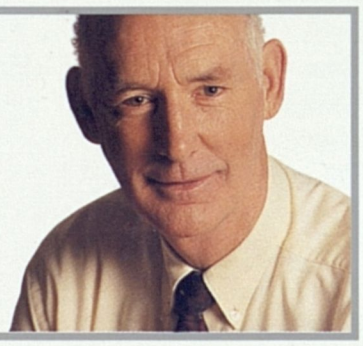


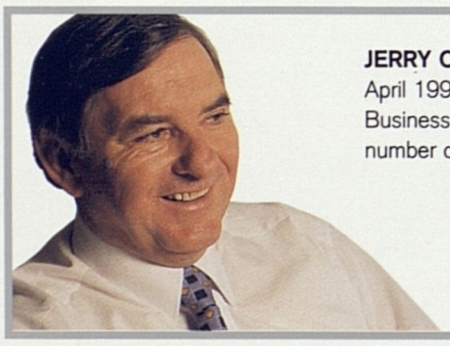
TADHG O'DONOGHUE joined the Board of ESB in September 2000 and was appointed Chairman in January 2001. Mr. O'Donoghue is Senior Tax Partner and Head of Technology Practice, PricewaterhouseCoopers, a council member of the Irish Management Institute and is a Director of Aer Rianta and the American Chamber of Commerce in Ireland.

Mr. O'Donoghue is Chairman of the Audit and Remuneration and Management Development Committees and a Member of the Business Performance and Development Committee of Board Members.

KEN O'HARA was appointed Chief Executive in September 1997. He held a number of senior management positions and was involved in consultancy work in Bahrain during the 1970's. Mr. O'Hara was appointed District Manager, Cork in 1979 and was subsequently appointed Director, Customer Operations 1987.

He was appointed Managing Director of Power Generation in 1993. He is a fellow of the Institute of Engineers of Ireland, a member of the National Executive Council of IBEC and a Board member and fellow of IMI.





JERRY CAREY was appointed to the Board in April 1996. He is Managing Director of Irish Business Systems Ltd. and is Director of a number of other companies.

Mr. Carey was a member of the Audit Committee the Remuneration and Management Development Committee and the ITSO Committee. Mr. Carey completed his term on the Board in April 2001.

EOIN FAHY was appointed to the Board in January 2001. He is Chief Economist with KBC Asset Management Ltd. Dublin (formerly Ulster Bank Investment Managers).

He is an established media commentator on economic issues. Mr. Fahy is a member of the Legislation Committee.



BOARD MEMBERS

SEAN GERAGHTY

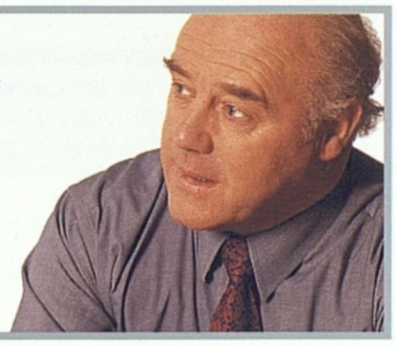
GEORGINA KENNY

JOE LaCUMBRE

JOHN McGINLEY

SEAN GERAGHTY was first appointed to the Board in 1988 under the Worker Participation (State Enterprises) Act,1977 and is now serving his fourth term. A shift operative in Poolbeg Generating Station, he has worked in ESB since 1964. He has chaired the ESB Group of Unions and was staff representative on the Joint Industrial Council.

He is also a member of the Chief Executive's Safety Committee. Mr. Geraghty is a member of the Business Performance and Development Committee and Chairman of the Environment and Safety Committee.





GEORGINA KENNY was appointed to the Board in April 2000. A Solicitor, Ms. Kenny is Managing Director of Shannon Dry Cleaners. She has been a member of the Board of Athlone Community Task Force since 1994 and its Chairman since 1997.

Ms. Kenny is a Member of the Audit and Capital Projects Committees of Board Members.

JOE LaCUMBRE was appointed Deputy Chairman of the Board in September 2000. He is now serving his fifth term on the Board, having first been appointed in January 1985 under the Worker Participation (State Enterprises) Act,1977. An electrician based in Athlone, Mr LaCumbre is a member of the TEEU Executive Committee.

He is staff representative on both the ESB Superannuation Fund Administration Committee and the ESB Medical Provident Fund. Mr LaCumbre is Chairman of the Business Performance and Development Committee and a member of the International Business and Investments and Legislation Committees.





JOHN McGINLEY was first appointed to the Board in January 1995 under the Worker Participation (State Enterprises) Act, 1977 and was re-elected in 1998. A technologist in Distribution Department, he is a member of Kildare County Council and the Mid-East Regional Authority.

Mr. McGinley is Chairman of the Legislation Committee and a member of the Capital Projects and International Business and Investments Committees.

BOARD MEMBERS

CAITRIONA MURPHY

PAT SMITH

PAUL SWEENEY

ANNE TAYLOR

CAITRIONA MURPHY was appointed to the Board in February 1992 and was re-appointed for a second term in March 1997. Mrs. Murphy is Chairman of the Labour Relations Commission.

She is a former Head of AIB Corporate Finance and is a director of a number of other companies. She is Chairman of the ITSO and the International Business and Investments Committees.



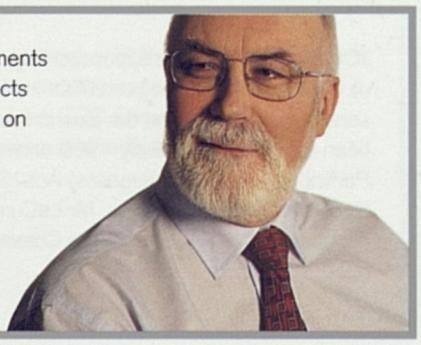


PAT SMITH was appointed to the Board in January 1999 under the Worker Participation (State Enterprises) Act, 1997. He joined ESB in 1981 and has been working as a Network Technician based in Wilton in Cork.

Mr. Smith has served as Secretary of the Cork Branch, A.T.G.W.U. and National Secretary of the Network Technicians Category. He is a member of the Environmental and Safety and Capital Projects Committees.

PAUL SWEENEY was appointed to the Board in April 1996. A business and economic advisor, Mr. Sweeney is also a director of Kilsheelan Technology International.

He was a member of the International Investments Committee and Chairman of the Capital Projects Committee. Mr. Sweeney completed his term on the Board in April 2001.





ANNE TAYLOR was appointed to the Board in May 1997. Ms. Taylor is a Consultant Trainer and Facilitator.

She is a member of the International Business and Investments Committee and the Environmental and Safety Committees.

BOARD COMMITTEES

There are eight Board Committees. Each has formal terms of reference.

AUDIT COMMITTEE

The purpose of the Audit Committee is to oversee the financial reporting process and internal control system of ESB.

Members

Tadhg O'Donoghue, Chairman
Jerry Carey*
Georgina Kenny

BUSINESS PERFORMANCE AND DEVELOPMENT COMMITTEE

The purpose of the Business Performance and Development Committee is to review the development and implementation of programmes aimed at ensuring the positioning of ESB for future success, in line with the Board's approved Corporate Strategy.

Members

Joe LaCumbre, Chairman
Ken O'Hara
Sean Geraghty
Tadhg O'Donoghue

CAPITAL PROJECTS COMMITTEE

The purpose of the Capital Projects Committee is to review the capital expenditure plans, to advise the Board on major capital expenditure proposals and to monitor progress.

Members

Paul Sweeney, Chairman**
Pat Smith
Georgina Kenny
John McGinley

ENVIRONMENT AND SAFETY COMMITTEE

The purpose of the Environment and Safety Committee is to advise the Board on safety and environmental matters.

Members

Sean Geraghty, Chairman
Pat Smith
Anne Taylor
Ken O'Hara

ITSO COMMITTEE

The function of the ITSO Committee is to facilitate the independent management of the TSO function undertaken by the National Grid Business Unit within ESB, in accordance with the requirements of the EU Electricity Directive, on a strictly ringfenced basis, pending the establishment of EirGrid as an independent legal entity.

Members

Caitriona Murphy, Chairman
Jerry Carey*

INTERNATIONAL BUSINESS AND INVESTMENTS COMMITTEE

The purpose of the International Business and Investments Committee is to oversee the business strategy, risks, and investments in ESB's International businesses.

Members

Caitriona Murphy, Chairman
Joe LaCumbre
Paul Sweeney**
Anne Taylor
John McGinley

REMUNERATION AND MANAGEMENT DEVELOPMENT COMMITTEE

The purpose of the Remuneration and Management Development Committee is to

- Advise the Board on all aspects of the remuneration of the Chief Executive.
- Set the remuneration of the top management group following consultation with the Chief Executive.
- Monitor the development of current and future leaders of ESB.

Members

Tadhg O'Donoghue
Jerry Carey*

LEGISLATION COMMITTEE

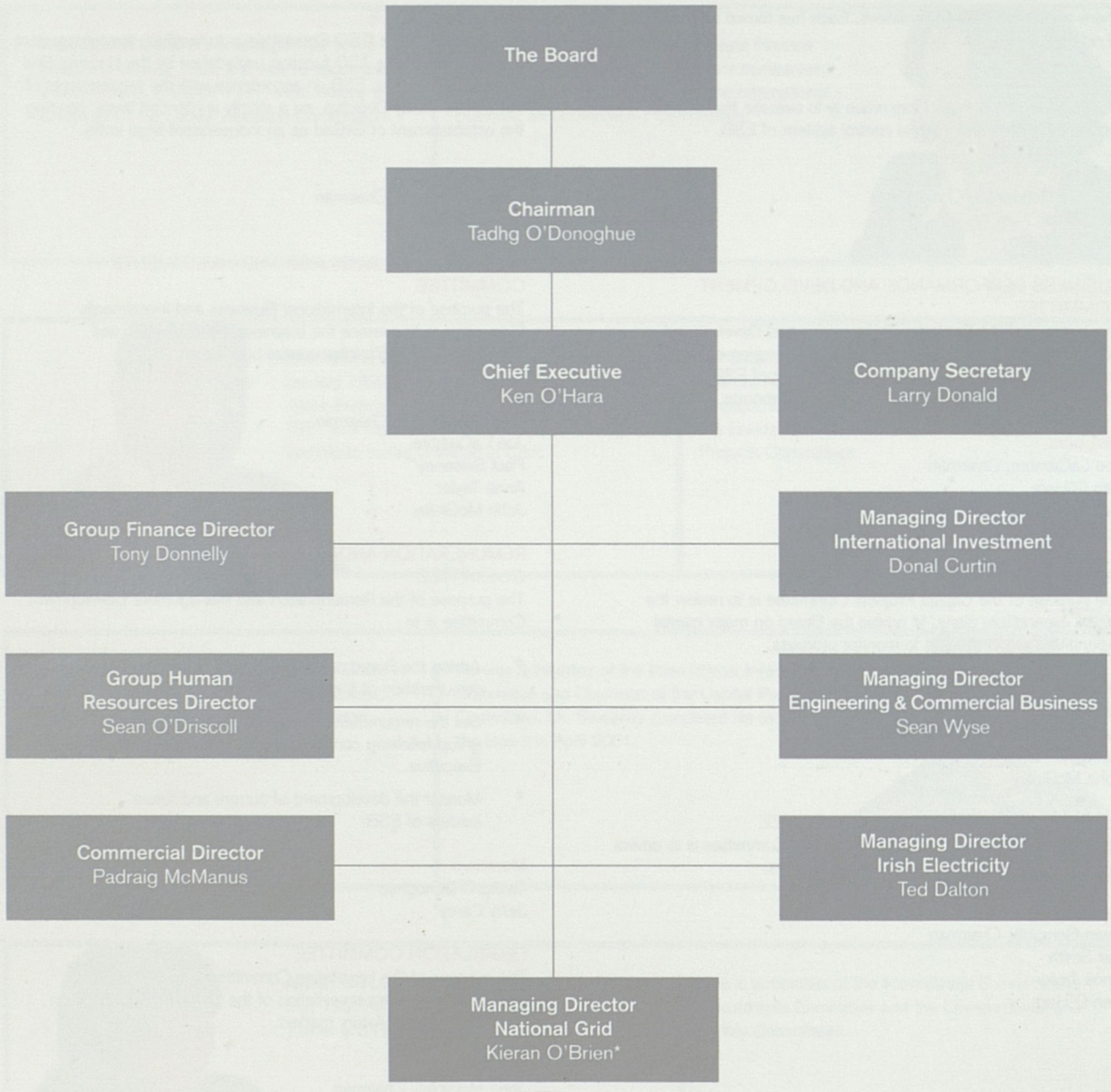
The purpose of the Legislation Committee is to oversee the development and implementation of the Company's strategy on legislation and regulatory matters.

Members

John McGinley, Chairman
Joe LaCumbre
Ken O'Hara
Eoin Fahy

*Jerry Carey completed his term on the Board in April 2001 **Paul Sweeney completed his term on the Board in April 2001

ORGANISATION STRUCTURE



*Kieran O'Brien is Chief Executive Designate of EirGrid

TOP MANAGEMENT

TONY DONNELLY

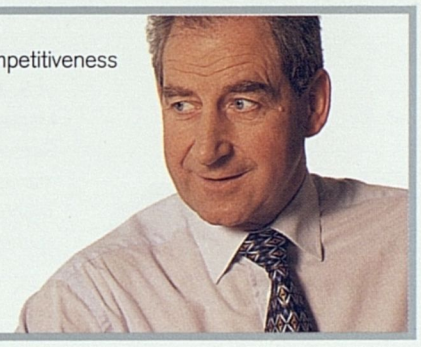
PADRAIG McMANUS

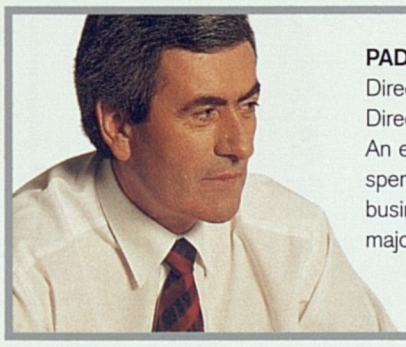
SEAN O'DRISCOLL

DONAL CURTIN

TONY DONNELLY was appointed Group Finance Director in December 1997. He held a number of senior financial management positions prior to his appointment, including Group Financial Controller.

He was project manager of the Cost and Competitiveness Review (CCR) and is a Trustee of the ESB Superannuation Fund.

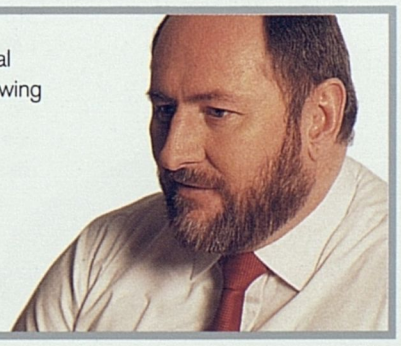




PADRAIG McMANUS was appointed Commercial Director in January 2001 having been Managing Director of ESB International since 1997. An electrical engineer by profession he has spent fifteen years on the Company's international business and has managed the implementation of major engineering projects in the Middle East, Africa and South East Asia. From 1994 up to 1997 he was heavily involved in negotiating and implementing the ESB's major restructuring programme, CCR.

SEAN O'DRISCOLL was appointed Head of Group Human Resources in August 1997 and appointed Group Human Resources Director in April 1999. Before joining ESB he was Manager, Human Resources at Energy Services International/Solar Turbines, working in the international oil and gas industry.

Mr. O'Driscoll had previously worked as Industrial Relations Manager for GE Super Abrasives following a number of human resources roles within the CIE Group.





DONAL CURTIN was appointed Director, International Investments in 1999. He is a Director of several ESBI companies and previously held the position of Commercial Director, ESB and Group Managing Director, ESBI Contracting.

Mr. Curtin has worked extensively overseas in the UK, Middle East and Far East since the early 1980's.

TOP MANAGEMENT

TED DALTON

SEAN WYSE

LARRY DONALD

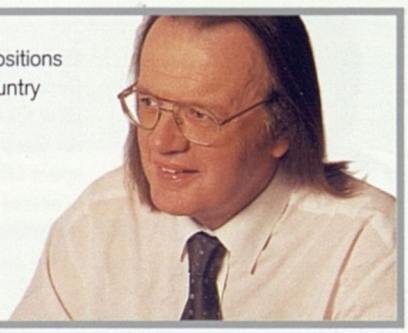
KIERAN O'BRIEN

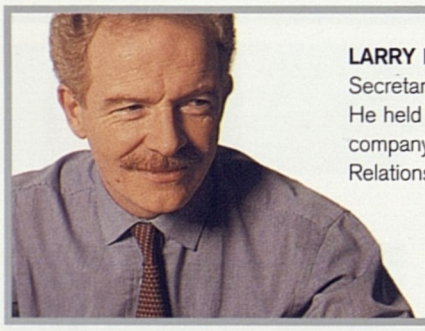


TED DALTON was appointed Managing Director of Irish Electricity in 2000 previously being Managing Director of Power Generation since September 1997. He held a variety of senior management positions in the Information Technology and Accounting areas before his appointment as Regional Manager, South East region in 1987. In 1992 he was appointed Manager, Corporate Change and in 1993 he was appointed as Managing Director, Customer Services.

SEAN WYSE was appointed as Managing Director of Engineering and Commercial Businesses in 2000, having served as Managing Director of Customer Services since 1997.

He held a variety of senior management positions in the Distribution areas throughout the country before his appointment as Group Manager, Power Generation, in 1994.



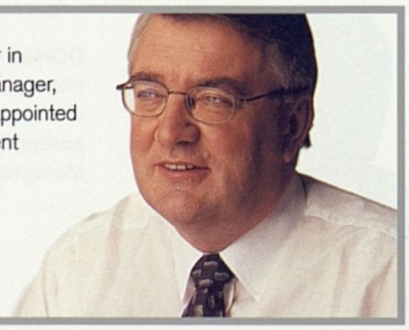


LARRY DONALD was appointed Company Secretary and Head of Corporate Affairs in 1997. He held a number of senior positions in the company before being appointed Public Relations Manager in 1986.

Prior to his appointment to his current position Mr. Donald held the post of Manager, Corporate Affairs.

KIERAN O'BRIEN was recently appointed Chief Executive Designate of EirGrid having served as Managing Director of National Grid since 1993. He worked on a number of ESB's major construction projects during the 1970's, including Turlough Hill and Moneypoint.

He was appointed ESB's resident manager in Saudi Arabia and subsequently became Manager, Civil Works Department. Mr. O'Brien was appointed Director Strategic Planning and Development in 1987.



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Statement of Board Members' Responsibilities

FINANCIAL STATEMENTS

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 pages 45 to 73, appropriate accounting policies have been used and consistently applied, reasonable and prudent judgements and estimates have been made and all accounting standards considered 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 ESB and its subsidiaries and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE

The "Combined Code" sets out Principles of Good Governance and a Code of Best Practice and is derived from the final report of the Committee for Corporate Governance and from the Cadbury and Greenbury reports. Companies listed on the Irish Stock Exchange are required to report on compliance with all provisions of the code.

ESB is a statutory corporation established under the Electricity (Supply) Act 1927 and as a result some of the provisions of the Combined Code are not applicable to ESB. ESB supports the principles and provisions of the Combined Code and complies with its requirements except:

- ESB is accountable to the Minister for Public Enterprise. ESB has no share capital. Accordingly, code provisions relating to shareholder relations and conduct of Annual General Meetings are not applicable.
- Appointments to the Board are a matter for Government and accordingly ESB does not have a nomination committee. Board Members, who are appointed for five and four year terms, are not subject to re-election to the Board at intervals not exceeding three years.
- ESB's policies in relation to remuneration of Executive Board Members (Chief Executive) are in accordance with "Arrangements for determining the remuneration of Chief Executives of Commercial State Bodies under the aegis of the Department of Public Enterprise", issued in July 1999.
- Formal training procedures for new Board Members are being put in place.

PRINCIPLES OF GOOD GOVERNANCE

The Board

The Board comprises twelve members and includes the Chief Executive and eleven Non-Executive Members, seven of whom are appointed by the Government for a five year term, and four worker members appointed by the Minister for Public Enterprise for a four year term following election by staff. The roles of the Chairman, who is part-time, and Chief Executive are separate.

The Board has appointed Caitriona Murphy as Senior Independent Non-Executive Director.

The Board agrees a schedule of monthly meetings to be held in each calendar year and also meets on other occasions as necessary. The Board has a formal schedule of matters specifically reserved to it for decision at the Board meetings. The Board Members, in the furtherance of their duties, can take independent professional advice as required, at the expense of ESB. All Board Members have access to the advice and services of the Secretary.

The Board Members receive monthly financial statements for the group and full Board papers are sent to each member a week before the Board meetings. The Board papers include the minutes of all Board sub-committee meetings which have been held since the previous Board meeting.

The relationship between ESB and the Department of Public Enterprise (DPE) is formally established in an "Agreement on Framework for Interaction between DPE and ESB" dated September 1998. This agreement provides a blueprint for the working relationship between the Department and ESB and the principles are set out under six priority areas – agreeing key policies, setting objectives, agreeing the high level strategy, agreeing special operating decisions, performance management and shaping/influencing the environment.

Board Committees

Committees are established to assist the Board in the discharge of its responsibilities. The committees comprise an Audit Committee (see below), Business Performance and Development Committee, Capital Projects Committee, Environment and Safety Committee, ITSO Committee, International Business and Investments Committee, Legislation Committee and Remuneration and Management Development Committee. Their members and the terms of reference are listed on page 35.

The Audit Committee, a formally constituted committee of the Board with written terms of reference, is composed of four Non-Executive Members and meets regularly. The Audit Committee reviews and discusses with the internal auditor and the external auditor, the group's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit programmes, statutory auditors' report, financial reporting and other related matters. The internal and external auditors have full and unrestricted access to the Audit Committee.

In accordance with the requirements of the EU Electricity Directive the Board established a separate committee, the ITSO Committee, to facilitate the independent management of the Transmission System Operator (TSO) function undertaken by ESB National Grid. The Commission for Electricity Regulation approved these ringfencing arrangements in accordance with regulations establishing a system of trading in electricity.

Internal Controls

The Board has overall responsibility for the group's systems of internal control and for monitoring their effectiveness. These systems are designed to provide reasonable but not absolute assurance against material misstatement or loss. In order to discharge that responsibility in a manner which ensures compliance with legislation and regulations, the Board has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The Combined Code introduced a requirement that directors of a listed company review the effectiveness of the company's systems of internal controls. This extends the existing requirements in respect of internal financial controls to cover all controls including financial and operational controls and compliance together with implementing a risk management framework.

ESB has in place a strong control framework which covers all areas of control. During the year, the Board further refined its process of review of the group's internal controls and risk assessment and undertook a review and evaluation of the business risks of the group and its systems of internal control. Towards year end 31 December 2000 the procedure for carrying out a detailed risk review and internal corporate governance sign-off procedure were changed from an annual to a quarterly basis. The Board Members are satisfied that ESB now meets the requirements set out in the Turnbull guidance on internal control.

The system of internal control includes the following:

- Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Board which support the maintenance of a strong control environment;
- Comprehensive budgeting systems with an annual budget approved by the Board;
- Comprehensive system of financial reporting. Monthly actual results are reported against budget and considered by the Board on a monthly basis. Any significant changes and adverse variances are questioned by the Board, and remedial action taken where appropriate;
- Comprehensive set of policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require the approval of the Board, and are closely monitored on an ongoing basis by the Capital Projects Committee of the Board;
- A corporate governance framework which includes risk analysis, financial control review and formal quarterly governance statements by the Managing Directors of Business Units. This is monitored by the internal audit department, which reports to the Audit Committee on an ongoing basis;
- Consideration of operational and financial issues by special Board Committees as described on page 35.

These controls are reviewed systematically by internal audit, which has a group-wide role. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis.

The Board, through the Audit Committee, has reviewed the effectiveness of the systems of internal control. The process used by the Audit Committee to review the effectiveness of the system of internal control includes:

- Review and consideration of the quarterly risk review process;
- Review and consideration of certifications from management of satisfactory and effective operation of systems of internal controls, both financial and operational;
- A review of the programme of internal audit and consideration of their findings and reports. Internal audit also report regularly on the status of issues raised previously from their own reports and reports from the external auditor;
- A review of reports of the external auditors, KPMG, which contain details of any material control issues identified arising from their work as auditors.

Executive Board Members' Remuneration

The only Executive Board Member is the Chief Executive. The Chief Executive's remuneration is set within a range determined by the Ministers for Finance and Public Enterprise. It is determined annually, within the range as set out above, by the Remuneration and Management Development Committee, which comprises three Non-Executive Board Members, and is approved by the Board. The Remuneration and Management Development Committee approves the remuneration of the top management group, following consideration of recommendations submitted by the Chief Executive.

The remuneration of the Chief Executive consists of basic salary, performance related bonus of up to 20% of annual basic salary and a deferred element of 5%, and a company car. In his role as Board Member, the Chief Executive also receives a fee as determined by the Minister for Public Enterprise.

The retirement benefits for the Chief Executive are calculated on basic pay and pensionable allowances only and in general aim to provide benefits, by way of pension and gratuity, broadly equivalent to two-thirds of salary at retirement for full service. The increases in accrued pension and accrued gratuity excluding inflation during the year were IR£39,821 and IR£119,464 respectively. The total accrued pension at the end of the year was IR£96,764 and the total accrued gratuity was IR£290,291. The transfer value of the relevant increase was IR£622,478.

Non-Executive Board Members' Remuneration

Board Members appointed under the Worker Participation (State Enterprises) Act 1977 are remunerated in accordance with the provisions of the Act.

The remuneration of other Non-Executive Board Members is determined by the Minister for Public Enterprise and they do not receive pensions.

Remuneration	2000 IR£	1999 IR£
Executive Board Member (Chief Executive)		
Salary	188,504	101,132
Performance related pay	20,226	20,078
Taxable benefits (company car)	12,564	12,564
Pension contributions *	23,473	13,298
Fees	5,000	5,000
Total	**249,767**	**152,072**
Non-Executive Board Members (eleven)		
Fees	75,000	75,000

* In addition the Board made an additional contribution to the Pension Scheme to compensate it for the additional pension costs arising from the increase in the Chief Executive's salary.

The Chairman received fees of IR£25,000, while all other Non-Executive Board Members received IR£5,000.

Going Concern
The Financial Statements are prepared on a going concern basis as the Board, after making appropriate enquiries, is satisfied that ESB has adequate resources to continue in operational existence for the foreseeable future.

Electoral Act, 1997
The Board made no political donations during the year.

On behalf of the Board

T O'Donoghue
Chairman

K O'Hara
Chief Executive

24 April 2001

Auditors' Report

As auditors appointed by the Minister for Public Enterprise, with the consent of the Minister for Finance, under Section 7 of the Electricity (Supply) Act 1927, we have audited the financial statements of Electricity Supply Board on pages 45 to 73.

Respective responsibilities of directors and auditors
The Board Members of Electricity Supply Board are responsible for preparing the Annual Report. As described on page 40, this includes responsibility for preparing the financial statements in accordance with the Electricity Supply Acts 1927 to 1988 and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by the Electricity Supply Acts 1927 to 1988, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Electricity Supply Acts 1927 to 1988. We also state whether we have obtained all the information and explanations we require for our audit, whether the parent's balance sheet is in agreement with the books of account and report to you our opinion as to whether the parent has kept proper books of account.

We review, at the request of the Board Members, whether the voluntary statement on pages 40 to 43 reflects the Board's compliance with the seven provisions of the Combined Code specified for our review, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risks and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 judgements 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.

We draw your attention to the "Basis of accounting" note on page 45.

Opinion
In our opinion, the financial statements give a true and fair view of the state of affairs of the group and of the parent as at 31 December 2000 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Electricity Supply Acts 1927 to 1988.

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 2000 is in agreement.

KPMG

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

1 May 2001

Statement of accounting policies

1. Basis of accounting

With the exception of accounting policies impacted by Section 21 (2) of the Electricity (Supply) Act 1927 referred to below, the annual accounts are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

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. Accounting policies 12 and 13 reflect this requirement.

2. Basis of consolidation

The group financial statements consolidate the financial statements of the parent and of all subsidiary undertakings made up to 31 December 2000. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. The financial statements of all subsidiary undertakings are drawn up to 31 December.

3. Investment in associates, joint ventures and other investments

(a) Joint venture and associated undertakings

Joint venture undertakings (joint ventures) are those undertakings over which the group exercises control jointly with another party.

Associated undertakings (associates) are those undertakings in which the group has a participating interest in the equity capital and over which it is able to exercise significant influence.

Joint ventures and associates are accounted for using the gross equity method and equity method respectively. The group's share of the profits less losses of joint ventures and associates are included in the consolidated profit and loss account. The group's interests in their net assets or liabilities are included as fixed asset investments in the consolidated balance sheet at an amount representing the group's share of the fair values of the net assets at acquisition plus goodwill and the group's share of post acquisition retained profits or losses.

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

Investments in joint ventures and associates are shown in the company balance sheet, valued at cost less provisions for impairments in value.

(b) Other financial asset investments

Listed and unlisted investments are shown at cost less provisions for impairments in value. Income from financial fixed assets is recognised in the profit and loss account in the year in which it is receivable. A note is included as to the market value of listed investments.

4. Goodwill

Goodwill represents the excess of consideration paid for the acquisition of shares in associated undertakings and joint ventures over the fair value of the identifiable assets and liabilities. The useful lives of goodwill related to acquired businesses have been determined by reference to the periods over which the values of the underlying businesses are expected to exceed the values of their identifiable net assets.

5. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the rate ruling at the balance sheet date or the contracted rate and the exchange differences are dealt with in the profit and loss account.

The group's net investments in overseas subsidiary undertakings, joint ventures and associates are translated at the rate ruling at the balance sheet date. The profits and losses of overseas subsidiary undertakings, joint ventures and associates are translated at average rates for the year. Exchange differences resulting from the re-translation of the opening balance sheets of overseas subsidiary undertakings, joint ventures and associates at closing rates, together with the differences on the translation of the profit and loss accounts, are dealt with through reserves and reflected in the statement of total recognised gains and losses.

6. Turnover

Turnover comprises net sales of electricity and other goods and services to customers outside the group and excludes value added tax. Electricity turnover includes an estimate of the value of units supplied to customers between the date of the last meter reading and the year end and this estimate is included in debtors in the balance sheet as "unbilled consumption".

7. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairment of value. Cost includes prime cost, overheads and interest incurred in financing the construction of tangible fixed assets. Capitalisation of interest ceases when the asset is brought into use. The capitalisation rate applied equates to the average cost of ESB's outstanding debt.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over their expected useful lives using methods appropriate to the nature of the group's business and to the character and extent of 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	20 years
Distribution Plant and Structures	25/30 years
Transmission Plant and Structures	30 years
General Buildings and Hydro Stations	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.

FRS 15 "Tangible Fixed Assets" is applicable to accounting periods ending on or after 23 March 2000. This standard requires that where the tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. A review of ESB's fixed assets was carried out on this basis and concluded that any amendment to the current economic lives of the components within the fixed assets would be immaterial in the context of the financial statements.

8. Stocks

Stocks are carried at average cost, other than:

(a) Spares held for major generating plant breakdowns, which are written down over plant lifetime; and
(b) Goods held for resale, which are carried at the lower of average cost and net realisable value. Net realisable value is based on normal selling price less further costs expected to be incurred to disposal.

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

9. Deferred payment contracts

Profit on deferred payment contracts is taken in the year of sale. The total net investment in deferred payment contracts included in the balance sheet represents contract payments receivable, net of finance charges relating to future accounting periods. Finance charges are allocated to accounting periods on an annuity basis over the deferred payment term.

10. Leased assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their expected useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease payments is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

11. Grants

Capital grants received are shown as deferred income and credited to the profit and loss account on a basis consistent with the depreciation policy of the relevant assets.

12. Non-repayable supply contributions

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

13. Sinking fund reserve for repayment of borrowings

Section 5 of the Electricity (Supply) (Amendment) Act 1982 allows the Board appropriate such sums as it considers proper to be used for the repayment of borrowings. These sums are appropriated to the sinking fund reserve in accordance with the Act, by way of transfer from the profit and loss account. In 2000, as in 1999, an amount has been appropriated to cover repayment of ESB stock issues in accordance with contractual obligations.

14. Taxation

The charge for taxation is based on the surplus for the year. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future.

15. Provision for generating station closure

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

The estimated costs of closing stations are recognised in full at the outset of the asset life, but discounted to present values using a risk free rate. These costs are capitalised in tangible fixed assets and depreciated over the useful economic lives of the stations to which they relate. The costs are credited to a provision as they are capitalised. As the costs are capitalised and initially provided on a discounted basis, the provision must be increased by a financing charge each year, which is calculated based on the provision balance and is included in the profit and loss account. In this way, the provision will equal the estimated closure costs at the end of the useful economic lives of stations. The actual expenditure is set against the provision as stations are closed.

16. Discounting of future commitments

Where the effect of the time value of money is material, provisions for future commitments are based on the discounted cost of meeting those commitments so that the provision balance at the year end is the present value of the expenditure required to settle the obligation. The discount rate is based on a risk free rate and the financing charge is included in the profit and loss account and added to the provision each year.

17. Superannuation scheme

The cost of providing pensions and other post retirement benefits is charged to the profit and loss account on a systematic basis over the service life of the employees, as recommended by the Actuaries to the scheme.

18. Cash and liquid resources

For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or are traded in an active market. They comprise of term deposits, other than cash, invested for less than one year.

Consolidated profit and loss account

Year ended 31 December 2000

	Notes	2000 IR£000's	1999 IR£000's
Turnover - group and share of joint ventures		**1,530,838**	1,362,971
Less: Share of joint ventures' turnover		**(38,904)**	(8,129)
Turnover - continuing operations	1	**1,491,934**	1,354,842
Operating costs	2	**(1,261,512)**	(1,038,048)
Operating surplus - continuing operations		**230,422**	316,794
Share of joint venture operating profit / (loss)		**4,518**	(13,326)
Share of associated undertakings' operating profit		**3,206**	5,065
Operating surplus - group and share of associates and joint ventures		**238,146**	308,533
Exceptional Items			
- Profit on disposal of subsidiary, joint venture and associate	5a	**163,736**	-
- Increase in restructuring provision	5b	**(236,111)**	-
Total surplus before interest		**165,771**	308,533
Net interest cost and other financing charges	3	**(25,074)**	(42,968)
Surplus on ordinary activities before taxation		**140,697**	265,565
Taxation	6	**(61,074)**	(53,660)
Surplus on ordinary activities after taxation		**79,623**	211,905
Minority interests - equity		**(48,353)**	4,539
Surplus for financial year	7	**31,270**	216,444
Appropriation to sinking fund reserve	17	**(385)**	(370)
Retained surplus for year		**30,885**	216,074
Profit and loss account at beginning of year		**223,873**	7,799
Profit and loss account at end of year		**254,758**	223,873

Signed: **T O'Donoghue,** Chairman

Signed: **K O'Hara,** Chief Executive

Signed: **T Donnelly,** Group Finance Director

24 April 2001

Balance sheets
At 31 December 2000

	Notes	Consolidated 2000 IR£000's	Consolidated 2000 IR£000's	Consolidated 1999 IR£000's	Consolidated 1999 IR£000's	Parent 2000 IR£000's	Parent 1999 IR£000's
Assets employed							
Fixed assets							
Tangible assets	8		**2,305,070**		2,216,751	**2,280,751**	2,200,185
Investments in associates	9		**19,313**		24,687	-	-
Investments in joint ventures	9						
- Share of gross assets		**173,140**		32,230		-	-
- Share of gross liabilities		**(104,972)**	**68,168**	(24,518)	7,712	-	-
Goodwill & other financial asset investments	9		**20,851**		5,993	**93,634**	66,767
			2,413,402		2,255,143	**2,374,385**	2,266,952
Current assets							
Stocks	10		**137,375**		130,258	**137,375**	130,258
Debtors	11		**321,608**		292,987	**257,987**	250,179
Investments	12		**40**		5	**40**	5
Cash at bank and in hand			**238,684**		75,331	**216,314**	60,286
			697,707		498,581	**611,716**	440,728
Creditors falling due within one year							
Borrowings and other debt	13		**(209,744)**		(98,534)	**(209,544)**	(98,333)
Other creditors	15		**(329,609)**		(282,035)	**(330,146)**	(267,627)
			(539,353)		(380,569)	**(539,690)**	(365,960)
Net current assets			**158,354**		118,012	**72,026**	74,768
Total assets less current liabilities			**2,571,756**		2,373,155	**2,446,411**	2,341,720
Creditors falling due after more than one year							
Borrowings and other debt	13		**(451,017)**		(556,186)	**(407,189)**	(555,504)
Other creditors	15		**(100,928)**		(70,137)	**(100,714)**	(69,896)
			(551,945)		(626,323)	**(507,903)**	(625,400)
Provisions for liabilities and charges	16		**(538,513)**		(309,301)	**(538,513)**	(309,301)
Net assets			**1,481,298**		1,437,531	**1,399,995**	1,407,019
Financed by:							
Reserves							
Sinking fund reserve for repayment of borrowings	17		**808**		423	**808**	423
Other reserves	18		**1,225,359**		1,210,743	**1,214,366**	1,203,180
Profit and loss account			**254,758**		223,873	**184,821**	203,416
			1,480,925		1,435,039	**1,399,995**	1,407,019
Minority interests			**373**		2,492	-	-
			1,481,298		1,437,531	**1,399,995**	1,407,019

Signed: **T O'Donoghue,** Chairman Signed: **K O'Hara,** Chief Executive

Signed: **T Donnelly,** Group Finance Director 24 April 2001

Consolidated statement of total recognised gains and losses

Year ended 31 December 2000

	Notes	2000 IR£000's	1999 IR£000's
Surplus for financial year		**31,270**	216,444
Non-repayable supply contributions	18	**46,486**	36,910
Other non-repayable capital contributions	18	**2,791**	601
Translation differences on consolidation of foreign subsidiaries, joint ventures and associates	18	**639**	5,209
Total recognised gains and losses for year		**81,186**	259,164
Reconciliation of movements in reserves:			
Total recognised gains and losses for year		**81,186**	259,164
Employee shareholding scheme	18	**11,500**	14,200
Transfer of shareholding scheme reserve to other creditors	18	**(46,800)**	-
Opening reserves		**1,435,039**	1,161,675
Closing reserves		**1,480,925**	1,435,039

Consolidated cash flow statement

Year ended 31 December 2000

	Notes	2000 IR£000's	1999 IR£000's
Net cash inflow from operating activities	20(a)	**408,765**	410,745
Returns on investments and servicing of finance			
Interest received		**17,459**	2,596
Interest paid		**(34,677)**	(44,066)
Interest element of finance lease payments		**(2,439)**	(3,589)
Dividends received from associated undertakings		**2,607**	2,509
Net cash outflow from returns on investments and servicing of finance		**(17,050)**	(42,550)
Taxation			
Taxation paid		**(78,241)**	(23,836)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(250,032)**	(274,417)
Sale of tangible fixed assets		**2,913**	926
		(247,119)	(273,491)
Acquisitions and Disposals			
Exceptional item - disposal of subsidiary, joint venture and associate		**170,069**	-
Purchase of subsidiary, joint venture and associate		**(74,274)**	(27,038)
Minority interest in exceptional item - disposal of subsidiary, joint venture and associate		**(47,679)**	-
		48,116	(27,038)
Net cash outflow from capital expenditure and financial investment		**(199,003)**	(300,529)
Net cash inflow before management of liquid resources and financing		**114,471**	43,830
Net cash flow in management of liquid resources	20(b)	**(146,686)**	(37,395)
Financing			
Advance/(repayment) of loans (net)	20(b)	**13,914**	(52,489)
Non-repayable supply contributions		**44,465**	38,235
Minority interests		**(2,793)**	6,796
Net cash inflow/(outflow) from financing		**55,586**	(7,458)
Increase/(decrease) in cash	20(b)	**23,371**	(1,023)

1. TURNOVER

	2000 IR£000's	1999 IR£000's
(a) Business activity:		
Electricity	**1,269,270**	1,169,075
Retail, contracts and other services	**127,127**	107,543
Other activities	**95,537**	78,224
	1,491,934	1,354,842
(b) Geographic markets (originating primarily in Ireland):		
Ireland	**1,421,103**	1,295,013
Europe	**34,699**	33,274
Others	**36,132**	26,555
	1,491,934	1,354,842

2. OPERATING COSTS

	2000 IR£000's	1999 IR£000's
Payroll	**275,859**	267,643
Fuel	**457,351**	333,167
Operations and maintenance	**516,802**	423,038
Employee shareholding scheme	**11,500**	14,200
	1,261,512	1,038,048

Employee Shareholding Scheme

The establishment of an Employee Shareholding Scheme, under which staff will acquire up to 5% of the ordinary shares of ESB, was agreed as part of the Cost & Competitiveness Review (CCR). Tripartite discussions involving ESB, the Unions and the Government are in progress to finalise the structure and operation of the scheme.

In 2001, it is intended to convert the existing capital and reserves of ESB into capital stock, which will be convertible into shares in ESB upon eventual incorporation into a plc.

The scheme established as part of CCR operates as follows:

- An allocation of 5% of profits is made available each year to purchase capital stock in ESB.
- In 2001, it is planned that a trust will be established into which the profit allocation will be paid. This profit and the profits accumulated to date, will be used to purchase capital stock in ESB on behalf of the employees.
- The capital stock will then be allocated by the trust to all eligible employees on an equal basis.
- The scheme will apply to surpluses earned since 1997 and until the 5% ownership limit is reached.

In recognition of ESB's liability, charges of IR£21.1m and IR£14.2m were made in the 1998 and 1999 accounts respectively representing 5% of relevant profits for 1997 to 1999. The charge for 2000 is IR£11.5m. These amounts were previously held in a special reserve (see note 18) pending capitalisation as capital stock. It is now intended that amounts held on behalf of employees for this purpose will be paid to an employee trust which will subscribe for capital stock. In recognition of this, the balance on the shareholding scheme reserve at the year end has been transferred from reserves into other creditors due within one year. This transfer reflects the intention to pay the balance on this account to an Employee Share Ownership Trust in 2001.

3. NET INTEREST COST AND OTHER FINANCING CHARGES

	2000 IR£000's	1999 IR£000's
Interest payable on borrowings	**35,453**	42,144
Interest payable on finance leases	**3,886**	3,527
Total interest payable	**39,339**	45,671
Total interest receivable	**(17,553)**	(2,556)
Net interest payable	**21,786**	43,115
Less capitalised interest	**(11,669)**	(16,435)
Financing charges:		
- on restructuring provision (note 16)	**2,155**	4,100
- on station closure provision (note 16)	**12,802**	12,188
Net interest cost and other financing charges	**25,074**	42,968

The financing charges on provisions are calculated in accordance with the policy for discounting of future commitments on page 48.

4. EMPLOYEES

(a) Average number of employees in year by business activity:	**2000**	1999
Electricity supply	**7,953**	7,980
Retail and contracts	**349**	346
Other activities	**1,016**	993
	9,318	9,319

(b) Employee costs in year:	**2000 IR£000's**	1999 IR£000's
Pay (salaries/wages)	**287,677**	282,194
Social welfare costs (PRSI)	**9,693**	8,820
Pension costs	**23,130**	21,979
Other payroll benefits	**19,721**	19,174
	340,221	332,167

Employee costs above include capitalised payroll of IR£64.4m (1999: IR£64.7m). They do not include the charge of IR£11.5m (1999: IR£14.2m) in respect of the employee shareholding scheme disclosed separately in note 2.

5. EXCEPTIONAL ITEM

(a) Profit on disposal of subsidiary, joint venture & associate

In January 2000 ESBIT Ltd., a 60% subsidiary, sold its 50% shareholding in Ocean Communications Ltd. ESB Fund Managers Ltd., a 100% subsidiary, was sold in February 2000 for a profit of IR£3.7m. During May 2000, Renley Ltd., an associate company was sold for a profit of IR£0.1m.

The following table outlines the details of these disposals:

	Ocean Communications	Other	Total
	IR£000's	IR£000's	**IR£000's**
Net proceeds on disposal	165,345	4,724	**170,069**
Net cost of investment	(5,487)	(846)	**(6,333)**
Exceptional gain	159,858	3,878	**163,736**

The tax charge relating to the disposal of Ocean Communications Ltd. is IR£25.5m, while no tax liability arises on the disposal of ESB Fund Managers Ltd. or Renley Ltd.

(b) Restructuring provision

	2000
	IR£000's
This charge represents an increase in the restructuring provision for voluntary severance (note 16):	**236,111**

Following a Tripartite agreement between the Board of ESB, the ESB Group of Unions and the Government, discussions on the implementation of a further business restructuring programme began in 2000. This initiative, the severance terms of which have been approved by Government and the Board of ESB, comprises a number of fundamental change programmes across ESB intended to significantly change the structures, work practices and competitiveness of the group.

This restructuring programme has commenced, with the re-organisation of internal business divisions and the implementation of structures to both operate and compete in the deregulated market.

It is envisaged that approximately 2,000 staff will leave ESB under voluntary selective severance over the next five years. The terms of this scheme have been agreed by the Government and the Board. The estimated cost in 2000 of the restructuring programmes, including related adjustments to superannuation contributions, is IR£236m, net of a portion of the de-manning element included in the existing station closure provision.

The taxation effect of this is to reduce the tax charge for the year by approximately IR£25m.

The restructuring costs have been discounted to their present value in accordance with accounting policy 16 set out on page 48.

6. TAXATION

	2000 IR£000's	1999 IR£000's
Corporation tax at 24% (1999: 28%)	**39,129**	78,065
Less manufacturing relief	**(7,628)**	(26,500)
	31,501	51,565
Capital gains tax	**25,553**	-
Overseas tax (excluding associated companies)	**1,658**	695
Tax attributable to group	**58,712**	52,260
Tax attributable to associated companies	**1,272**	1,400
Tax attributable to joint ventures	**1,090**	-
	61,074	53,660

ESB's profits are taxed at the standard corporation tax rate of 24% (1999: 28%) reduced by manufacturing relief where applicable.

7. SURPLUS FOR FINANCIAL YEAR

The surplus for the financial year is stated after charging:	2000 IR£000's	1999 IR£000's
Depreciation	**168,517**	151,980
Bad debts	**2,366**	2,851
Operating lease charges	**8,759**	3,288
Amortisation of goodwill	**781**	-
Amortisation of grants	**(138)**	(79)
Loss/(profit) on disposal of fixed assets	**1,386**	(337)
Auditors' remuneration:		
- audit services	**130**	115
- non-audit services	**70**	30
ESB (Parent) Board Members' remuneration:		
- Fees	**80**	80
- Other remuneration (see page 43)		

8. TANGIBLE FIXED ASSETS

Consolidated	Land and Buildings IR£000's	Plant and Machinery IR£000's	Total assets in commission IR£000's	Payments on account and assets in course of construction IR£000's	Total IR£000's
Cost					
Balance at start of year	537,561	3,126,587	3,664,148	269,808	3,933,956
Additions/transfers	34,526	317,925	352,451	(91,302)	261,149
Retirements/disposals	(900)	(19,606)	(20,506)	-	(20,506)
Translation difference	(9)	(38)	(47)	-	(47)
Balance at end of year	571,178	3,424,868	3,996,046	178,506	4,174,552
Depreciation					
Balance at start of year	270,865	1,446,340	1,717,205	-	1,717,205
Charge	19,262	149,255	168,517	-	168,517
Retirements/disposals	(755)	(15,452)	(16,207)	-	(16,207)
Translation difference	(4)	(29)	(33)	-	(33)
Balance at end of year	289,368	1,580,114	1,869,482	-	1,869,482
Net book value at 31 December 2000	**281,810**	**1,844,754**	**2,126,564**	**178,506**	**2,305,070**
Net book value at 31 December 1999	266,696	1,680,247	1,946,943	269,808	2,216,751

Included above are fixed assets with a net book value of IR£24.3m (1999: IR£16.6m) relating to subsidiary undertakings.

The non depreciable element of land and buildings amounts to IR£1.65m (1999: IR£1.7m).

During the year the group capitalised the sum of IR£11.7m (1999: IR£16.4m) in interest. The capitalisation rate was 6%.

Finance leases
All finance leases are held by the parent company.

The net book value of tangible fixed assets includes an amount of IR£179.4m (1999: IR£189.2m) in respect of plant and machinery held under finance leases. Depreciation charged on such assets during the year amounted to IR£10.6m (1999: IR£9.9m).

9. INVESTMENTS IN ASSOCIATES, JOINT VENTURES & OTHER INVESTMENTS

Consolidated	Associated undertakings IR£000's	Joint venture investments IR£000's	Sinking fund and other investments IR£000's	Goodwill IR£000's	Total IR£000's
Balance at start of year at cost	24,687	7,712	523	5,470	38,392
Additions	2,838	56,147	385	-	59,370
Disposals	(846)	(5,487)	-	-	(6,333)
Reclassification of assets	(7,287)	7,287	-	-	-
Acquisition of goodwill	-	-	-	15,254	15,254
Amortisation of goodwill	-	-	-	(781)	(781)
Retranslation/other movements	594	(919)	-	-	(325)
Share of profit	1,934	3,428	-	-	5,362
Dividends received	(2,607)	-	-	-	(2,607)
Balance at end of year at cost	**19,313**	**68,168**	**908**	**19,943**	**108,332**

The group made further investments in Corby Power Ltd., increasing its stake to 50%, arising from which, Corby Power Ltd. is now being accounted for as a joint venture. The carrying amount of goodwill after amortisation, at 31 December 2000 is IR£19.9m; IR£14.7m relates to joint ventures and the balancing IR£5.2m relates to associated undertakings.

The total carrying amount of associated undertakings represents the group's share of their net assets plus goodwill.

Subsidiary, associated and joint venture undertakings are listed in note 27.

Parent

	Subsidiary Undertakings			Sinking fund	
	Shares IR£000's	Loans IR£000's	Total IR£000's	investments IR£000's	Total IR£000's
Balance at start of year at cost	11,884	54,460	66,344	423	66,767
Additions	-	48,005	48,005	385	48,390
Repayments	-	(21,523)	(21,523)	-	(21,523)
Balance at end of year at cost	**11,884**	**80,942**	**92,826**	**808**	**93,634**

Sinking fund investments are represented by short term bank deposits. The market value of sinking fund investments at the end of year is IR£0.8m (1999: IR£0.4m).

10. STOCKS

Consolidated & Parent	2000 IR£000's	1999 IR£000's
Materials and spares	**71,309**	74,498
Fuel	**61,085**	50,471
Goods for resale (appliances)	**4,981**	5,289
	137,375	130,258

11. DEBTORS

	Consolidated		Parent	
	2000 IR£000's	1999 IR£000's	2000 IR£000's	1999 IR£000's
Amounts falling due within one year:				
Trade debtors	**85,635**	73,705	**63,480**	54,457
Unbilled consumption	**113,438**	108,536	**108,538**	108,536
Deferred payment contracts	**37,213**	39,749	**11,399**	15,645
Amounts owed by:				
- Subsidiary undertakings	**-**	-	**23,677**	30,727
- Associated undertakings	**26**	151	**-**	-
Other debtors	**63,996**	55,160	**50,344**	40,169
	300,308	277,301	**257,438**	249,534
Amounts falling due after more than one year:				
Deferred payment contracts	**21,300**	15,686	**549**	645
Total debtors	**321,608**	292,987	**257,987**	250,179

12. INVESTMENTS

Consolidated & Parent	2000 IR£000's	1999 IR£000's
Listed investments at cost	**40**	5
Market value of listed investments	**42**	7

13. BORROWINGS AND OTHER DEBT

Consolidated	Other Debt IR£000's	Finance Leases IR£000's	Borrowings IR£000's	2000 Total IR£000's	1999 Total IR£000's
Borrowings due within one year					
- Repayable by instalments	-	13,424	35,786	**49,210**	39,543
- Repayable other than by instalments	11,773	-	148,761	**160,534**	58,991
	11,773	13,424	184,547	**209,744**	98,534
Borrowings due after one year					
- Repayable by instalments:					
Between one and two years	-	11,682	4,897	**16,579**	93,577
Between two and five years	-	25,003	22,099	**47,102**	69,208
After five years	-	101,374	76,445	**177,819**	132,938
	-	138,059	103,441	**241,500**	295,723
- Repayable other than by instalments:					
Between one and two years	-	-	95,481	**95,481**	69,601
Between two and five years	-	-	100,321	**100,321**	170,862
After five years	-	-	13,715	**13,715**	20,000
	-	-	209,517	**209,517**	260,463
Total borrowings due after 1 year	-	138,059	312,958	**451,017**	556,186
Total borrowings outstanding	11,773	151,483	497,505	**660,761**	654,720

Borrowings totalling IR£114m (1999: IR£169m) are State guaranteed. Borrowings include IR£44m related to subsidiary undertakings.

13. BORROWINGS AND OTHER DEBT (continued)

At year end, ESB's total debt portfolio amounted to IR£649m (excluding "other debt"). The underlying debt, before swaps, was denominated in the following currencies:

Currency	2000 % of debt (pre swaps)	1999 % of debt (pre swaps)	Currency	2000 % of debt (pre swaps)	1999 % of debt (pre swaps)
EUR	42%	32%	JPY	15%	16%
IEP	15%	21%	CHF	5%	6%
NLG	6%	7%	USD	6%	5%
DEM	6%	6%	GBP	1%	2%
FRF	4%	5%			
Euro Total	73%	71%	**Total**	100%	100%

14. FINANCIAL INSTRUMENTS

A description of the policies related to financial instruments is set out in the Chief Executive's Review on page 20. Short-term debtors and creditors have been excluded from all the numerical disclosures below.

Interest rate risk profile
All non-Euro denominated borrowings of the parent are swapped into IR£/Euro at the year-end. Taking the effect of interest rate swaps into account, 78% (IR£503m) of the group's year end borrowings are at fixed rates of interest.

The weighted average interest rate of the fixed debt portfolio is 5.5% and the average life of this debt is 5.4 years. ESB had no interest free liabilities at year end. Variable rates on loans and swaps are based on the appropriate Euribor and Libor rates.

Surplus cash balances are placed on deposit on a short term basis.

Credit risk
ESB is exposed to credit risk relating to its cash and current financial assets. ESB only deposits cash surpluses with quality credit rated banks and institutions that meet certain criteria. Also, ESB limits the amount of credit exposure to any one bank or institution. At 31 December 2000, the group did not consider there to be any significant concentration of credit risk.

ESB does not have significant credit risks in relation to its other current financial assets. The group's trade debtors consist of a large number of domestic, commercial and industrial customers. Exposure to financial loss is actively monitored. Bad debts are immaterial in the context of the group's turnover.

Fair values
Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale. The following table provides a comparison of the carrying amounts (book value) and fair value amounts of ESB's financial assets and liabilities, including derivatives.

The fair values of short term deposits and floating rate loans approximate to their carrying amounts. The fair value of fixed rate loans is affected by movements in foreign exchange and interest rates.

The fair values of fixed rate debt and derivative instruments are estimated by discounting the future cash flows to net present values using market rates prevailing at the year end.

14. FINANCIAL INSTRUMENTS (continued)

On interest rate swaps, as the same notional principal is used for the paying and receiving sides, the carrying amount equals zero. The fair value reflects the difference between the fixed rate and market rate prevailing at the year end.

The carrying value of currency swaps is affected by movements in exchange rates, while the fair value is affected by movements in foreign exchange and interest rates.

The group's floating rate financial assets and liabilities primarily bear interest rates based on Euribor or Libor fixed for periods up to six months.

Primary financial instruments held to finance ESB's operations:

For the fixed rate assets/liabilities

		Book value	Fair value	Proportion fixed	Weighted average period	Weighted average rate
Cash Deposits	IEP	188.4m	188.4m	100%	11 days	4.9%
	GBP	5.6m	5.6m	100%	29 days	5.9%
	USD	0.7m	0.7m	100%	27 days	6.5%
	CAD	0.2m	0.2m	100%	17 days	5.8%
	SEK	0.3m	0.3m	100%	35 days	3.8%
Current portion of long term debt (IEP)		198.0m	199.0m	100%	0.7 years	5.0%
Long term debt		451.0m	480.0m	100%	6.0 years	5.6%

Derivative financial instruments held to manage interest rate and currency profile:

	Book value IR£m	Fair value IR£m
- Interest rate swaps	-	8.5
- Currency swaps	(15.9)	(10.4)
- Forward foreign currency contracts	22.3	22.0

There are no material differences between the book value and fair value of sinking fund investments, long term debtors, and long term creditors.

The balance sheet of various non-Euro subsidiary companies include monetary assets and liabilities denominated in currencies other than the functional currencies of those subsidiaries. The non-functional currency monetary assets and liabilities of these subsidiaries can be summarised as follows:

	GBP
Monetary assets	2.1m
Monetary liabilities	-
Net	2.1m

14. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The maturity profiles of debt, excluding other debt, as at 31 December 2000 are as follows:

	Repayment profile		Maturity profile	
	IR£m	%	IR£m	%
In one year or less	198	31%	176	27%
Between one and two years	112	17%	97	15%
Between two and five years	147	23%	144	22%
More than five years	192	29%	232	36%
Total	649	100%	649	100%

At year end, ESB had undrawn committed borrowing facilities totalling IR£403m.

Commodity contracts

ESB Group does not purchase commodity contracts as part of the groups hedging strategy. At the year end the group did have an option based on the IPE-NBP Natural Gas Index which was purchased to hedge the cost of electricity capacity purchased in Northern Ireland. This option will lapse during 2001. The book value of the option is IR£0.1m at the year end.

The difference between the fair value and the book value is not considered material.

15. OTHER CREDITORS

	Consolidated		Parent	
Creditors falling due within one year:	**2000**	1999	**2000**	1999
	IR£000's	IR£000's	**IR£000's**	IR£000's
Progress payments on work in progress	**15,252**	9,225	**15,252**	9,225
Trade creditors	**105,801**	96,729	**97,201**	94,201
Other creditors	**15,712**	26,146	**13,903**	25,746
PAYE/PRSI	**8,786**	5,455	**8,786**	5,252
VAT	**10,138**	7,739	**8,594**	6,435
Accruals and deferred income	**87,235**	78,164	**58,392**	53,041
Employee shareholding scheme	**46,800**	-	**46,800**	-
Deferred capital grants	**140**	79	**140**	79
Amounts owed to subsidiary undertakings	**-**	-	**46,608**	17,451
Accrued interest on borrowings	**7,473**	6,697	**7,473**	6,697
Corporation tax	**32,272**	51,801	**26,997**	49,500
	329,609	282,035	**330,146**	267,627

	Consolidated		Parent	
Creditors falling due after more than one year:	**2000**	1999	**2000**	1999
	IR£000's	IR£000's	**IR£000's**	IR£000's
Accruals and deferred income	**8,607**	-	**8,607**	-
Deferred capital grants	**6,405**	5,679	**6,405**	5,679
Other creditors	**85,916**	64,458	**85,702**	64,217
	100,928	70,137	**100,714**	69,896

16. PROVISIONS FOR LIABILITIES AND CHARGES

Consolidated & parent	Generating station closure IR£000's	Restructuring costs IR£000's	Total IR£000's
Balance at 1 January 2000	256,416	52,885	309,301
Transfer from profit & loss account:			
- Provision increase	-	236,111	236,111
- Financing charge (note 3)	12,802	2,155	14,957
Reclassification of provision	(48,632)	48,632	-
Utilised during the year	(2,251)	(19,605)	(21,856)
Balance at 31 December 2000	**218,335**	**320,178**	**538,513**

Provision for generating station closure

The provision at 31 December 2000 of IR£218m for station closure costs represents the present value of the current estimate of the costs of closure of generating stations at the end of their useful economic lives. The expected closure dates of most generating stations are up to 2013. As the costs are provided on a discounted basis, a financing charge is included in the profit and loss account and added to the provision each year.

Closure costs include physical dismantling costs and costs associated with de-manning the stations on closure. A reclassification of some of the de-manning element of the station closure provision has been made to the restructuring provision.

This is in respect of the severance cost of station employees who are expected to avail of the new voluntary severance scheme.

Provision for restructuring

The provision for restructuring costs represents the voluntary severance liabilities under the restructuring plans (note 5b). These exits will occur by 2005 and liabilities will be discharged by 2013.

17. SINKING FUND RESERVE FOR REPAYMENT OF BORROWINGS

Consolidated & parent	2000 IR£000's	1999 IR£000's
Balance at start of year	**423**	317
Appropriation for repayment of borrowings	**385**	370
Sinking fund applied to repay borrowings	**-**	(264)
Balance at end of year	**808**	423
Represented by:		
Sinking fund investments (note 9)	**808**	423

18. OTHER RESERVES

Consolidated	Non-repayable supply contributions IR£000's	Repaid capital reserve IR£000's	Shareholding scheme reserve IR£000's	Other reserves IR£000's	Total IR£000's
Balance at start of year	387,974	779,906	35,300	7,563	**1,210,743**
Non-repayable supply contributions	46,486	-	-	-	**46,486**
Other non-repayable capital contributions	-	-	-	2,791	**2,791**
Employee shareholding scheme (note 2)	-	-	11,500	-	**11,500**
Transfer to creditors due within one year* (note 15)	-	-	(46,800)	-	**(46,800)**
Translation differences on consolidation of foreign subsidiaries	-	-	-	639	**639**
Balance at end of year	**434,460**	**779,906**	**-**	**10,993**	**1,225,359**
Parent	**434,460**	**779,906**	**-**	**-**	**1,214,366**

* The transfer of the shareholding scheme reserve to "other creditors" is explained in note 2.

19. PROFIT AND LOSS ACCOUNT

The deficit of the parent for the year was IR£18.2m (1999: IR£214m surplus) before appropriation to the sinking fund reserve.

20. CASH FLOW STATEMENT

(a) Reconciliation of operating surplus to net cash inflow from operating activities	2000 IR£000's	1999 IR£000's
Operating surplus	**230,422**	316,794
Depreciation	**168,517**	151,980
Utilisation of provision for liabilities & charges	**(21,856)**	(42,334)
Employee shareholding scheme	**11,500**	14,200
Loss on disposal of tangible fixed assets	**1,779**	234
Profit on disposal of tangible fixed assets	**(393)**	(571)
Amortisation of capital grants	**(138)**	(79)
Amortisation of goodwill	**781**	-
Translation differences	**(1,523)**	(1,831)
(Increase) in debtors	**(26,568)**	(16,416)
(Increase) in stocks	**(9,776)**	(18,806)
Increase in creditors	**56,020**	7,574
Net cash inflow from operating activities	**408,765**	410,745

20. CASH FLOW STATEMENT (continued)

(b) Reconciliation of net cash flow to movement in net debt	2000 IR£000's	1999 IR£000's
Increase/(decrease) in cash in the year	**23,371**	(1,023)
Repayment of loans	**144,290**	244,732
New loans in year	**(90,569)**	(217,962)
Capital element of finance lease payments	**13,262**	25,719
Other new finance leases	**(80,897)**	-
Cash (inflow)/outflow from change in debt and lease financing	**(13,914)**	52,489
Net change in sinking fund bank deposits	**385**	106
Net change in other bank deposits	**146,301**	37,289
Cash inflow from decrease in liquid resources	**146,686**	37,395
Change in net debt resulting from cashflows	**156,143**	88,861
Exchange differences	**1,554**	4,003
Movement in net debt in the year	**157,697**	92,864
Net debt at the start of the year	**(578,866)**	(671,730)
Net debt at the end of the year	**(421,169)**	(578,866)

(c) Reconciliation of net cash flow to movement in net debt

Analysis of changes in net debt	At 1 January 2000 IR£000's	Cashflow IR£000's	Exchange movements IR£000's	At 31 December 2000 IR£000's
Cash at bank and in hand (see below)	26,391	16,545	507	**43,443**
Overdrafts	(6,826)	6,826	-	**-**
	19,565	23,371	507	**43,443**
Loans	(564,046)	53,721	1,047	**(509,278)**
Finance leases	(83,848)	(67,635)	-	**(151,483)**
	(647,894)	(13,914)	1,047	**(660,761)**
Other bank deposits (see below)	48,940	146,301	-	**195,241**
Sinking fund bank deposits & other investments	523	385	-	**908**
	49,463	146,686	-	**196,149**
Total	**(578,866)**	**156,143**	**1,554**	**(421,169)**

"Cash at bank and in hand" and "other bank deposits" above are both included in "cash at bank and in hand" in the balance sheet.

21. 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 Scheme.

The fund is vested in 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 1997 using the attained age method. An actuarial valuation of the scheme at 31 December 2000 is in preparation.

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£1,581m which exceeded the scheme's actuarial valuation of accrued liabilities based on current earnings.

The actuarial value of the assets was sufficient to cover 92% of the accrued 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.

The pension charge of the group for the year was IR£23m (1999: IR£22m), based on the on-going contribution rates as advised by the actuaries.

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

22. COMMITMENTS AND CONTINGENCIES

(a) Deferred taxation

On the basis of the investment plans of the group it is considered that no provision for deferred taxation is required at 31 December 2000. The potential liability for deferred taxation, at the group's current estimated effective tax rate of 17%, is set out below:

Consolidated and Parent	**2000**	1999
	IR£000's	IR£000's
Depreciation in excess of capital allowances	**190,223**	193,023
Provisions	**(45,408)**	(47,678)
	144,815	145,345

22. COMMITMENTS AND CONTINGENCIES (continued)

(b) Operating lease obligations

Operating lease rentals payable within one year of the balance sheet date are in respect of land, buildings and emergency generation equipment leases due to expire:

	2000 IR£000's	1999 IR£000's
Within one year	**5,318**	10
Between two and five years	**204**	62
After five years	**3,661**	3,755
Total payable within one year	**9,183**	3,827

(c) Capital commitments

	2000 IR£000's	1999 IR£000's
Contracted for	**189,038**	209,200
Authorised but not contracted for	**54,262**	69,800
	243,300	279,000

(d) Establishment of EirGrid plc

On 20 December 2000, Statutory Instrument 445, which concerns the establishment of EirGrid plc (EirGrid) was made. The establishment of EirGrid will occur by June 2001, or such later date as the Minister for Public Enterprise may agree, and will be in compliance with Directive No. 96/92/EC of the European Parliament and of the Council concerning the operation of the electricity market.

The establishment of EirGrid will necessitate the transfer to that entity of certain assets and liabilities currently owned by ESB, which are necessary to the operations of that company. In addition, ESB is likely to incur other costs associated with the establishment of the company.

It is not possible at the date of these accounts to quantify the cost to ESB of establishing EirGrid.

(e) Other

ESB has entered into a leasing transaction, early termination of which could expose ESB to a current estimated maximum net loss of IR£37m (in present value terms). No provision has been made in the financial statements for this amount as the Board considers the likelihood of any loss as remote.

At 31 December 2000, ESB has entered into forward contracts amounting to US$20m to cover future fuel purchases.

23. RELATED PARTY TRANSACTIONS

Semi-State Bodies
In common with many other entities, ESB deals in the normal course of business with other Government sponsored bodies such as Bord Gais and Bord na Mona. Long term agreements are negotiated between ESB and Bord na Mona in relation to the purchase of peat for the Midland stations.

Associated undertakings
ESB has undertaken transactions at an arms length for the purchase and supply of goods and services to associated undertakings during the year. The most significant of these were contracts with Corby Power Ltd. & Rousch (Pakistan) Power Ltd. for the provision of services amounting to IR£14m (1999: IR£8m)

24. POST BALANCE SHEET EVENTS

Subsequent to the year end, legislation has been introduced to empower ESB to issue capital stock, as described in note 2.

25. COMPARATIVE FIGURES

Where appropriate, previous year's figures have been regrouped or restated on a basis consistent with the current year.

26. APPROVAL OF ACCOUNTS

The Board approved the accounts on 24 April 2001.

27. SUBSIDIARY, JOINT VENTURES & ASSOCIATE UNDERTAKINGS

Company name	Registered office	Group share%	Nature of business
Subsidiary undertakings			
ESB International Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Holding company
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 KT2 6QJ	100	Engineering and general consultancy
ESBI Computing Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	95	Computer services
ESB International Services Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Financial consultancy and computer services
Electricity Supply Board Services B.V.	Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpar Malaysia	100	Holding company
Electricity Supply Board International Holding B.V.	Strawinskylaan 3105 7th Floor 1077 ZX Amsterdam The Netherlands	100	Holding company

27. SUBSIDIARY, JOINT VENTURES & ASSOCIATE UNDERTAKINGS (continued)

Company name	Registered office	Group share%	Nature of business
Subsidiary undertakings			
ESBI Luxembourg SA.	121 Avenue de la Faiencerie L.2010 Luxembourg	100	Holding company
ESBI Energy Company	2800 Post Oak Road Houston,Texas 77056 USA	100	Engineering consultancy
FinancElectric Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Customer credit
ESB International Investments Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Industrial and commercial projects
Power Generation Technology Snd Bhd	Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur Malaysia	100	Power generation contracting
ESBI Alberta Ltd	1500, 885 2nd Street South West Calgary Alberta Canada	100	Transmission management
ESBI Facility Management Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Facilities management
College Power Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Power project
ESB Power Generation Holding Company Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Holding company
Customer Services Holdings Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Holding company
Ballyragget Power Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Power projects

27. SUBSIDIARY, JOINT VENTURES & ASSOCIATE UNDERTAKINGS (continued)

Company name	Registered office	Group share%	Nature of business
Subsidiary undertakings			
Crockahenny Wind Farm Ltd	27 Lr. Fitzwilliam St. Dublin 2	75	Wind farm
Hibernian Hydro Ltd	27 Lr. Fitzwilliam St. Dublin 2	95	Small hydro projects
Dublin Bay Power Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Holding company
Tawnawully Power Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Power generation
Powergen O&M Services Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Operation & maintenance services
Salmara Holdings Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	100	Holding company
ESB Independent Energy Ltd	58 Upper Mount Street Dublin 2	100	Electricity sales
Neuwest Consultancy Services Ltd	27 Lr. Fitzwilliam St. Dublin 2	100	Consultancy
Associated undertakings			
Sevent Industries Ltd	27 Lr. Fitzwilliam St. Dublin 2	49	Electrical distribution material manufacture
Transpower Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2	50	Development of independent power projects
Saur Utilities Ltd	16 St. Stephens Green Dublin 2	49	Water and sewage treatment
Coolkeeragh Group Ltd	4 Electra Road Maydown Derry BT47 1UL	40	Power generation
Bizkaia Energia SL	C/ Juan de Ajuriaguerra 10 - 1o 48009 Bilbao Spain	50	Power generation

27. SUBSIDIARY, JOINT VENTURES & ASSOCIATE UNDERTAKINGS (continued)

Company name	Registered office	Group share%	Nature of business
Rousch (Pakistan) Power Ltd	94-W, 3rd Floor Admir Plaza Jinnah Ave. Blue Area Islamabad Pakistan	7	Independent power producer
Americas and Caribbean Power Ltd	Craigmuir Chambers PO Box 71 Road Town Tortola British Virgin Islands	20	Facilities management
Guyana Power & Light	Main Street Georgetown Guyana	10	Facilities management
Irish Power Systems Ltd	27 Lr. Fitzwilliam St. Dublin 2	50	Power generation
Joint venture undertakings			
Dublin Bay Power Partnership	125/126 Lower Baggot St. Dublin 2	70*	Power generation
Corby Power Ltd	Mitchell Road Phoenix Parkway Corby Northamptonshire NN17 IQ7	50	Power generation

* Accounted for as a Joint Venture due to terms of Partnership deed.

Appendix I - Key ratios and ESB input to Ireland's economy

Key Financial Information		1996	1997	1998	1999	**2000**
Surplus after tax (IR£m)		132	181	198	216	**31**
Operating profit margin (IR£m)		210	265	321	317	**230**
Energy sources of units generated						
	Oil	14%	18%	23%	27%	**19%**
	Gas	33%	33%	30%	31%	**38%**
	Peat	12%	10%	8%	8%	**8%**
	Hydro	4%	3%	4%	3%	**3%**
	Coal	37%	35%	33%	29%	**30%**
	Other	0%	1%	2%	2%	**2%**
	Total	100%	100%	100%	100%	**100%**
Total fuel costs (IR£m)		296	307	299	333	**457**
Annual capital expenditure (IR£m)		166	235	323	329	**335**

Key Ratios	1996	1997	1998	1999	**2000**
Return on average capital employed (%)	9.1	11.2	12.0	12.6	**3.5**
Debt/debt and net assets (%)	50.0	46.0	38.0	31.0	**31.0**
Current ratio (times)	2.0	1.9	1.9	1.8	**2.1**
Interest cover (times) (excluding interest capitalised)	3.1	4.2	6.3	7.2	**10.9**
Average electricity credit period (days from date billed)	16.2	16.3	15.7	16.4	**16.4**

Input to Ireland's economy	1996	1997	1998	1999	**2000**
	IR£m	IR£m	IR£m	IR£m	**IR£m**
Fuel: gas, peat, excise duties	174	177	158	176	**215**
Irish suppliers of goods and services incl. capital work	227	253	304	311	**391**
Rates	36	38	39	41	**45**
Payroll Costs	292	305	304	320	**355**
Interest paid to Irish lenders and stockholders	22	17	24	8	**3**
Other, superannuation funding and voluntary severance payments	187	134	39	41	**20**
TOTAL	938	924	868	897	**1,029**

Appendix II - 2000 accounts in Euros

Consolidated profit and loss account
Year ended 31 December 2000

	2000 IR£000's	2000 €000's	1999 IR£000's	1999 €000's
Turnover - group and share of joint ventures	**1,530,838**	**1,943,763**	1,362,971	1,730,616
Less: Share of joint ventures' turnover	**(38,904)**	**(49,398)**	(8,129)	(10,321)
Turnover - continuing operations	**1,491,934**	**1,894,365**	1,354,842	1,720,295
Operating costs	**(1,261,512)**	**(1,601,790)**	(1,038,048)	(1,318,049)
Operating surplus - continuing operations	**230,422**	**292,575**	316,794	402,246
Share of joint venture operating profit / (loss)	**4,518**	**5,737**	(13,326)	(16,921)
Share of associated undertakings' operating profit	**3,206**	**4,071**	5,065	6,431
Operating surplus - Group and share of associates and joint ventures	**238,146**	**302,383**	308,533	391,756
Exceptional Items				
- Profit on disposal of subsidiary, joint venture and associate	**163,736**	**207,902**	-	-
- Increase in restructuring provision	**(236,111)**	**(299,799)**	-	-
Total surplus before interest	**165,771**	**210,486**	308,533	391,756
Net interest cost and other financing charges	**(25,074)**	**(31,837)**	(42,968)	(54,558)
Surplus on ordinary activities before taxation	**140,697**	**178,649**	265,565	337,198
Taxation	**(61,074)**	**(77,548)**	(53,660)	(68,134)
Surplus on ordinary activities after taxation	**79,623**	**101,101**	211,905	269,064
Minority interests - equity	**(48,353)**	**(61,396)**	4,539	5,763
Surplus for financial year	**31,270**	**39,705**	216,444	274,827
Appropriation to sinking fund reserve	**(385)**	**(489)**	(370)	(470)
Retained surplus for year	**30,885**	**39,216**	216,074	274,357

Irish pounds are converted to Euros based on the conversion rate at 1 January 1999 of 0.787564

Consolidated balance sheet
At 31 December 2000

	2000 IR£000's	2000 IR£000's	2000 €000's	2000 €000's	1999 IR£000's	1999 IR£000's	1999 €000's	1999 €000's
Assets employed:								
Fixed assets								
Tangible assets		2,305,070		2,926,835		2,216,751		2,814,693
Investments in associates		19,313		24,522		24,687		31,346
Investments in joint ventures								
- Share of gross assets	173,140		219,842		32,230		40,924	
- Share of gross liabilities	(104,972)	68,168	(133,287)	86,555	(24,518)	7,712	(31,132)	9,792
Goodwill & other financial asset investments		20,851		26,475		5,993		7,610
		2,413,402		3,064,387		2,255,143		2,863,441
Current assets								
Stocks		137,375		174,430		130,258		165,394
Debtors		321,608		408,358		292,987		372,017
Investments		40		51		5		6
Cash at bank and in hand		238,684		303,066		75,331		95,651
		697,707		885,905		498,581		633,068
Creditors falling due within one year								
Borrowings and other debt		(209,744)		(266,320)		(98,534)		(125,112)
Other creditors		(329,609)		(418,517)		(282,035)		(358,111)
		(539,353)		(684,837)		(380,569)		(483,223)
Net current assets		158,354		201,068		118,012		149,845
Total assets less current liabilities		2,571,756		3,265,455		2,373,155		3,013,286
Creditors falling due after more than one year								
Borrowings and other debt		(451,017)		(572,673)		(556,186)		(706,211)
Other creditors		(100,928)		(128,152)		(70,137)		(89,056)
		(551,945)		(700,825)		(626,323)		(795,267)
Provision for liabilities and charges		(538,513)		(683,770)		(309,301)		(392,731)
Net assets		1,481,298		1,880,860		1,437,531		1,825,288
Financed by:								
Reserves								
Sinking fund reserve for repayment of borrowings		808		1,027		423		537
Other reserves		1,225,359		1,555,885		1,210,743		1,537,327
Profit and loss account		254,758		323,475		223,873		284,260
		1,480,925		1,880,387		1,435,039		1,822,124
Minority interests		373		473		2,492		3,164
		1,481,298		1,880,860		1,437,531		1,825,288

Irish pounds are converted to Euros based on the conversion rate at 1 January 1999 of 0.787564

Appendix III - Report of Board Members on Compliance with the Prompt Payment of Accounts Act, 1997

Introduction
The Prompt Payment of Accounts Act, 1997 came into effect on 2 January 1998, and applies to goods and services supplied to ESB after this date.

Statement of payment practices including standard payment periods
ESB operates a policy of paying all undisputed supplier invoices within the agreed terms of payment. The standard terms specified in the standard purchase order are net monthly. Other payment terms may apply in cases where a separate contract is agreed with the supplier.

Compliance with the Act
ESB complies with the requirements of the Act in respect of all external supplier payments, with the exception of the two items referred to below. Due to current system limitations ESB is unable to comply with these two requirements:

a) Interest payments amounting to less than IR£1 are not paid unless there is cumulative interest due to a supplier of IR£1.

b) Interest payments are not made on the same day as the invoice payment.

In the opinion of the Board Members, the financial impact of the above for suppliers would be immaterial.

Procedures and controls in place
Appropriate internal financial controls have been implemented to ensure compliance with the Act, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures can only provide reasonable and not absolute assurance against material non-compliance with the Act.

Details of interest payments in respect of 2000:	
Total number of late payments	5,179
Total value of late payments	IR£16,920,729
Total value of late payments as a % of total value of payments made:	3%
Total value of interest paid:	IR£121,891

Chairman

T O'Donoghue

Chief Executive

K O'Hara

24 April 2001

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