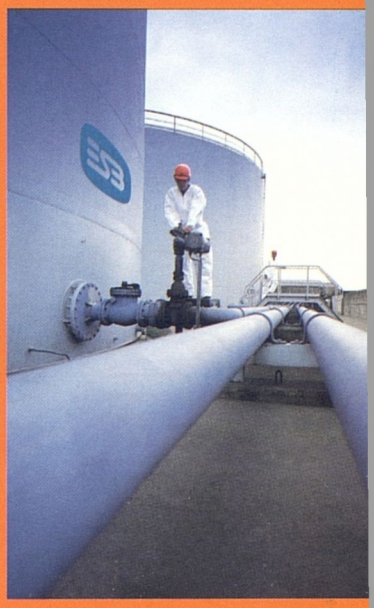
Annual Report & Accounts for the year ended 31 December 1995



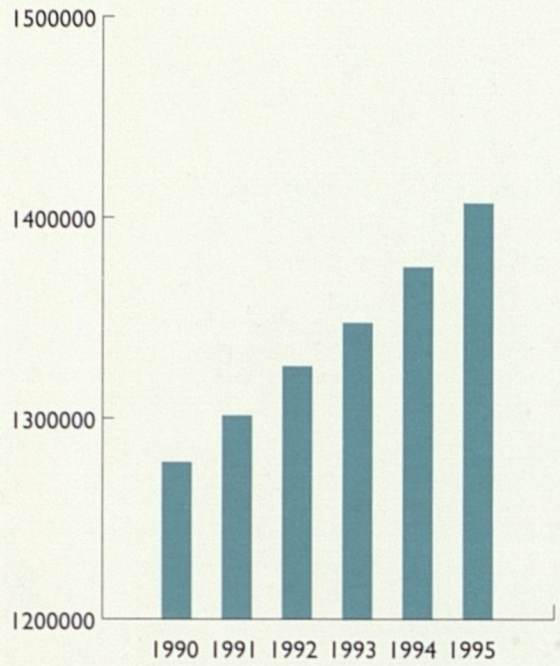
Contents

PN 2798

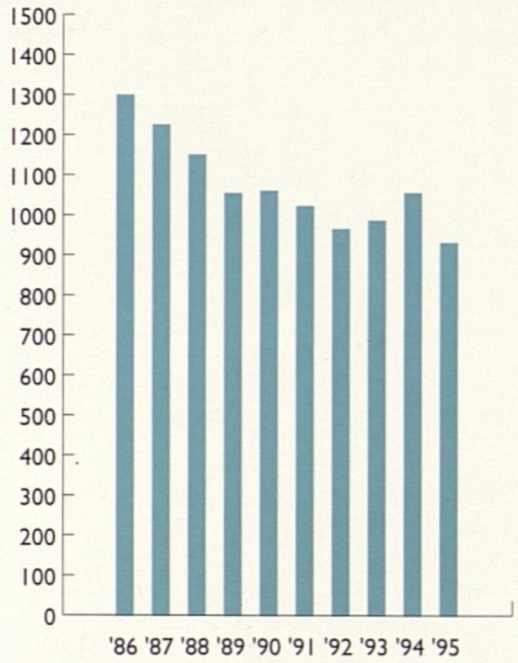
HIGHLIGHTS

Turnover	£1026.2m	(+5.1%)
Sales (million units)	14699	(+4.8%)
Operating Surplus	£83.6m	(+33%)
Customers	1,407,772	(2.3%)
Assets in Commission (before Accumulated Depreciation)	2849	(+4.0%)

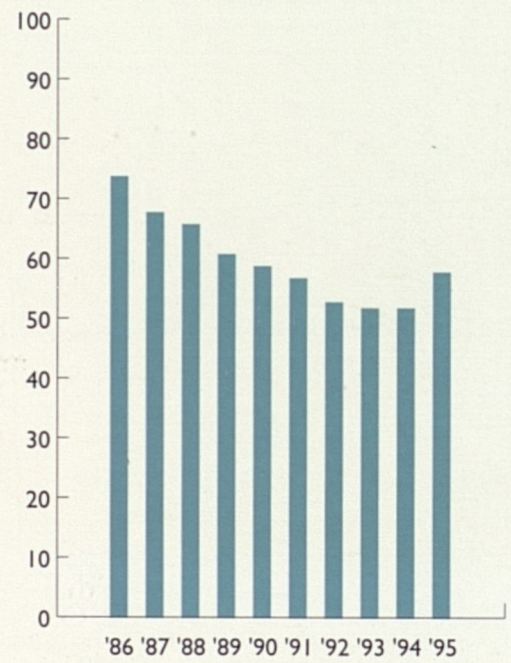
Number of Customers



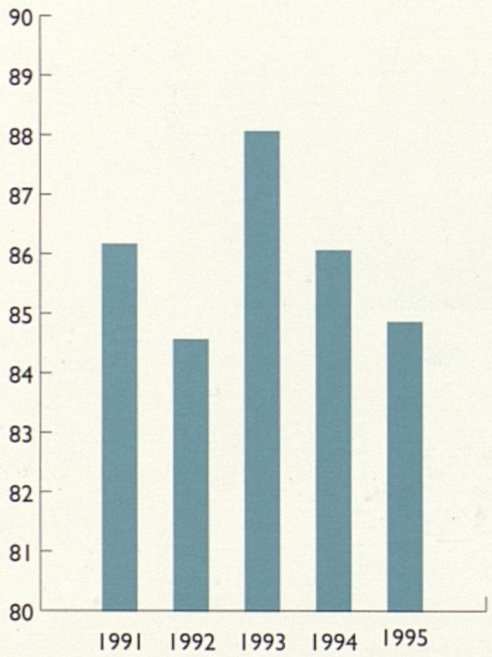
Borrowings £000



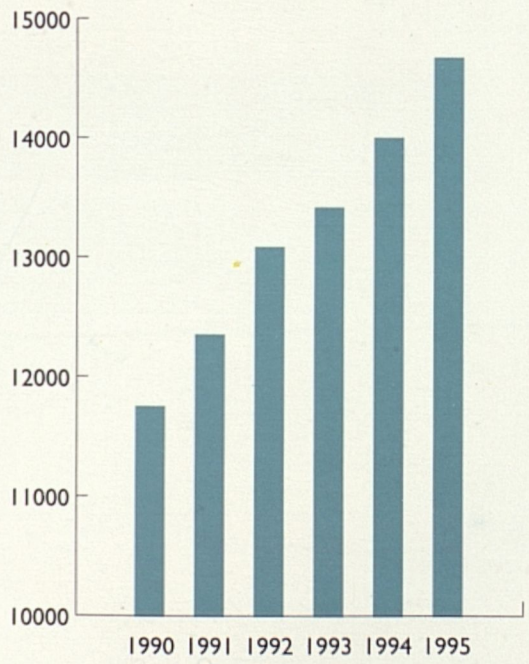
Debt/Net Assets %



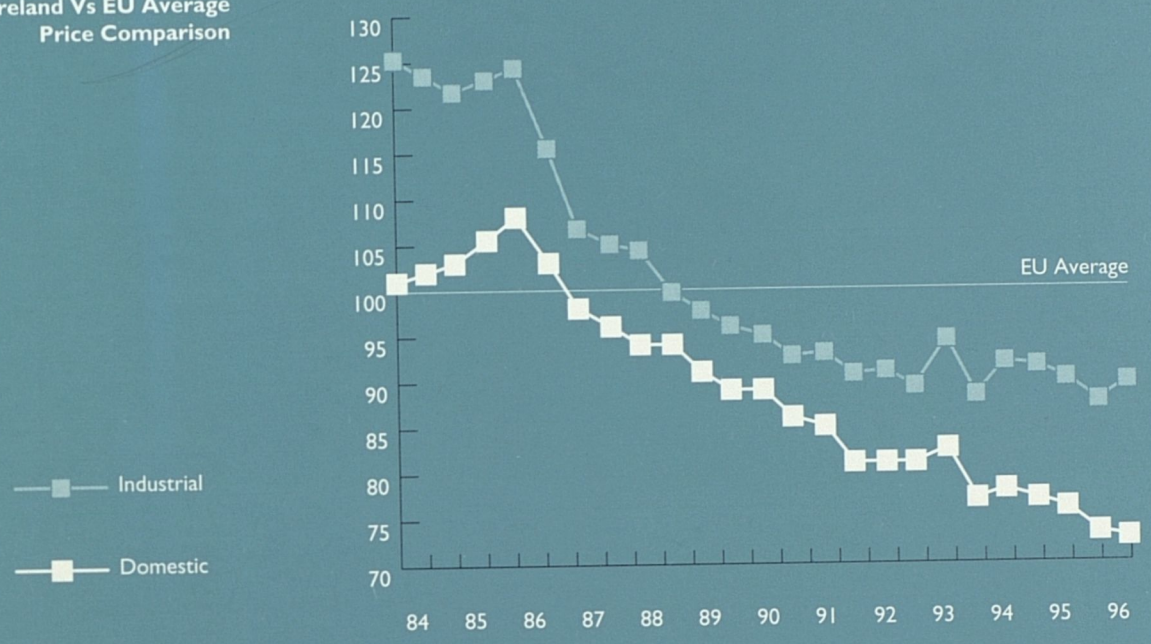
Operating Costs Turnover %



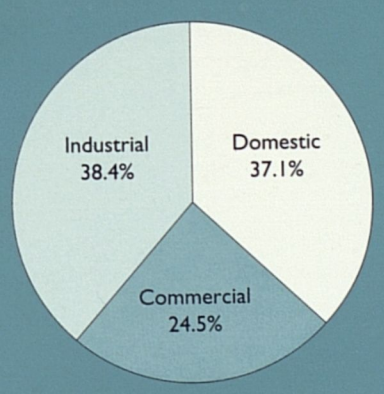
Sales Units (millions)



Ireland Vs EU Average Price Comparison



Analysis of Units Sold by Sector 1995



Growth in Electricity consumption in Europe in 1995 (Δ% 1995/1994)

Source: Unipede (Ecostat) 6/3/96

Chairman's Statement

In accordance with the provisions of the Electricity (Supply) Acts 1927/1988, the Board presents its Annual Report and Accounts for the year ended 31 December 1995.

The Accounts record a substantial deficit for the year of £284.1m. This out-turn is clearly exceptional, reflecting special provisions which have been made for restructuring costs, £244.9m, and additional contributions to the Superannuation Scheme, £122.4m.

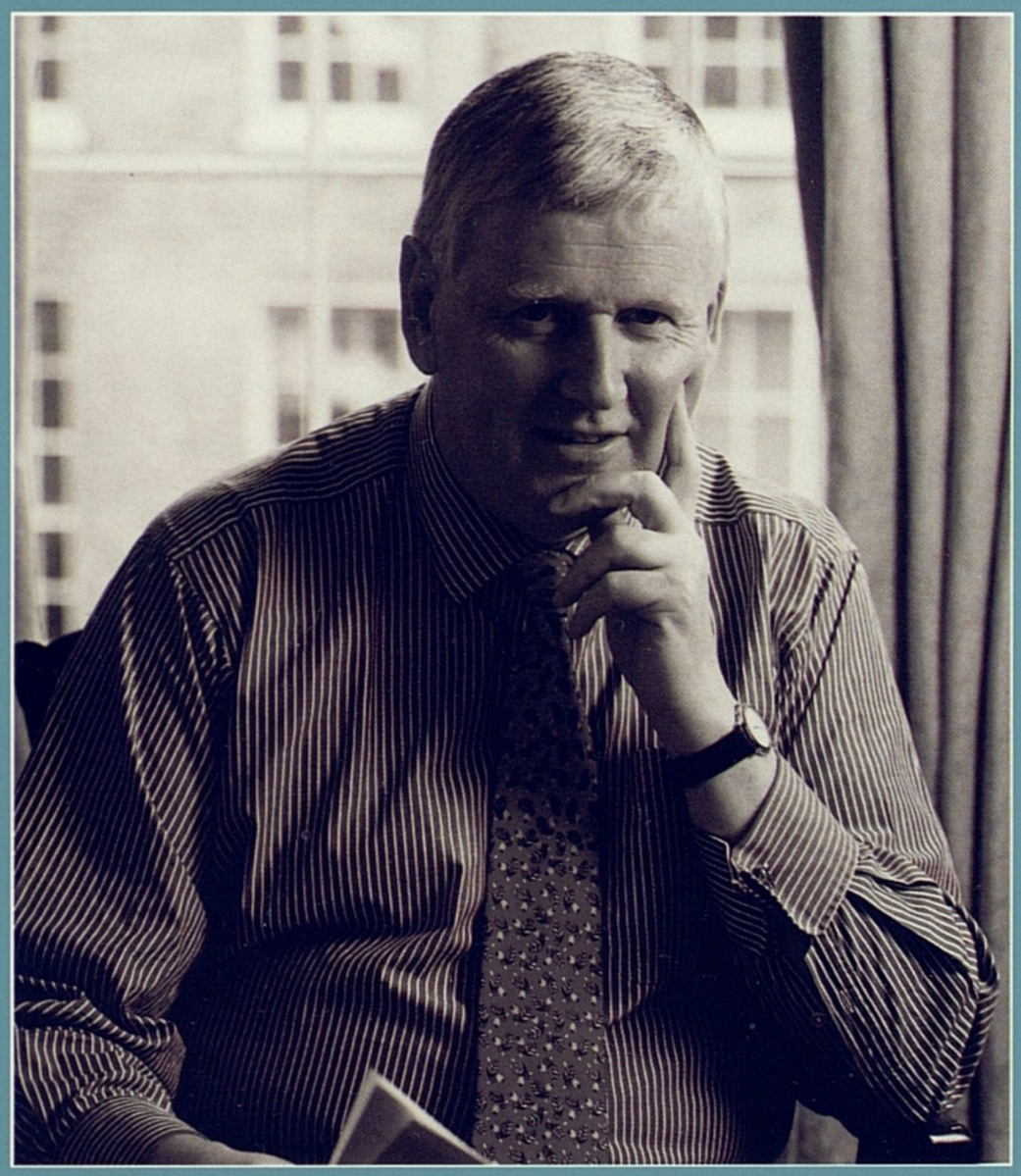
With the exceptional items stripped away the underlying performance of the company in 1995 was strong: turnover was up 5% to £1,026m; operating profits after charge of interest increased by £20.8m to £83.6m and interest charges fell by £1.7m to £71.5m. Operating costs increased by £30.5m, largely because of fuel expenditure, which rose by £37m. There was an increase in units sold of 4.8%. Almost 30,000 new customers were connected to the system, the highest since the early 1980s.

The restructuring costs have to be seen for what they are: an investment for the future. They are a consequence of the Cost and Competitiveness Review (CCR) which has been agreed on a tripartite basis involving management and the Group of Unions in ESB and the Department of Transport, Energy and Communications. The major change programme embodied in the CCR is now under way and, when completed, will deliver net savings to the company of close to £60m a year. The costs involved in the restructuring are clearly substantial but represent a very sound investment on the basis of the savings generated.

The CCR sets ESB on the path to a substantially improved performance, in terms of profitability, cost management and world class operational efficiency. When the process was initiated two years ago its fundamental purpose was simple and straightforward: to ensure that ESB would be in a competitive position in the liberalised electricity market which would arise from the anticipated EU Directive.

At the time of writing, finalisation of this Directive is imminent. It will provide a highly challenging competitive environment for ESB in the future, emphasising the absolute necessity to achieve, in full, the cost reductions and efficiencies agreed in the CCR. This is a top priority for the Board and management of the company.

It is important to record the measure of achievement in successfully concluding the CCR. The essence of the process was the partnership approach, with the three parties contributing to an agreed package which will secure the future of ESB. All of the parties worked enormously hard at the task, with a commitment and determination which ultimately yielded the successful outcome. I want to pay tribute to all parties, in particular the Group of Unions, representing the staff in the company, and the officials from the Department of Transport, Energy and Communications.



William M. McCann

Chairman

The EU Directive will open the electricity industry in Ireland to competition. For the first time in almost 70 years ESB will no longer be the industry, providing nation-wide services to all: it will be a player among players. This, of course, is a major change and challenge for the company, but it is one for which ESB has been preparing for some time. The structure of ESB has been re-organised to cater for the new environment; the CCR has played a key role in addressing the competitiveness issue and will continue to do so. ESB welcomes and will meet the challenges of competition. Already strategies are being put in place aimed at achieving business success and growth. The objective is to enhance the value of the company as a state-owned asset.

Success in the competitive marketplace requires commercial performance, attitude and behaviour. This challenge must be met by both ESB and the Government as owner's representative. As well as a commercial focus ESB should have normal commercial freedom in order to be competitive. I am encouraged by the support from the Minister for Transport, Energy and Communications in this respect and the recognition that it is a critical issue for the company in the future.

The EU Directive is designed to achieve an equivalence of economic results in the various members states. The implementation of the Directive by the Irish Government will require great care to ensure that this country continues, into the future, to have a stable and reliable supply of electricity available to all customers, at reasonable prices. The latitude provided in the Directive by the application of subsidiarity will need to be employed to ensure that the peculiarities of Ireland's small, isolated system, low industrial base and dispersed population are fully addressed. Equally, it should ensure that both the public service nature of the electricity industry is not undermined and that competition operates on a fair and equitable basis for all players in the market.

The Board welcomes the decision by Government, earlier this year, to approve a price increase mechanism for the next three years. The first stage increase, of 2%, takes effect in bills issuing to customers in July this year. This is the first increase in over 10 years and the adjustments to tariffs have been designed in a way which will not adversely affect the competitiveness of Irish industry and business. The Board recognises that price increases, no matter how modest, can never be regarded as good news by customers. However, they are vital to enable the substantial investment to be made in the electricity infrastructure, particularly in the refurbishment of country-wide networks, which ultimately bring direct benefits to customers in terms of quality and reliability of supply.

It is important to highlight the growth in electricity demand in recent times. Since 1990 electricity growth has averaged 4.7% per annum, closely relating to the strong performance of the Irish economy. Current year growth is exceeding 6.0%, with particularly high demand in the industrial and commercial sectors. Growth of this magnitude has an immediate and positive impact on the Profit and Loss Account. On the other hand it has the effect of accelerating capital expenditure on new generating plant and on the network infrastructure. ESB still remains responsible for planning electricity capacity in Ireland and, in the present conditions of buoyant demand, the timing of investment to cater for growth is being carefully monitored.

On January 6 this year, Dr. Patrick Moriarty retired as Chairman, ESB. Through a distinguished career spanning fifty years, Dr. Moriarty contributed enormously to the development and success of the company. On behalf of the Board I wish to thank him for his dedicated service and to record its appreciation of his many and varied achievements over half a century.

Two Board Members completed their terms during 1995: Edmond O'Kelly, Deputy Chairman, and Colm McCarthy. Rynal Coen completed his term on 14 April 1996. I thank them for the excellence of their contributions to the conduct of the Board's business. I welcome the new Board members who have been appointed by the Government: James Wrynn, Deputy Chairman, Stewart Harrington, Jerry Carey and Paul Sweeney.

I take this opportunity to record my appreciation of the assistance given by the Minister and the Department of Transport, Energy and Communications during the year.

In conclusion, I want to thank the management and staff throughout the company for their enormous commitment during the year in bringing about a successful conclusion to the CCR. I also want to convey my appreciation to them for the quality service provided to all our customers.

W. M. McCann
CHAIRMAN

Chief Executive's Review

"If you leave a thing alone,
you leave it to a torrent of change"

G. K. Chesterton.

For decades the electricity industry worldwide remained largely unchanged. In many ways this was not surprising - the industry had contributed hugely to economic growth and development and was seen as a crucial arm of national policy by governments all over the world. New technologies were, of course, developed and introduced, bringing higher levels of efficiency and performance; economies of scale reduced prices. But the structure of the industry remained largely as it had been.

Recent years have seen a dramatic shift in thinking in relation to the industry. The universal truths of the past have been challenged and frequently revised. A torrent of change is underway.

All over Europe, the issue of competition has demanded cost efficiencies and huge reductions in workforces. This is not happening without considerable controversy and, indeed, anxiety, aptly demonstrated by the fact that the EU is only now, after a nine year gestation period, finalising a Directive liberalising the industry.

ESB has not stood aside from the changes in the industry. On the contrary, over the past five years in particular, the company has addressed the needs and the challenges of the future. Change has dominated our agenda and will continue to do so.

Our challenge and our determination is to be ready for the competitive markets and to succeed as a commercial business in the new environment.

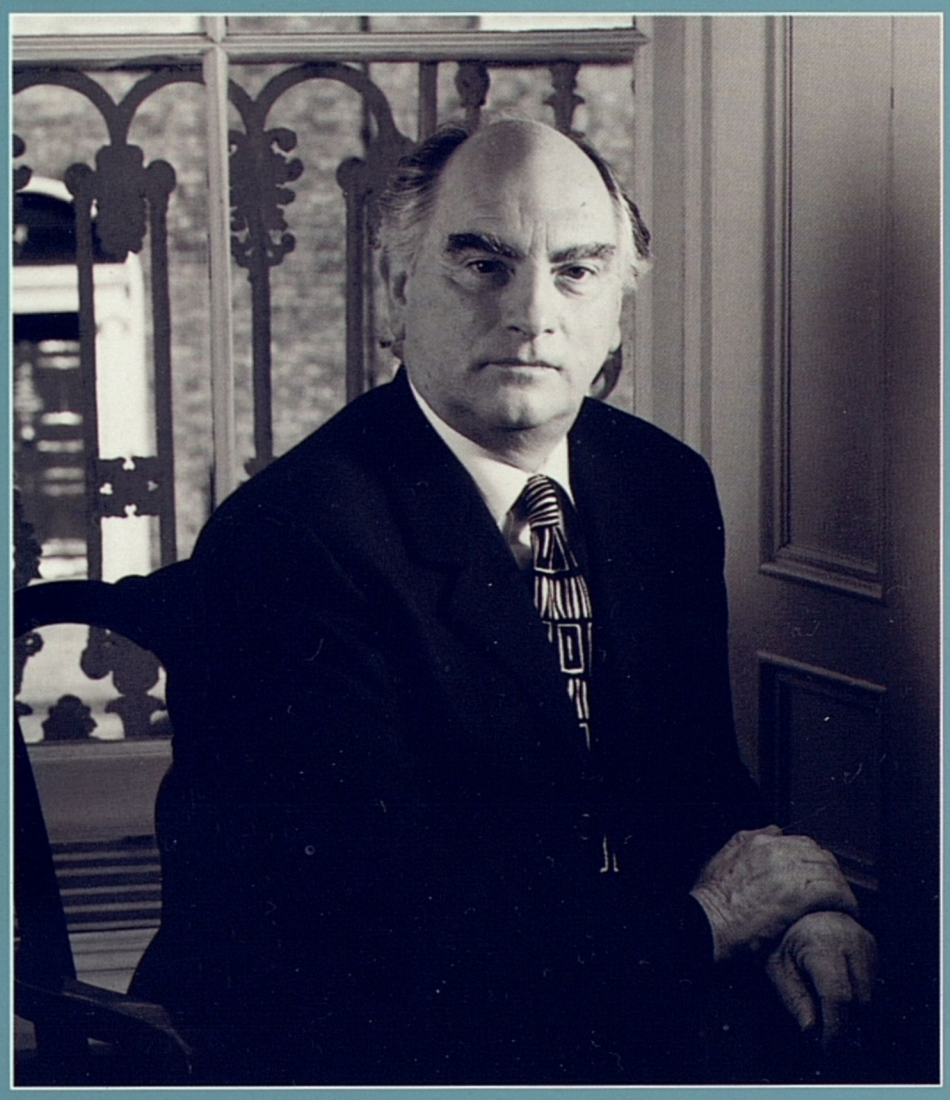
THE COST AND COMPETITIVENESS REVIEW

The CCR has been the major issue in ESB, over the past year in particular. It has been, I believe, a unique approach to change. Its successful conclusion was not only vital for ESB in our planned preparation for competition, but was also seen as a test of the partnership approach on which the process was based.

The partnership, involving Management and Group of Unions and the Department of Transport, Energy and Communications, sought a consensus on a fundamental programme of change in ESB, aimed at securing the future of the company in the new industry.

The process was founded on a common objective and based on trust between the parties. It took time and many difficulties were encountered. These were inevitable in the context of the scale and complexity of the issues involved. Despite the difficulties, the three parties stuck to their task and delivered a detailed, comprehensive agreement which was accepted by the overwhelming majority of people in the company.

The importance of the successful conclusion of the CCR for ESB cannot be overestimated. It embraces a level of change unprecedented in the history of the company and will deliver substantial cost savings, of close to £60m a year, when it is fully implemented over three years. Its implementation, which is now underway, will introduce efficiencies and



Joe Moran

Chief Executive

improved performance into every aspect of ESB operations. It will involve 2,000 staff leaving the company, will see wide ranging changes in work practices and further improve the commercial ethos which underlies our approach. It will also enhance the skills and capabilities of staff throughout the company and the value of their contribution to its performance.

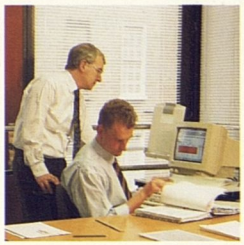
The economics of the CCR, particularly the Voluntary Severance Scheme (VSS), have, quite properly, been the subject of considerable comment and discussion over the past months. The cost of the VSS is estimated at £208.3m in present value terms (of this cost £172.1m is charged in 1995, £23.7m in 1994 and £12.5m in the years 1996 to 1998). This is made up of lump sum payments, reduced retirement pay and contributions to the ESB Superannuation Fund. The cost of each voluntary severance, at approximately £100,000, may appear high. However, of this amount the average lump sum payment to each voluntary exit comes out at £20,000. The level of costs also reflects the fact that, in general, ESB staff going on voluntary severance do not have access to State unemployment or pension entitlements.

The total charges to the Profit and Loss Account in the years 1995 to 1998 for the implementation of the CCR will amount to £277.6m (£222.7m in 1995). This includes the Voluntary Severance costs outlined above and other restructuring costs.

In cashflow terms, the bulk of the CCR costs will be incurred in the years 1996 to 1999. During this time £270m will be spent on the implementation of the CCR. This includes the reward/outstanding category payments to staff, plus the related employee assistance programmes. Projected cumulative cash savings over the same period come to £260m. Thereafter, the annual cash savings are projected at £85m. Deducting all ongoing CCR costs (including Voluntary Severance) gives a projected net cash saving of £58m per annum from 1999 onwards.

While the CCR has been successfully concluded and has now moved to implementation, in many ways the real partnership is just beginning. The developing competitive environment means that every change, every efficiency, every cost saving is vital for the future of ESB. The continuance of the partnership approach is crucial for success.

Restructuring the electricity industry for competition



" Clearly these changes represent a powerful competitive challenge to ESB. The company is already well on its way in terms of its preparation for competition"

The EU Directive on the electricity market will introduce competition in the industry in Ireland for the first time. This is undoubtedly good. It will offer choice to our customers and it will challenge ESB to achieve improved performance.

Under the Directive two markets will be created - one a franchise market where ESB will be the designated supplier, the other where a specific set of major users will be given the right to choose from whom they will buy their electricity, and the right to use the national networks to transport it.

Moreover, the franchise market will be subjected to major competitive forces, in so far as all new and replacement generation facilities will be undertaken on the basis of an open, competitive bidding process.

Clearly these changes represent a powerful competitive challenge to ESB. The company is already well on its way in terms of its preparation for competition, through the internal restructuring which has been completed, and the implementation of the CCR. While these are of fundamental importance, in themselves they will not secure the future of the company in the new environment. Success in the new situation will be achieved through a commercial and business focus, and the requisite strategies which will enable ESB to win against competitors. In essence these involve a new culture for the company, quite different from the public service ethos which has been at the heart of its mandate since 1927.

The implementation of the EU Directive will require a restructuring of the electricity industry in Ireland and attendant new legislation. The decisions that are made on a new structure will determine the way the industry will work in the future and will have potential ramifications for the reliability and quality of supply and prices to customers.

Clearly these are matters of fundamental importance to the social and economic well-being of this country and great care must be taken to ensure that the specific objectives and implementation of the new structure are clear, and achievable with certainty.

The proposed EU Directive sets parameters to enable the introduction of competition in the industry. Its terms go further than the proposals decided upon by Government last year, which were based on a co-ordinated planned structure, with the Single Buyer concept, which it considered as more appropriate for a small, isolated electricity system like Ireland's. Nevertheless, the Directive has considerable flexibility in its terms, and leaves sufficient of the key decisions to individual member states, to enable a suitable structure to be developed for Ireland.

Financial Perspective

" For the first time our total income broke through the £1,000m mark, with economic buoyancy feeding through to a 4.8% increase in electricity sales and £49.7m increase in income"

The financial outcome for 1995 is a loss of £284.1m. Taken at face value this is a stark result but, of course, it is after Exceptional Charges totalling £367.3m. These charges in general relate to reorganisation. They include £244.9m for restructuring, mainly Voluntary Severance related, and £122.4m for a once-off special funding charge to the Superannuation Scheme on the advice of the Scheme's Actuary. These known commitments, discounted to their present value, have been provided for in the 1995 accounts but the actual cashflows will arise over a long period of years.

The once-off Superannuation charge arises from an earlier decision by the Trustees of the Superannuation Scheme to accept the Actuary's advice to adopt a more prudent assumption on investment return in line with other Schemes. Acceptance of reduced investment assumptions gave rise to an actuarial deficit. After careful consideration this is being handled by a special charge of £122.4m. The Actuary is confident that no further exceptional Superannuation charges will arise in the foreseeable future, assuming satisfactory investment returns over the long term.

I am happy to report that the underlying financial performance for the year was very satisfactory. The operating surplus of £83.6m, after providing for interest, was our highest ever, up 33% on 1994.

For the first time our total income broke through the £1,000m mark, with economic buoyancy feeding through to a 4.8% increase in electricity sales and £49.7m increase in income. The underlying improvements in costs and efficiencies contributed to savings of £9m in payroll and £15m on purchases of materials and services.

Price movement in fuel and the increased production of electricity to meet the higher demand, added £37m to fuel costs. The higher asset base also led to an increase in depreciation charges of £12m.

Capital expenditure for 1995 totalled £147.9m covering generation (plant refurbishment and completion of Poolbeg Phase I) and transmission and distribution networks. It shows a decrease of £6.2m on the previous year.

Net borrowings (debt less cash) have been consistently reducing since the high levels of the 1980s when they reached £1,300m. This has been achieved despite a steady increase in our asset base over the same period. In 1995 net borrowings fell by a further £111.9m and now stand at £797.5m. We have decided to reduce the Sinking Fund to the mandatory level of circa £5m required for certain Irish stock issues. This has effectively contributed almost £45m to reducing the net borrowings. Capital expenditure programmes and repayment of borrowings have been facilitated by continuing strong operating cash flows.

Balance Sheet gearing at the end of 1995 stood at 58%. This is satisfactory for a utility and particularly pleasing given the level of Exceptional Charges in the 1995 Accounts.

Against the background of the Exceptional Charges in the 1995 Accounts, I would like to outline how I see the next few years in terms of profitability. I am confident that the investment in the CCR will generate strong savings and with continued sales growth and the three year electricity price agreement with Government, will result in a significant improvement in financial performance. I will be greatly disappointed if average annual operating surpluses (after interest) of the order of £120m are not achieved over the next three years. Of course, there are always external risks such as international fuel prices. However, ESB must, and will, turn in a strong financial performance to provide the underlying strength to deal with competition and also to undertake substantial investment in the electricity infrastructure. Because of the capital intensive nature of ESB's business it is critical that commercial rates of return are achieved. Over the next five years, £1,500m will be spent on network expansion and renewal throughout the country and on power generation facilities, all reflecting the continuing strong economic growth in Ireland. This investment level will make ESB one of the largest investing companies in Ireland in that period. I believe we are now positioned to handle this investment and at the same time improve our balance sheet.

I would like to emphasise that, given the trading nature of our economy, a competitive electricity price is a key objective for ESB. I am confident that good levels of profits driven by internal efficiencies, will not adversely affect the current competitiveness of Irish electricity prices. I acknowledge the realism of the Government's decision in January 1996 to approve, for the first time in ten years, moderate price increases to be phased in over the next three years. The first stage increase of 2% takes effect from mid-1996. This will greatly assist the planned investment in the network infrastructure.

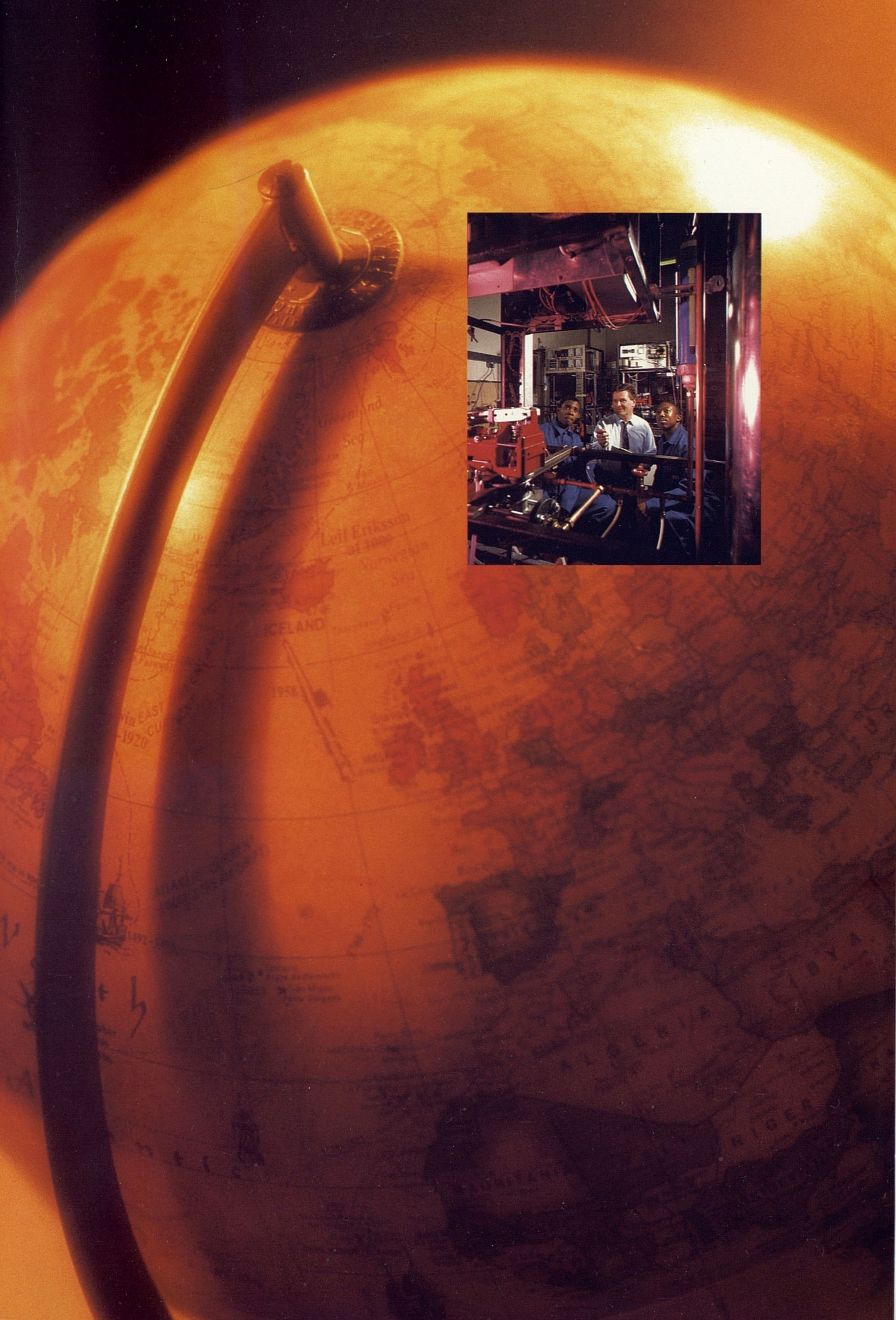
ESB International: Competing in World Markets

" We intend to substantially grow our business in international markets and our record of achievement and success gives us a strong base from which to do so"

The liberalisation of the electricity markets will challenge ESB on its home territory. The company will respond and vigorously defend its position. But the liberalisation also brings opportunity to expand our international operations, not least through strategic investments and joint ventures. We intend to substantially grow our business in international markets and our record of achievement and success gives us a strong base from which to do so.

From a modest beginning in 1975, ESB International is now a significant operator in world markets with representative offices in London, Brussels, Kuala Lumpur, Tokyo, Bangkok, Prague and Budapest. It employs 600 people and in 1995 had sales of £66m. It covers engineering design, operation and maintenance of gas plant, electrical contracting, organisation/management consulting, financial services, etc. Its profits derive from investment, consulting and operating services.

The knowledge, expertise and experience which ESB International continues to gain from its operations throughout the world, bring an insight to the whole of ESB into developments taking place in the electricity industry globally. The success of our subsidiary in winning contracts against stiff international competition also brings an experience and confidence throughout the organisation which will stand the company well in the future. It is a great advantage as we prepare for competition in our home-based market.


ICELAND

Serving the customer: Vital for competitiveness

"The quality of our service to our customers will always be a vital ingredient in the overall competitive mix"

I am committed to continuing the improvements in our costs and our efficiencies. Yet these alone will not win new customers or ensure the loyalty of our present ones. The quality of our service to our customers will always be a vital ingredient in the overall competitive mix. Over the past decade, in particular, ESB has undertaken an extensive programme of service quality improvement. Extensive research and surveys have shown that the staff of ESB have a well established reputation for their commitment and the quality of their service to our customers. It is a sound base on which to build.

The experience of other countries has shown that the move from traditional utility concepts to the highly focused commercial business, with its emphasis on profits, has not always been to the benefit of the majority of customers. Painful lessons were learned later. Competition, regulation and commercial focus have benefits for customers; so too has the traditional utility model. It is essential that a balance is maintained which will provide the best overall prices and service for all customers.

Our commitment to serving all our customers countrywide is demonstrated in the most tangible way by our capital investment programme over the next five years. In this programme we will spend £600m upgrading and expanding the distribution networks, including £250m specifically in rural areas. The investment will ensure that a reliable, high quality electricity supply is available to meet the needs of all customers in a growing economy.

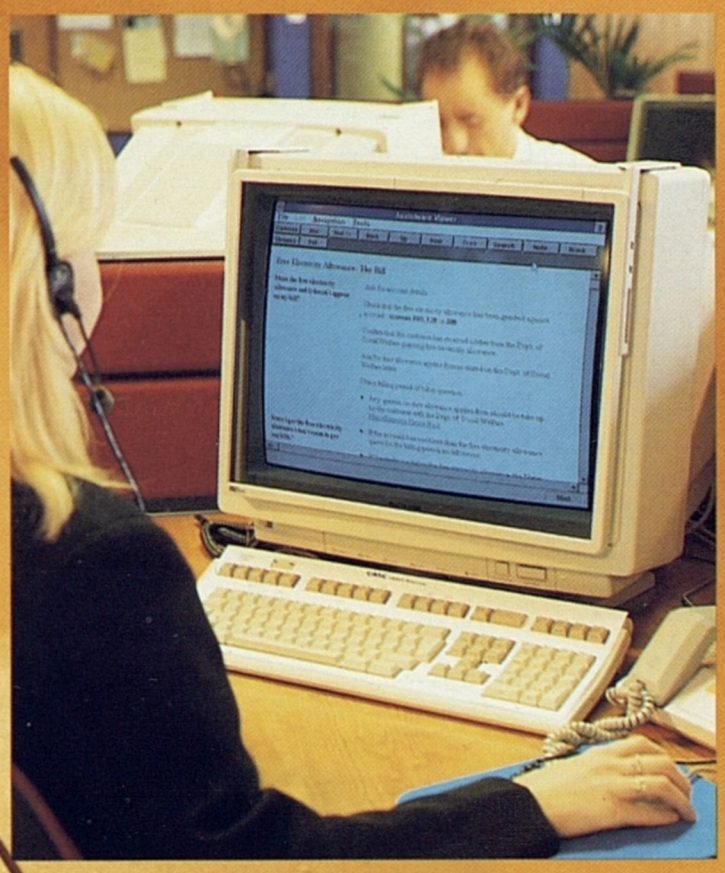
Staff: Responding to the competitive challenge

"Clearly the staff recognise the challenge facing ESB and are determined to make their contribution to meeting it"

The overwhelming acceptance by the staff in ESB of the terms of the CCR was, I believe, a powerful endorsement of their commitment to the company and to its success in the competitive environment.

Clearly the staff recognise the challenge facing ESB and are determined to make their contribution to meeting it. Their commitment, both to the company and to customers, evidenced in the CCR, will be a major asset for ESB in the competitive environment.

The implementation of the CCR will bring changes in all areas of the business. Staff will take on new roles and responsibilities which will enhance their contribution to the company, while adding to their work satisfaction. They will achieve ever higher levels of expertise as they continuously learn new skills and acquire further knowledge. The performance of the staff in providing high quality, value for money services to customers, will provide a significant competitive edge to ESB in the marketplace.



Environment and Safety

"National policies on the protection of the environment are important in the context of the changes about to take place in the electricity industry in Ireland"

Concern for the environment continues to be a major international issue. The electricity industry clearly has an important role in the search for appropriate responses and solutions. ESB is committed to playing its part at national level.

In 1995 sulphur dioxide emissions from ESB's facilities, at 92KT, were substantially below the target level of 124KT set by the EU. Obligations in relation to nitrogen oxides were also fully met and the target emission level, of 42KT, achieved. Positive action by the company, through the continued use of low sulphur coal, and fuel switching where required, contributed to this performance. The availability of gas for power generation was also a crucial factor.

In the near future our generating stations will require a licence from the Environmental Protection Agency in respect of their operations and in 1995 our preparations for the new regime continued. Environmental audits were completed for all stations and an environmental management system put in place for each installation.

National policies on the protection of the environment are important in the context of the changes about to take place in the electricity industry in Ireland. Up to now all duties, obligations and costs have been borne by ESB, as an institution of the State. However, in future the company will be a player among players. In this situation it is vital that such obligations and costs are shared by all, in the interest of fair competition and the achievement of optimum environmental performance.

SAFETY

For ESB the safety of its staff and the public is a priority. The company's commitment to the issue was demonstrated by a number of key measures implemented in 1995. These include the reconstitution of the Safety Committee, which is made up of management and staff representatives and reports directly to me, to take account of the restructuring of ESB. A new Safety Statement was completed and reinforces the company's commitment to conducting all of its activities in a safe manner. In addition, a new Safety Audit Policy was prepared which focuses on the adequacy of procedures, quality of performance and compliance with legal requirements.

ESB in the Community

"Since its foundation ESB has been conscious of its role in community life in Ireland, both at national and local level"

Since its foundation ESB has been conscious of its role in community life in Ireland, both at national and local level. The rural electrification programme, which started in 1946, created links with local communities, and an understanding of their needs, which we value to this day.

Supplying an essential service to every community in Ireland is a highly satisfying job. But we recognise that our networks and power stations, essential though they are, nevertheless impinge on individuals and communities. Minimising that impact is a clear responsibility of which we are always conscious.

We view ESB as a corporate citizen of Ireland and our objective is to conduct our business on the basis of good neighborliness. Changes in society, as well as technological developments, have made it more challenging to maintain the local relationships that avoid remoteness. We are aware of this and in recent years have encouraged our staff throughout the country to involve themselves in community affairs and have pursued a policy of supporting community activities at local level.

At a wider, national level we are also conscious of our responsibility to contribute to the vibrancy of community life in Ireland. This forms the basis for our engagement in a sponsorship programme aimed at supporting events and activities which enhance community spirit and bring direct benefits to people around the country. Examples of events which we are currently supporting are: The National Children's Choir, The People of the Year Awards, The Leinster and National Schools Debating Competitions, The National College of Art and Design art competition for schools and the complete programme of Music Network's activities, which brings music to local communities nationwide.

From time to time ESB has to take commercial decisions which raise controversy at local community level. The recent closure of 22 of our shops in towns around the country is a case in point. The decision was made in the context of an extensive programme of cost reduction in all areas of the company's activities. In undertaking the closures we are determined that the alternative arrangements put in place will fully meet customers' needs.


BIGSTONE

The Board

There were 11 general meetings and two special meetings of the Board during the year ended 31 December 1995. The number in brackets opposite each name represents the attendance by each Board Member during the year.

The following were the members of the Board at 31 December 1995:

Patrick J. Moriarty, *Chairman*	(13)	Retired 6 January 1996
James Wrynn	(6)	Appointed Deputy Chairman, 28 July 1995
Rynal Coen	(13)	
Sean Geraghty	(13)	
Stewart Harrington	(7)	Appointed 28 March 1995
Denis Holland	(12)	
Patrick J. Kevans	(11)	
Joe LaCumbre	(12)	
William M. McCann	(11)	Appointed Chairman 18, January 1996
Colm McCarthy	(3)	Appointment expired 22 March 1995
John McGinley	(13)	
Joe Moran	(13)	
Caitriona Murphy	(10)	
Edmond O'Kelly, *Deputy Chairman*	(3)	Appointment expired 22 March 1995

This Report was approved by the Board at its meeting on 14 May 1996 for submission to the Minister for Transport, Energy and Communications.

Signed:

W. M. McCann, Chairman

D. J. Moran, Chief Executive

D. Mahony, Secretary.

Board Committees

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

Audit Committee

The function of the Audit Committee is to oversee the financial reporting process and internal control structure in ESB.

Members
William M. McCann, Chairman
Stewart Harrington
Patrick J. Kevans
James Wrynn

Capital Projects Committee

The function of the Capital Projects Committee is to advise the Board on major capital expenditure proposals and monitor progress.

Members
Caitriona Murphy, Chairperson
Joe LaCumbre
John McGinley
Paul Sweeney

ESB International Business Unit Committee

The function of the ESB International Business Unit Committee is to oversee the business strategy, risks and investments in ESB's non-core businesses in the ESB International Business Unit.

Members
James Wrynn, Chairman
Jerry Carey
Sean Geraghty
Stewart Harrington
Joe Moran

Environment and Safety Committee

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

Members
Patrick J. Kevans, Chairman
Jerry Carey
Sean Geraghty
Denis Holland

Legislation Committee

The function of the Legislation Committee is to monitor the legislative process relating to the developing electricity supply industry.

Members
James Wrynn, Chairman
Denis Holland
William M. McCann
Joe Moran
Paul Sweeney

Remuneration and Management Development Committee

The purpose of the Remuneration and Management Development Committee is to advise the Board on all aspects of remuneration of the Chief Executive and top management and to monitor the development of current and future management of ESB.

Members
William M. McCann, Chairman
Stewart Harrington
Caitriona Murphy

Technology Committee

The purpose of the Technology Committee is to oversee technological development within ESB.

Members
Joe LaCumbre, Chairman
John McGinley
Joe Moran

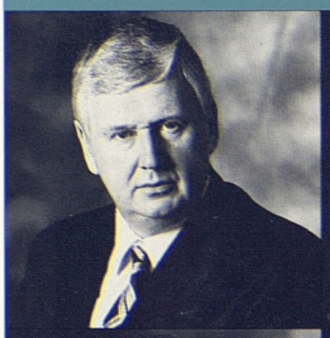
Board Members

Billy McCann was appointed Chairman of the Board in January 1996, having served as a member since 1986. A Chartered Accountant, he was Managing Partner of Craig Gardner/Price Waterhouse from 1987 to 1995. He is a Director of the Central Bank of Ireland and is a Director of a number of other companies. Mr. McCann is Chairman of the Audit and the Remuneration and Management Development Committees and is a member of the Legislation Committee.

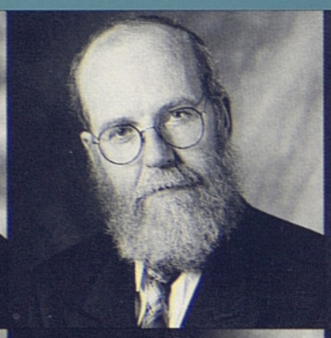
James Wrynn was appointed Deputy Chairman in July 1995. He is a senior lecturer in Business Policy at The College of Marketing and Design, Dublin Institute of Technology. Mr. Wrynn previously served on the Board of ESB from 1987 to 1992. He is a member of the Audit Committee and Chairman of the Legislation and the ESB International Business Unit Committees.

Jerry Carey was appointed to the Board in April 1996. He is Managing Director of Irish Business Systems Ltd. and is a Director of a number of other companies. Mr. Carey is a member of the Environment and Safety and the ESB International Business Unit Committees.

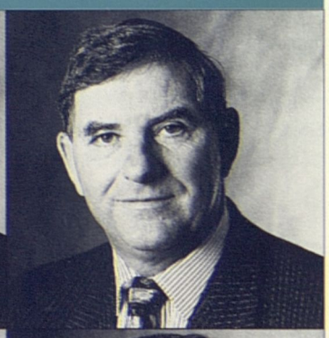
William (Billy) Mc Cann

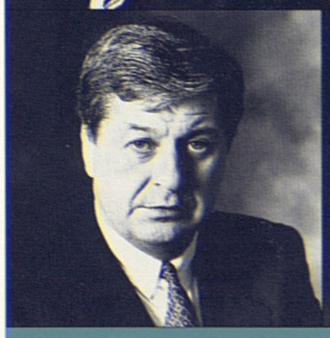


James Wrynn



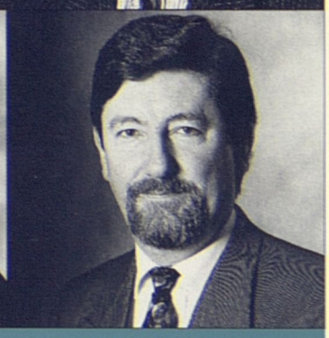
Jerry Carey





Patrick J. Kevans

Joe LaCumbre



John McGinley

Patrick J. Kevans is senior partner in the legal firm, Dillon Eustace and is a Director of a number of companies. He was appointed to the Board in November 1982 and is now serving his third term. Mr. Kevans is Chairman of the Environment and Safety Committee and is a member of the Audit Committee.

Joe LaCumbre was first appointed to the Board in January 1985 under the Worker Participation (State Enterprises) Act, 1977 and is now serving his fourth term. 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 a member of the Capital Projects Committee and is Chairman of the Technology Committee.

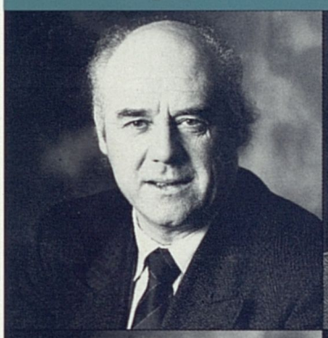
John McGinley was first appointed to the Board in January 1995 under the Worker Participation (State Enterprises) Act, 1977. A technologist in Distribution Department, he is a member of Kildare County Council and the County Kildare Vocational Education Committee. Mr. McGinley is a member of the Capital Projects and the Technology Committees.

Sean Geraghty was first appointed to the Board in 1988 under the Worker Participation (State Enterprises) Act, 1977 and is now serving his third 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. Mr. Geraghty is a member of the ESB International Business Unit and the Environment and Safety Committees.

Stewart Harrington was appointed to the Board in March, 1995. He is Managing Director of Dunloe House plc and a Non-Executive Director of Ewart plc. Mr. Harrington was a founding partner of Harrington Bannon, Chartered Surveyors. He is a member of the Audit, the ESB International Business Unit and the Remuneration and Management Development Committees.

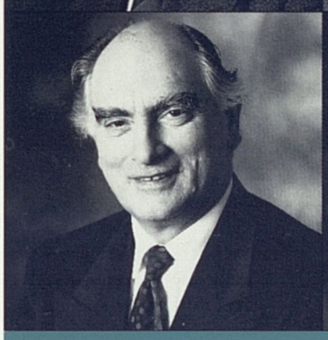
Denis Holland was first appointed to the Board in 1988 under the Worker Participation (State Enterprises) Act, 1977 and is now serving his third term. A supervisor at Marina Generating Station he has worked in ESB since 1965. Mr. Holland is ATGWU representative on the ESB Group of Unions and is a member of the Legislation and the Environment and Safety Committees.

Sean Geraghty



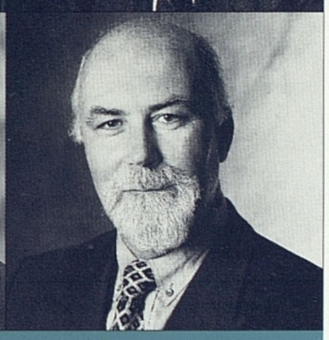
Stewart Harrington

Denis Holland



Joe Moran

Caitriona Murphy



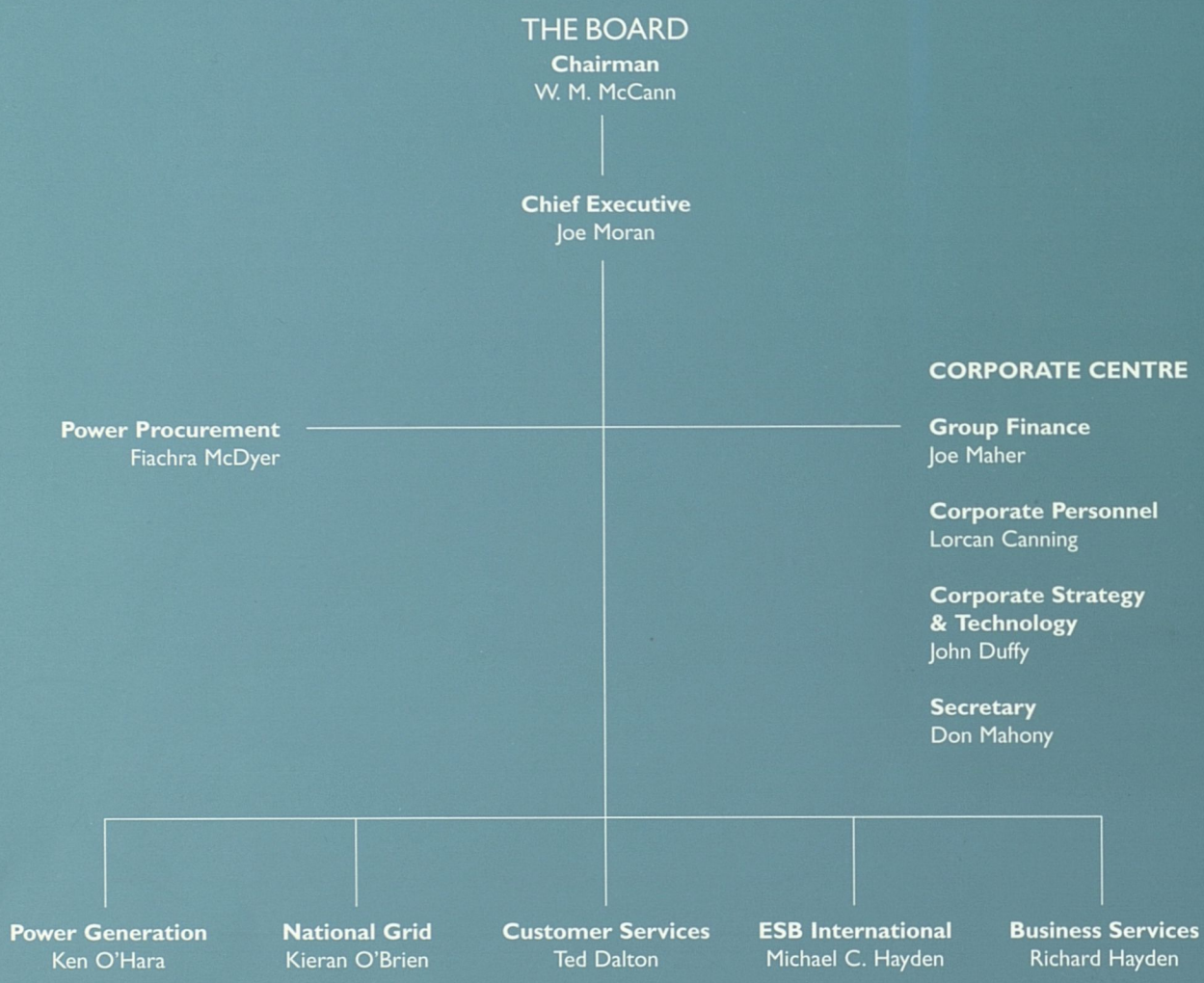
Paul Sweeney

Joe Moran was appointed Chief Executive of ESB in April 1991. He held several senior posts before his appointment as Manager, Corporate Development in 1979. Mr. Moran was appointed Director, Finance in 1986. He is Chairman of the Advisory Committee of the National Treasury Management Agency. Mr. Moran is a member of the Legislation, the Technology and the ESB International Business Unit Committees.

Caitriona Murphy was appointed to the Board in February 1992. Mrs. Murphy is Managing Director of AIB Capital Markets-Corporate Finance, and is a Board Member of the International Fund for Ireland. She is a member of the Remuneration and Management Development Committee and is Chairperson of the Capital Projects Committee.

Paul Sweeney was appointed to the Board in April 1996. An economist and financial analyst with SIPTU, Mr. Sweeney is a member of the Council of the Statistical and Social Enquiry Society of Ireland. He is a member of the Capital Projects and the Legislation Committees.

Company Structure



The Executive Team

Lorcan Canning was appointed Director, Personnel in 1988 and Director, Corporate Personnel in 1993. He has held various positions in the fields of personnel and human resource management, both within ESB and in the Irish Management Institute. Mr. Canning is a member of the Human Resources and Social Affairs Committees of both Eurelectric and UNIPEDE.

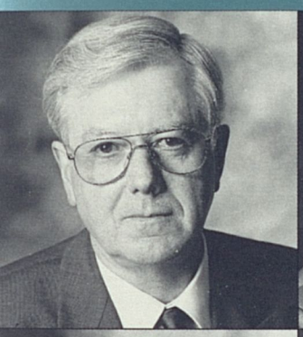
Ted Dalton was appointed Managing Director, Customer Services in 1993. He held a variety of senior management positions in the Information Technology and Accounting areas before his appointment as Regional Manager, South East Region in 1987. Prior to his appointment to his current position he held the position of Manager, Corporate Change.

John Duffy, was appointed Director, Corporate Strategy and Technology in 1993, having previously been Director, Generation and Transmission Operations. Mr. Duffy has undertaken several consultancy assignments abroad with ESB International. He is a member of both Eurelectric and UNIPEDE.

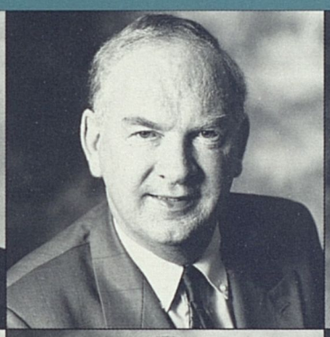
Michael C. Hayden, Managing Director, ESB International Business Unit, held a variety of engineering positions in the Distribution and Transmission areas before being appointed to a number of senior management positions in Training, Personnel and Distribution. Mr. Hayden has been involved in the company's overseas consultancy since the mid-seventies, with overall responsibility for ESB International since the mid-eighties.

Richard Hayden was appointed Managing Director, Business Services in 1993. He held a number of senior management positions throughout ESB before being appointed Manager of the company's Accounting Department in 1987.

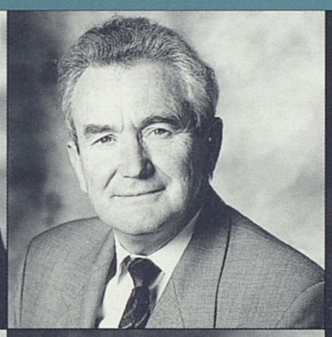
Lorcan Canning



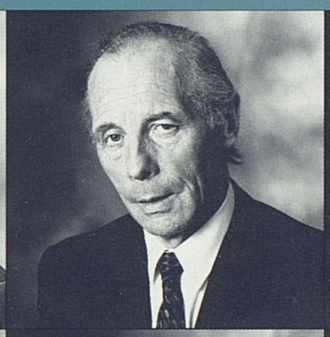
Ted Dalton



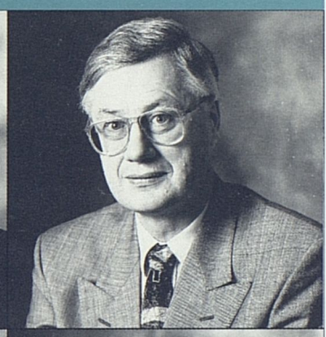
John Duffy

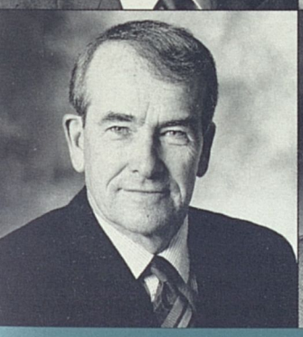


Michael C. Hayden

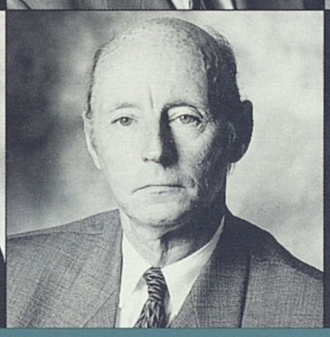


Richard Hayden

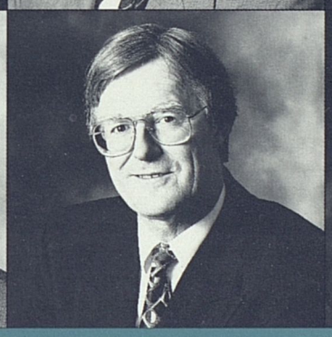




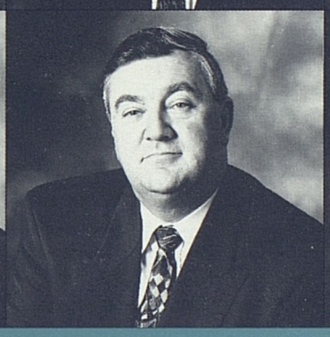
Don Mahony



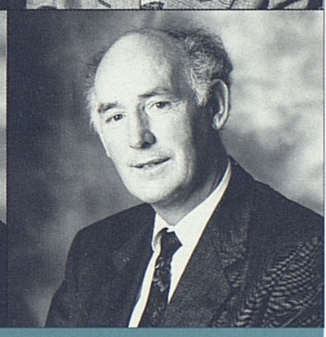
Joe Maher



Fiachra McDyer



Kieran O' Brien



Ken O' Hara

Don Mahony held a number of senior positions in the Personnel and Organisation Development areas prior to his appointment as Secretary Designate in 1990. He was appointed Company Secretary in 1992.

Joe Maher was appointed Director, Group Finance in 1991. He previously held various financial and general management positions in ESB and was Director of several ESB subsidiary companies. Mr. Maher is a trustee of the ESB Superannuation Fund.

Fiachra McDyer was appointed Power Procurer in 1993. He held a number of senior management positions in the Generation and Operations areas, prior to his appointment as Manager, Operations, which included responsibility for Generation Services and Telecommunications as well as Generation and Transmission Planning Operations.

Kieran O'Brien was appointed Managing Director, National Grid in 1993. He worked on a number of ESB's major construction projects during the seventies, 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.

Ken O'Hara was appointed Managing Director, Power Generation in 1993. He held a number of senior management positions and was involved in consultancy work in Bahrain during the 1970s. Mr. O'Hara was appointed Regional Manager, Cork in 1979 and was subsequently appointed Director, Customer Operations.

Accounts for Year ended 31 December 1995

Contents

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 page 38 to 56, 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 the Board and its subsidiaries and to prevent and detect fraud and other irregularities.

Corporate Governance

ESB supports the principles of corporate governance outlined in the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in December 1992 ("the Code"). ESB continues to introduce measures to ensure compliance, in so far as is considered appropriate, with the Code, including internal financial control aspects.

The roles of the Chairman and Chief Executive are separate. The Board of twelve members comprises one executive member, seven non-executive members appointed by the Government for a five year term, and four worker members appointed by the Minister for Transport, Energy and Communications for a four year term following election by staff.

The Board has a formal schedule of matters specifically reserved to it for decision at the regularly held Board meetings during the year. 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 Audit Committee of the Board is composed mainly of non-executive members and meets regularly. The Audit Committee discusses with, the internal auditor and external auditor, the group's internal accounting controls, internal audit function, choice of accounting policies, external audit programme, statutory auditors' report, financial reporting and other related matters. The internal and external auditors have full and unrestricted access to the Audit Committee.

The Remuneration and Management Development Committee comprises three non-executive Board Members. Board Members' fees are set by the Government and disclosed in a note to the financial statements. Executive remuneration is set within the guidelines of the 'Review Body on Higher Remuneration in the Public Sector' and is monitored by the Remuneration and Management Development Committee.

Membership of Board Committees is set out on page 29.

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.

Internal Financial Controls

The Board has overall responsibility for the system of internal financial control. This system is designed to provide reasonable but not absolute assurance against material mis-statement or loss. In order to discharge that responsibility in a manner which ensures compliance with laws and regulations, the Board has established an organisational structure with clear operating procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

On behalf of the Board

Signed: **W.M. McCann,** Chairman
Signed: **D.J. Moran,** Chief Executive

14 May, 1996

AUDITORS' REPORT

As auditors appointed by the Minister for Transport, Energy and Communications, with the the consent of the Minister for Finance, we have audited the financial statements of Electricity Supply Board on pages 38 to 56.

Respective responsibilities of Board Members and auditors

As described on page 36, the Board Members of Electricity Supply Board are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion, the financial statements, when read in conjunction with the note on the provision for the repayment of borrowings on page 42, give a true and fair view of the state of affairs of the parent and of the group at 31 December 1995 and of the results of the group for the year then ended.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, the parent has kept proper books of account with which the balance sheet of the parent at 31 December 1995 is in agreement.

KPMG

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

14 May, 1996

Consolidated Profit and Loss Account

Year ended 31 December 1995

	Notes	**1995 IR£000's**	1994 IR£000's
Turnover – Continuing Operations	1	**1,026,212**	976,511
Operating Costs	2	**(871,084)**	(840,577)
Operating Surplus – Continuing Operations		**155,128**	135,934
Exceptional Costs			
– Restructuring	3(a)	**(244,900)**	(25,441)
– Other	3(b)	**(122,400)**	0
Net Interest Cost	4	**(71,516)**	(73,179)
(Deficit)/Surplus after Interest and Exceptional Costs		**(283,688)**	37,314
Share of Associated Undertakings' Profit		**864**	1,272
Taxation Charge	6	**(1,073)**	(444)
(Deficit)/Surplus after Taxation		**(283,897)**	38,142
Minority Interests – Equity		**(25)**	(17)
(Deficit)/Surplus for Year before Provision for Repayment of Borrowings	7	**(283,922)**	38,125
Provision for Repayment of Borrowings (See policy note 3)	16	**(214)**	(56,803)
Deficit for Year	18	**(284,136)**	(18,678)

Signed: **W. M. McCann,** Chairman

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

14 May, 1996.

Balance Sheets

As at 31 December 1995

		Consolidated		Parent	
		1995	1994	**1995**	1994
	Notes	**IR£000's**	IR£000's	**IR£000's**	IR£000's
Assets Employed:					
Fixed Assets:					
Tangible Assets	8	**1,734,940**	1,719,264	**1,732,097**	1,714,468
Financial Assets	9	**12,773**	57,604	**51,279**	102,531
		1,747,713	1,776,868	**1,783,376**	1,816,999
Current Assets:					
Stocks	10	**105,197**	103,415	**104,716**	99,651
Debtors	11	**295,286**	264,924	**241,959**	217,392
Investments	12	**607**	869	**607**	869
Cash at Bank and in Hand		**137,729**	150,015	**131,656**	144,654
		538,819	519,223	**478,938**	462,566
Creditors (Falling due within one Year)					
Borrowings & Other Debt	13	**(90,819)**	(163,674)	**(90,813)**	(162,542)
Other Creditors	14	**(175,773)**	(172,434)	**(160,071)**	(162,635)
		(266,592)	(336,108)	**(250,884)**	(325,177)
Net Current Assets		**272,227**	183,115	**228,054**	137,389
Total Assets less Current Liabilities		**2,019,940**	1,959,983	**2,011,430**	1,954,388
Creditors (Falling due after more than one Year)					
Borrowings & Other Debt	13	**(844,355)**	(895,773)	**(844,355)**	(895,741)
Other Creditors	14	**(32,587)**	(13,290)	**(32,587)**	(13,290)
		(876,942)	(909,063)	**(876,942)**	(909,031)
Provision for Liabilities and Charges	15	**(466,769)**	(110,742)	**(466,769)**	(110,742)
Net Assets		**676,229**	940,178	**667,719**	934,615
Financed By:					
Reserves:					
Sinking Fund for Repayment of Borrowings	16	**4,352**	50,008	**4,352**	50,008
Other Reserves	17	**1,042,330**	976,512	**1,042,602**	976,717
Profit and Loss Account	18	**(370,541)**	(86,405)	**(379,235)**	(92,110)
Minority Interests		**88**	63	**0**	0
		676,229	940,178	**667,719**	934,615

Signed: **W. M. McCann,** Chairman

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

14 May, 1996.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 1995

	Notes	**1995 IR£000's**	1994 IR£000's
(Deficit)/Surplus for Year before Provision for Repayment of Borrowings		**(283,922)**	38,125
Interest Income (incl. gains) on Sinking Fund Investments	16	**2,605**	3,454
Non Repayable Supply Contributions	17	**17,410**	15,247
Translation Differences on Consolidation of Foreign Subsidiaries	17	**(67)**	(173)
Increase in Minority Interest		**25**	20
Total Recognised Gains and Losses for Year		**(263,949)**	56,673

Reconciliation of Movements in Reserves:

Total Recognised Gains and Losses for Year	**(263,949)**	56,673
Opening Reserves	**940,178**	883,505
Closing Reserves	**676,229**	940,178

Consolidated Cash Flow Statement

Year ended 31 December 1995

	Notes	**1995 IR£000's**	1994 IR£000's
Net Cash Inflow from Operating Activities	19(a)	**269,391**	284,129
Returns on Investments and Servicing of Finance			
Interest Received (incl. gains) on Sinking Fund Investments		**2,717**	2,748
Other Interest Received		**9,602**	3,974
Interest Paid		**(71,736)**	(77,983)
Interest Element of Finance Lease Payments		**(10,042)**	(4,975)
Net Cash Outflow from Returns on Investments and Servicing of Finance		**(69,459)**	(76,236)
Taxation			
Corporation Tax		**(541)**	(509)
Investing Activities			
Purchase of Tangible Assets		**(145,127)**	(22,110)
Purchase of Investments		**0**	(48)
Sale of Tangible Assets		**6,979**	2,354
Sale of Financial Assets		**151**	184
Sale of Investments		**262**	0
Net Cash Outflow from Investing Activities		**(137,735)**	(19,620)
Net Cash Inflow before Financing		**61,656**	187,764
Financing			
Repayment of Long Term Loans	19(c)	**(184,715)**	(189,385)
New Loans in Year	19(c)	**60,864**	185,046
Capital Element of Finance Lease Payments	19(c)	**(12,383)**	(39,840)
Non Repayable Supply Contributions	19(c)	**17,957**	13,948
Minority Interests		**0**	3
Net Cash Outflow from Financing		**(118,277)**	(30,228)
(Decrease)/Increase in Cash and Cash Equivalents	19(b)	**(56,621)**	157,536

Statement of Accounting Policies

1. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

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

2. BASIS OF CONSOLIDATION

The group financial statements include the financial statements of the parent and of all subsidiary undertakings together with the group's share of the net assets of associated undertakings. Where a subsidiary undertaking or an interest in an associated undertaking is acquired during the financial year, the group financial statements include the attributable results from the date of acquisition. A separate profit and loss account for the parent is not presented. The retained deficit of the parent for the year was IR£287.1 million.

3. PROVISION FOR REPAYMENT OF BORROWINGS

Section 5 of the Electricity (Supply) (Amendment) Act 1982 allows the Board set aside such sums as it considers proper to be used for the repayment of borrowings. These sums are included in the profit and loss account and are transferred to the sinking fund reserve in accordance with the Act. The appropriate amount for 1995 is an amount to cover repayment of ESB stock issues in accordance with contractual obligations. In view of the level of the deficit in the group's profit and loss account at year end, it was not considered proper to set aside an amount for repayment of other borrowings (as was done in 1994).

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

4. FOREIGN CURRENCY

(a) ESB (Parent) Borrowings

Foreign currency borrowings and related hedging contracts are translated at exchange rates ruling at the year end, and differences, including those realised during the year, are charged or credited to the provision for currency movements on borrowings. This provision is maintained, in the light of historical experience, for possible currency exchange losses. An amount is estimated each year which is included in the profit and loss account as a charge/credit under operating costs and transferred to the provision account. In estimating the amount the following factors are taken into account; previous long term currency trends, present expectations, the profile of the debt and the balance on the provision account for currency movements on borrowings coming forward from the previous year. This treatment, while not following SSAP 20, is considered more appropriate in the context of ESB's rate fixing responsibility under Section 21 (2) of the Electricity (Supply) Act 1927. The financial effect of this policy can be seen in note 15 to the financial statements.

(b) Subsidiary Undertakings

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

5. NON-REPAYABLE SUPPLY CONTRIBUTIONS

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

Statement of Accounting Policies continued

6. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Cost includes prime cost, overheads and interest incurred in financing the construction of tangible 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.

Depreciation is designed to recover historical cost over allotted lifespans. Methods used are appropriate to the nature of the group's business and to the character and extent of all its tangible fixed assets. Assets are grouped and allotted lifespans in line with international practice. Major asset classifications and their allotted lifespans are:-

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

Depreciation is provided:-

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

7. ASSOCIATED UNDERTAKINGS

Associated undertakings are recorded using the equity method of accounting.

The group's share of the profits less losses of associated undertakings is included in the consolidated profit and loss account. Its interests in their net assets is included as an investment in the consolidated balance sheet at the group's share of the net assets at acquisition plus the group's share of retained profits/losses.

8. FINANCE LEASES

The cost of assets acquired under finance leases is included in tangible fixed assets. Depreciation is provided at rates designed to recover this cost over the shorter of the allotted lifespans of the assets and the period of the leases. The capital element of future rentals is treated as a liability and the interest is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

9. CAPITAL GRANTS

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

10. STOCKS

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

Statement of Accounting Policies continued

11. FINANCIAL FIXED ASSETS

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

12. DEFERRED PAYMENT/HIRE PURCHASE SALES

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

13. TAXATION

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

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

14. PROVISION FOR GENERATING STATION DISMANTLING.

Provision is made for the estimated costs of dismantling generating stations when they come to the end of their useful lives. The amount of the provision is reviewed on an annual basis and charges are included in the profit and loss account under operating costs.

15. PROVISION FOR ENVIRONMENTAL COSTS

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

16. PROVISION FOR CYCLICAL OVERHAUL EXPENDITURE

Provision is made for the estimated costs of the cyclical programme for the major overhaul and maintenance of generation plant so as to charge these costs to the profit and loss account over the projected operating lifetime of the plant.

17. FUEL COMMITMENTS

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

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

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

18. SUPERANNUATION SCHEME

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

19. DISCOUNTING OF FUTURE COMMITMENTS

The group provided in the year ended 31 December 1995, on a present value basis, for the cost of its future commitments arising under the restructuring plan to be implemented over the next few years (see page 45). These future commitments have been discounted to their present value by applying a rate equivalent to the group's cost of capital. The commitments are deducted from the provisions as they mature and interest at the relevant discount rate is charged annually to the profit and loss account.

Notes to the Financial Statements

Year ended 31 December 1995

	1995	1994
1. TURNOVER – IR£000's		
Turnover, which comprises the value of sale of goods and services, excluding intra-group transactions, is attributable as follows:		
(a) Business Activity:		
Electricity	**913,567**	875,802
Appliance Sales and Contracting	**54,316**	48,552
Other Activities	**58,329**	52,157
	1,026,212	976,511
(b) Geographic Markets (Originating primarily in Ireland):		
Ireland	**982,687**	938,069
Europe	**21,162**	24,610
Others	**22,363**	13,832
	1,026,212	976,511
2. OPERATING COSTS – IR£000's		
Payroll	**256,395**	265,443
Fuel	**274,481**	237,632
Operations and Maintenance	**340,208**	337,502
	871,084	840,577
3. EXCEPTIONAL COSTS – IR£000's		
(a) Restructuring Costs:		
CCR Voluntary Severance	**172,100**	23,700
Other CCR Restructuring Costs	**50,600**	0
	222,700	23,700
Pre CCR Voluntary Severance	**22,200**	1,741
	244,900	25,441

A comprehensive review, known as the Cost and Competitiveness Review (CCR), of ESB's cost base has been in progress for the last two years. This review, involving management, trade unions and the government in a tripartite process, was completed at the end of 1995. Following acceptance by the staff and unions, the Board has decided to implement the major restructuring programme developed under the CCR. It is expected that around 2,000 staff will leave ESB. The estimated cost of implementing the CCR restructuring plan, including related adjustments to superannuation contributions, is IR£277.6m, the voluntary severance element of which is being accounted for over the service lives of the relevant staff. Accordingly IR£222.7m has been charged in the 1995 profit and loss account. A charge of IR£23.7m was made in the 1994 profit and loss account and the balance of IR£31.2m will be charged over the remaining service lives of the relevant staff.

The restructuring costs have been discounted to their present value in accordance with the accounting policy set out on page 44.

(b) Other – Past Service Pension Funding	**122,400**	0

The Board is committed to making additional contributions of IR£122.4m to the Superannuation Scheme in respect of an identified actuarial deficit.

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

	1995	1994
4. NET INTEREST COST – IR£000's		
Total Interest Payable:		
On Loans Repayable within 5 Years	**30,169**	33,561
On other Loans	**47,140**	44,310
On Finance Leases Repayable within 5 Years	**3,194**	1,849
On other Finance Leases	**6,787**	3,215
	87,290	82,935
Total Interest Receivable:		
From Listed Investments	**0**	(74)
From Other Investments	**(9,468)**	(4,315)
	(9,468)	(4,389)
	77,822	78,546
Less:		
Capitalised Interest	**(6,306)**	(5,367)
Net Interest Payable	**71,516**	73,179

5. EMPLOYEES		
(a) Average Number of Employees in Year by Business Activity:		
Electricity Supply	**9,442**	9,784
Appliance Sales and Contracting	**260**	286
Other Activities	**660**	896
	10,362	10,966
(b) Employee Costs in Year (IR£000's)		
Pay (Salaries/Wages)	**242,035**	248,369
Social Welfare Costs (PRSI)	**7,154**	6,711
Pension Costs	**36,382**	35,769
Other Payroll Benefits	**15,415**	17,552
	300,986	308,401

Includes payroll costs capitalised of IR£44.6m (IR£43m in 1994).

6. TAXATION – IR£000's		
Corporation Tax	**1,078**	443
Share of Associated Companies' Tax	**(5)**	1
	1,073	444

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

7. (DEFICIT)/SURPLUS FOR THE YEAR – IR£000's

The (Deficit)/Surplus for the year is stated after charging:

	1995	1994
Depreciation	**116,013**	104,140
Provision for Currency Movements on Borrowings	**0**	10,000
Bad Debts	**1,885**	2,324
Operating Lease Charges	**14**	82
Auditors' Remuneration	**116**	145
Board Members' Fees	**62**	55

The Auditors received IR£0.105m for provision of non-audit services to the Group during the year.

8. FIXED ASSETS AND CAPITAL COMMITMENTS – IR£000's

(a) Tangible Fixed Assets

Consolidated	**Land and Buildings**	**Plant and Machinery**	**Total Assets in Commission**	**Payments on Account and Assets in Course of Construction**	**Total**
Cost					
Balance at start of Year	500,036	2,240,431	2,740,467	68,390	2,808,857
Additions/Transfers	9,651	135,481	145,132	2,777	147,909
Retirements/Disposals	(6,129)	(30,540)	(36,669)	0	(36,669)
Balance at end of Year	503,558	2,345,372	2,848,930	71,167	2,920,097
Depreciation					
Balance at start of Year	186,874	902,719	1,089,593	0	1,089,593
Charge	19,264	96,749	116,013	0	116,013
Retirements/Disposals	980	(21,429)	(20,449)	0	(20,449)
Balance at end of Year	207,118	978,039	1,185,157	0	1,185,157
Net Book Value at 31 Dec,1995	**296,440**	**1,367,333**	**1,663,773**	**71,167**	**1,734,940**
Net Book Value at 31 Dec,1994	313,162	1,337,712	1,650,874	68,390	1,719,264

Included in the net book value above are net fixed assets of IR£2.8m (1994: IR£4.8m) relating to subsidiary undertakings.
The non depreciable element of land and buildings amounts to IR£2.0m (IR£2.6m in 1994).

Finance Leases

All finance leases are held by the parent company.
The net book value of tangible fixed assets includes an amount of IR£193.9m (IR£203.7m in 1994) in respect of assets held under finance leases. Depreciation charged on such assets during the year amounted to IR£9.4m (IR£6m in 1994).

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

8. FIXED ASSETS AND CAPITAL COMMITMENTS – IR£000's (continued)

(b) Capital Commitments

	Consolidated		Parent	
	1995	1994	**1995**	1994
Contracted for	**11,933**	28,449	**11,933**	28,404
Authorised but not contracted for	**50,800**	26,906	**50,800**	24,806
	62,733	55,355	**62,733**	53,210

9. FINANCIAL FIXED ASSETS – IR£000's

	Associated Undertakings			Sinking Fund and Other	
Consolidated	**Shares**	**Loans**	**Total**	**Investments**	**Total**
Balance at start of Year	7,608	0	7,608	49,996	57,604
Disposals	0	0	0	(45,544)	(45,544)
Share of Retained Profit	713	0	713	0	713
Balance at end of Year	**8,321**	**0**	**8,321**	**4,452**	**12,773**

	Subsidiary Undertakings			Sinking Fund and Other	
Parent	**Shares**	**Loans**	**Total**	**Investments**	**Total**
Balance at start of Year	11,884	40,751	52,635	49,896	102,531
Disposals	0	(5,708)	(5,708)	(45,544)	(51,252)
Balance at end of Year	**11,884**	**35,043**	**46,927**	**4,352**	**51,279**

Sinking Fund Investments included above of IR£4.352m (1994: IR£49.896m) are represented by long term bank deposits.
The market value of Sinking Fund Investments at the end of year is IR£4.352m.
The carrying amount of associated undertakings represents the group's share of their net assets.

10. STOCKS – IR£000's

	Consolidated	
	1995	1994
Materials and Spares	**66,800**	66,364
Fuel	**36,619**	31,764
Other Stock	**481**	3,764
Goods for Resale (Appliances)	**1,297**	1,523
	105,197	103,415

All the other stock above is held by subsidiary undertakings.
The replacement cost of stock is not significantly different from its balance sheet value.

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

11. DEBTORS – IR£000's

	Consolidated		Parent	
	1995	1994	**1995**	1994
Amounts falling due within one Year:				
Trade Debtors	**53,668**	50,554	**42,664**	42,111
Unbilled Consumption	**114,502**	108,532	**114,502**	108,532
Deferred Payments/Hire Purchase Contracts	**35,061**	34,432	**12,751**	10,825
Amounts owed by:				
Subsidiary Undertakings	**0**	0	**8,219**	5,087
Associated Undertakings	**167**	840	**0**	0
Other Debtors	**76,106**	56,016	**63,402**	50,411
	279,504	250,374	**241,538**	216,966
Amounts falling due after more than one Year:				
Deferred Payments/Hire Purchase Contracts	**15,782**	14,550	**421**	426
Total Debtors	**295,286**	264,924	**241,959**	217,392

12. CURRENT ASSET INVESTMENTS – IR£000's

	Consolidated and Parent	
	1995	1994
Listed	**607**	869
Market Value of Listed Investment	**640**	935

13. BORROWINGS AND OTHER DEBT – IR£000's

Consolidated	**Overdraft/ Other Debt**	**Finance Leases**	**Borrowings**	**1995 Total**	1994 Total
Borrowings due within one Year	**3,738**	**13,166**	**73,915**	**90,819**	163,674
Borrowings due after one Year					
Between 1 & 2 Years	**0**	**19,504**	**31,785**	**51,289**	135,858
Between 2 & 5 Years	**0**	**51,325**	**348,113**	**399,438**	377,213
After 5 years	**0**	**41,996**	**351,632**	**393,628**	382,702
Total Borrowings due after one Year	**0**	**112,825**	**731,530**	**844,355**	895,773
Total Borrowings Outstanding	**3,738**	**125,991**	**805,445**	**935,174**	1,059,447

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

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

Parent	Overdraft/ Other Debt	Finance Leases	Borrowings	1995 Total	1994 Total
Borrowings due within one Year	**3,738**	**13,166**	**73,909**	**90,813**	162,542
Borrowings due after one Year					
Between 1 & 2 Years	**0**	**19,504**	**31,785**	**51,289**	135,858
Between 2 & 5 Years	**0**	**51,325**	**348,113**	**399,438**	377,181
After 5 years	**0**	**41,996**	**351,632**	**393,628**	382,702
Total Borrowings due after one Year	**0**	**112,825**	**731,530**	**844,355**	895,741
Total Borrowings Outstanding	**3,738**	**125,991**	**805,439**	**935,168**	1,058,283

Borrowings totalling IR£392.3m (IR£434.5m in 1994) are state guaranteed.

14. OTHER CREDITORS – IR£000's

	Consolidated		Parent	
CREDITORS FALLING DUE WITHIN ONE YEAR	**1995**	1994	**1995**	1994
Progress Payments on Work in Progress	**9,312**	6,114	**9,312**	6,114
Trade Creditors	**57,106**	54,458	**56,003**	53,126
Other Creditors	**20,437**	16,639	**19,346**	16,386
PAYE/PRSI	**7,871**	7,702	**7,871**	7,623
VAT	**11,865**	20,595	**11,404**	20,597
Accruals and Deferred Income	**45,650**	43,026	**29,145**	31,364
Deferred Capital Grants	**27**	21	**27**	21
Amounts owed to Subsidiary Undertakings	**0**	0	**4,390**	3,950
Accrued Interest on Borrowings	**21,734**	22,467	**21,734**	22,467
Corporation Tax	**932**	425	**0**	0
Amounts owed to Superannuation Fund	**839**	987	**839**	987
	175,773	172,434	**160,071**	162,635
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR				
Deferred Capital Grants	**651**	563	**651**	563
Other Creditors	**31,936**	12,727	**31,936**	12,727
	32,587	13,290	**32,587**	13,290

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

15. PROVISIONS FOR LIABILITIES AND CHARGES – IR£000's

Consolidated & Parent	**Provision for Pension Funding (note 3)**	**Provision for Major Cyclical Overhaul**	**Provision for Currency Movements**	**Provision for Generating Station Dismantling**	**Provision for Environmental Costs**	**Provision for Restructuring Costs (note 3)**	**Total**
Balance at start of Year	0	0	61,949	19,499	3,853	25,441	110,742
Transfer from Profit and Loss Account	122,400	11,700	0	2,817	3,722	244,900	385,539
Revaluation differences	0	0	(13,170)	0	0	0	(13,170)
Utilised during Year	0	0	0	(2,643)	(6,068)	(7,631)	(16,342)
Balance at end of Year	**122,400**	**11,700**	**48,779**	**19,673**	**1,507**	**262,710**	**466,769**

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

Consolidated & Parent	**1995**	1994
Balance at start of Year	**50,008**	49,651
Provision for Repayment of Borrowings	**214**	56,803
Interest Income (incl. gains) on Sinking Fund Investments	**2,605**	3,454
Sinking Fund applied to repay Borrowings (Note 17)	**(48,475)**	(59,900)
Balance at end of year	**4,352**	50,008
Represented by:		
Sinking Fund Investments (Note 9)	**4,352**	49,896
Interest Accrued	**0**	112
	4,352	50,008

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

17. OTHER RESERVES – IR£000's

Consolidated	Non-Repayable Supply Contributions	Repaid Capital Reserve	Others	Total Other Reserves
Balance at start of Year	253,421	723,296	(205)	976,512
Non-Repayable Supply Contributions	17,410	0	0	17,410
Borrowings Repaid ex Sinking Fund	0	48,475	0	48,475
Translation Differences on Consolidation of Foreign Subsidiaries	0	0	(67)	(67)
Balance at end of Year	**270,831**	**771,771**	**(272)**	**1,042,330**

Others above relate to subsidiary undertakings.

18. CONSOLIDATED PROFIT AND LOSS ACCOUNT – IR£000's

	1995	1994
Deficit from previous Year	**(86,405)**	(67,727)
Deficit for Year	**(284,136)**	(18,678)
Deficit to next Year	**(370,541)**	(86,405)

19. CONSOLIDATED CASH FLOW STATEMENT – IR£'000s

(a) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	1995	1994
(Deficit)/Surplus after Interest and Exceptional costs	**(283,688)**	37,314
Depreciation	**116,013**	104,140
Interest	**71,516**	73,179
Provision for Liabilities and Charges – Transfer from Profit and Loss	**385,539**	41,869
Provision for Liabilities and Charges – Utilisation	**(16,342)**	(12,433)
Loss on Disposal of Tangible Assets	**4,349**	3,637
Provision for Write Down of Investments	**0**	955
Translation Differences	**(67)**	(173)
Increase in Debtors	**(30,504)**	(2,600)
Decrease in Stocks	**1,844**	13,891
Increase in Creditors	**20,731**	24,350
Net Cash Inflow from Operating Activities	**269,391**	284,129

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

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

(b) Analysis of Balances in Cash and Cash Equivalents and Movements During the Year

	Cash at Bank and in Hand	Overdraft/ Other Debt	Total
Balance at start of Year	199,911	(6,658)	193,253
Net Cash (Outflow)/Inflow	(59,417)	2,796	(56,621)
Exchange Rate Movements	1,587	124	1,711
Balance at end of Year	**142,081**	**(3,738)**	**138,343**

(c) Analysis of Changes in Financing During the Year

	Finance Leases	Long Term Loans	Non Repayable Supply Contributions	Minority Interests	Total
Balance at start of Year	138,374	914,415	255,113	63	1,307,965
Cash Flow Items:					
Payments of Finance Leases	(12,383)	0	0	0	(12,383)
New Loans taken out in Year	0	60,864	0	0	60,864
Payments of Long Term Loans	0	(184,715)	0	0	(184,715)
Non Repayable Supply Contributions	0	0	17,957	0	17,957
Non Cash Items:					
Exchange Differences	0	14,881	0	0	14,881
Minority Share of Profits	0	0	0	25	25
Balance at end of Year	**125,991**	**805,445**	**273,070**	**88**	**1,204,594**
– In Minority Interest	0	0	0	88	88
– In Other Reserves	0	0	270,831	0	270,831
– In Creditors due within one Year	13,166	73,915	4,257	0	91,338
– In Creditors due after more than one Year	112,825	731,530	0	0	844,355
– In Debtors	0	0	(2,018)	0	(2,018)
	125,991	**805,445**	**273,070**	**88**	**1,204,594**

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

20. PENSION COMMITMENTS

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

The pension costs of the scheme are assessed in accordance with the advice of independent actuaries obtained at three yearly intervals. The latest actuarial valuation for the scheme was at 31 December 1995 using the attained age method. The principal actuarial assumption was that, over the long-term, the annual rate of return on investments would be 3% higher than the annual increase in pensionable remuneration and pensions in course of payment.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was IR£848m million which exceeded the scheme's actuarial valuation of accrued liabilities based on current earnings.

The actuarial value of the assets was sufficient to cover 63% of the accrued liabilities allowing for expected future increases in earnings and pensions. Payment of the recommended funding rate and additional payments to the Scheme are planned to increase the figure to 100% over time.

The pension charge of the Group for the year was IR£36.4m (1994: IR£35.8m), based on the on-going contribution rates as advised by the actuaries. An amount of IR£268.8m has been charged to the profit and loss account, and is included in Provisions for Liabilities and Charges, to meet the Group's commitments for additional pension contributions under the CCR Restructuring Programme and to cover the cost of past service funding (see note 3).

Of the normal contributions, IR£0.8m (1994: IR£1m) is unpaid at year end and is included in Other Creditors.

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

21. ACCOUNTING YEAR

Income and expenditure are aligned on a 52 or 53 week year as appropriate. 1995 is a 52 week year (1994 - 52 weeks).

22. COMPARATIVE FIGURES

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

23. CONTINGENT LIABILITY

Deferred Tax: unutilised capital allowances and losses forward at 31 December 1995 are estimated at IR£860m. The potential tax liability deferred as a consequence of accelerated capital allowances is estimated at IR£138m (1994: IR£193m).

24. APPROVAL OF ACCOUNTS

The Board approved the accounts on 14 May, 1996.

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

25. SUBSIDIARY AND ASSOCIATED COMPANIES

Subsidiary Companies	Registered Office	Group Share %	Nature of Business
ESB International Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	International Engineering, Consultancy & Computing Services
ESBI Engineering Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Engineering (Overseas) Ltd	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Contracting Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Contracting
ESBI Consultants Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Consultancy
ESBI Engineering UK Ltd	122 London Road Kingston on Thames Surrey KP26-QJ, Great Britain.	100	Engineering & General Consultancy
EPIN European Procurement Information Network Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Marketing Software
ESBI Computing Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	95	Computer Services
Civil, Environmental & Construction Engineering Ltd	16-18 St.Stephen's Green Dublin 2.	100	Civil Engineering
Computer Plus Ltd	27 Lr Fitzwilliam St. Dublin 2.	100	Software Development
Salmara Holdings Ltd.	39 Merrion Square Dublin 2.	100	Commercial Fisheries
Salmara Fisheries Ltd.	39 Merrion Square Dublin 2.	100	Commercial Fisheries
Kealincha Salmon Ltd.	39 Merrion Square Dublin 2.	100	Fish Farming
Fleet Fish Farm Ltd.	39 Merrion Square Dublin 2.	100	Fish Farming
ESB International Services Ltd	37 Upper Fitzwilliam St Dublin 2.	100	Financial Consultancy & Computer Services
FTI Finance Ltd	International House IFSC 3 Harbourmaster Place Dublin 1.	82	Financial Management Consultancy

NOTES TO THE FINANCIAL STATEMENTS continued

Year ended 31 December 1995

25. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Subsidiary Companies	Registered Office	Group Share %	Nature of Business
ESB Fund Managers Ltd .	37 Upper Fitzwilliam St Dublin 2.	100	Funds Management
FinancElectric Ltd.	37 Upper Fitzwilliam St Dublin 2.	100	Customer Credit
ESB Industrial Holdings Ltd.	27 Lr Fitzwilliam St. Dublin 2.	100	Industrial & Commercial Projects
Power Generation Technology Snd Bhd	Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur Malaysia.	100	Power Generation Contracting
Transmission Line Services Ltd.	122 London Road Kingston on Thames Surrey KT2 6QJ.	100	Overhead Line Contracts

Associated Companies	Registered Office	Group Share %	Nature of Business
Sevent Industries Ltd.	27 Lr Fitzwilliam St. Dublin 2.	49	Electrical Distribution Material Manufacture
ESBI Energy Company	2800 Post Oak Road Houston,Texas 77056,USA.	50	Engineering Consultancy
Transpower Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	50	Development of Independent Power Projects
Seeboard International Ltd.	Grand Avenue, Hove, East Sussex BN3 2LS.	49	Consultancy
ESBI/ETV Ltd	Szecheny 1 RKP3 H 1054 Budapest V Hungary.	50	Engineering Consultancy Services
Hoermann Security System Ltd.	Mahon Industrial Estate Blackrock Cork.	21.6	Electronics Manufacturing
Corby Power Ltd.	Mitchell Road Phoenix Parkway Corby Northamptonshire NN17 IQ7 Great Britain.	20	Power Generation

APPENDIX I

ESB Input to Ireland's Economy

	1991 IR£m	1992 IR£m	1993 IR£m	1994 IR£m	**1995 IR£m**
Fuel: Natural Gas, Peat, Native Coal	132	124	129	137	**160**
Irish Suppliers of Goods and Services including Capital Work	185	182	189	218	**213**
Rates	29	31	32	34	**35**
Payroll Costs including Capital Projects	258	284	301	306	**299**
Interest paid to Irish Lenders & Stockholders	25	25	24	22	**29**
TOTAL	629	646	675	717	**736**
% of Total Costs (incl. Operating, Interest and Capitalised Payroll)	73	72	71	75	**75**

Data Summary

	1994	**1995**
Financial Outcome – Deficit	(IR£18.7m)	**(IR£284.1m)**
Turnover	IR£977m	**IR£1,026m**
Assets in Commission (before Accumulated Depreciation)	IR£2,740m	**IR£2,849m**
Sales (Million Units)	14,025	**14,699**
Customers	1,375,975	**1,407,772**
Group average number of employees	10,966	**10,362**

Electricity Supply	9,784	**9,442**
Appliance Sales	286	**260**
Others	896	**660**

Group Payroll		
Pay	IR£248m	**IR£242m**
ESB Normal Contribution to Pension Fund/ PRSI and Expenses	IR£60m	**IR£59m**

FINANCE

APPENDIX II

5 Year Summary – Financial Statistics

FINANCIAL STATISTICS	1991 IR£m	1992 IR£m	1993 IR£m	1994 IR£m	**1995 IR£m**
Operations:					
Turnover	860	915	943	977	**1,026**
Expenditure	856	913	964	996	**1,310**
Surplus/(Deficit)	4	2	(21)	(19)	**(284)**
Cumulative Deficit	(49)	(47)	(68)	(87)	**(371)**
FUNDING CAPITAL DEVELOPMENT PROGRAMME:					
Requirements:					
Capital Expenditure	116	140	170	154	**148**
Working Capital Movement	23	(3)	(9)	106	**30**
	139	137	161	260	**178**
Financing:					
Internal Resources (after Debt Repayment)	31	20	-	-	**84**
Borrowings	108	117	161	260	**94**
	139	137	161	260	**178**
SOURCES AND EMPLOYMENT OF CAPITAL:					
Sources:					
Debt Liabilities Outstanding	976	916	938	1,009	**931**
Reserves	745	825	884	940	**676**
	1,721	1,741	1,822	1,949	**1,607**
Employment:					
Net Fixed Assets	1,513	1531	1,581	1,659	**1,672**
Capital Work-in-Progress	63	88	101	68	**71**
Net Current Assets	145	122	140	222	**(136)**
	1,721	1,741	1,822	1,949	**1,607**

FINANCE

APPENDIX II (Cont'd)

5 Year Summary – Key Ratios

	1991	1992	1993	1994	**1995**
Return on Average Capital Employed (%)	7.7	8.3	7.0	6.1	**(10.8)**
Debt/Net Assets (%)	57.0	53.0	52.0	52.0	**58.0**
Current Ratio (Times)	2.5	2.5	2.4	3.0	**3.1**
Interest Cover (Times) (excl. Interest Capitalised)	1.6	1.9	1.7	1.7	**(3.0)**
Foreign/Total Borrowings (%)	68.0	66.0	48.0	35.2	**20.3**
Internal Resources/ Capital Expenditure (%)	26.0	14.0	–	–	**57.0**
Average Electricity Credit Period (Days from Date Billed)	20.9	17.3	16.6	15.6	**15.1**

Annual Capital Expenditure (IR£m)

Year	Distribution	Transmission	Generation	General
1991	70.0	2.0	24.0	20.0
1992	84.0	4.0	34.0	18.0
1993	106.0	8.0	35.0	21.0
1994	90.0	6.0	41.0	17.0
1995	**99.6**	**15.7**	**10.2**	**22.4**

Analysis of Cumulative Investment in Fixed Assets (%)

	1985/ 1986	1986 (9 mths)	1987	1988	1989	1990	1991	1992	1993	1994	**1995**
Distribution	27	25	24	25	26	31	32	33	34	36	**36**
Transmission	14	15	15	15	14	11	11	10	10	10	**9**
Generation	53	54	56	54	53	51	50	49	48	46	**46**
General	6	6	5	6	7	7	7	8	8	8	**9**

FINANCE

APPENDIX II (Cont'd)

Currency and Repayment Profile

	Repayable within 1 year	Repayable within 1 to 2 years	Repayable within 3 to 5 yrs	Repayable within 6 to 10 yrs	Repayable after 10 yrs	Total	Currency as % of Total Borrowings
	IR£000's	IR£000's	IR£000's	IR£000's	IR£000's	IR£000's	%
IRISH POUNDS	81,507	35,928	277,596	282,527	64,512	742,070	79.7
EUROPEAN							
Swiss Francs	-	9,472	45,908	20,745	14,862	90,987	9.8
ECU's	5,567	5,889	30,782	10,983	-	53,221	5.7
Sterling	-	-	45,152	-	-	45,152	4.8
	87,074	51,289	399,438	314,255	79,374	931,430	100.0
Repayment Profile	9.4%	5.5%	42.9%	33.7%	8.5%	100%	

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

FINANCE

APPENDIX II (Cont'd)

Detailed Statement of Borrowings (Parent) – including leases

Amount Borrowed		Year(s) of Borrowing		Year(s) of Maturity	Balance Outstanding 31 Dec. 1995	
000's			**IRISH POUND BORROWINGS**		000's	
IEP	20,000	1983	Stock - 13.5%	2006/08	IEP	19,778
IEP	30,000	1988	Stock - 8.25%	2003	IEP	20,250
IEP	40,000	1993 - 1994	Stock - 8.25%	2013	IEP	40,000
IEP	231,945	1984 - 1995	Domestic Financial Institutions	1989/2002	IEP	167,502
IEP	77,000	1990 - 1995	European Investment Bank	1995/2004	IEP	75,800
IEP	21,252	1994	U.S. Bank	2008	IEP	19,901
			FOREIGN CURRENCY BORROWINGS			
		1978/93	European Investment Bank	1983/2008		
USD	106,666*		- United States Dollars		USD	55,413
DEM	270,215		- Deutsche Marks		DEM	88,836
NLG	148,894		- Netherlands Guilders		NLG	55,705
CHF	361,576		- Swiss Francs		CHF	148,374
JPY	10,205,000*		- Japanese Yen		JPY	5,301,258
GBP	20,185*		- Sterling		GBP	17,935
XEU	82,641		- European Currency Unit		XEU	55,898
LEC	2,761,636		- Luxembourg Francs		LEC	335,302
ITL	8,145,000*		- Italian Lire		ITL	4,990,442
FRF	149,600		- French Francs		FRF	96,791
FRF	376,961	1973/85	French Banks	1977/2004	FRF	45,402
CHF	125,625	1981/85	Swiss Export Agency	1986/97	CHF	10,562
JPY	3,400,000*	1988	Japanese Bank	1998	JPY	3,400,000
JPY	2,500,000*	1989	Japanese Bank	1999	JPY	2,500,000
XEU	76,215*	1989/95	U.S. Insurance Co.	1999	XEU	76,215
XEU	30,676*	1990/95	U.S. Insurance Co./Swiss Bank	2001	XEU	30,676
JPY	2,600,000*	1991	Japanese Bank	1996	JPY	2,600,000
FRF	180,000*	1991	German Bank	2001	FRF	180,000
JPY	3,000,000*	1992	Japanese Insurance Co.	2002	JPY	3,000,000
NLG	100,000*	1992	Dutch Bank	2002	NLG	100,000
JPY	6,000,000*	1993	Japanese Insurance Co.	2003	JPY	6,000,000
DEM	24,161*	1993	Austrian Bank	2000	DEM	12,050
USD	15,000*	1994	Japanese Insurance Co.	2001	USD	15,000
JPY	3,000,000*	1994	Japanese Insurance Co.	2004	JPY	3,000,000
DEM	15,980*	1994	German Bank	2008	DEM	15,980

*Currency debt swaps contracts in place.

ELECTRICITY SALES

APPENDIX III

Analysis of Units Sold

Class of Supply	**1995 (Millions)**	1994 (Millions)	Increase (Millions)	% Increase
Domestic	**5,455.1**	5,314.4	140.7	2.6
Commercial	**3,595.7**	3,442.0	153.7	4.5
Industrial	**5,648.3**	5,268.5	379.8	7.2
TOTAL	**14,699.1**	14,024.9	674.2	4.8

Growth of ESB 1930-1995

Year	Units Generated (and purchased)* Millions	Units sold to Customers Millions	Revenue from Electricity sales IR£000	Average price per unit sold Pence	Customers Total
1929/30	60.9	43.2	478	1.108	48,606
1939/40	407.0	318.6	1,946	0.612	172,545
1949/50	784.8	626.1	4,774	0.763	310,639
1959/60	2,096.0	1,692.2	14,724	0.871	610,946
1969/70	5,245.7	4,411.6	39,400	0.892	786,500
1979/80	10,213.6	8,560.3	300,024	3.505	1,043,428
1985/86	11,465.1	9,787.8	757,172	7.736	1,194,765
1990	13,895.4	11,768.0	756,074	6.425	1,278,870
1991	14,634.6	12,370.1	785,205	6.348	1,302,061
1992	15,470.6	13,103.9	826,464	6.307	1,326,547
1993	15,831.4	13,438.7	842,416	6.269	1,348,196
1994	16,485.7	14,024.9	874,879	6.238	1,375,975
1995	17,237.8	14,699.1	913,143	6.212	1,407,772

*Excluding Units absorbed by Storage Pumping.

DISTRIBUTION

APPENDIX IV

Distribution System Trends

	1991	1992	1993	1994	**1995**
Networks Installed (Km)	965	1,019	1,025	853	**1,013**
Transformer Capacity (kVA)	250,289	471,930	447,821	389,384	**519,209**
New Dwellings Connected	19,594	21,624	20,864	26,552	**29,804**
Capital Expenditure (IR£000)	69,581	84,105	105,758	89,700	**99,600**

Network Statistics

	Installed in 1995	In Service at 31/12/1995
Overhead Lines (Km)	784	81,086
Underground Cables (Km)	229	3,986
Substations - Number	3,391	161,521
Substations - Capacity (MVA)	519	14,957

Capital Expenditure

Capital Expenditure on the Distribution Network in 1995 was IR£99.6m, and the work programmes included:

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

TRANSMISSION

APPENDIX V

Transmission System Trends

	1991	1992	1993	1994	**1995**
Networks Installed (Km)	2,083	2,083	2,083	2,083	**2,083**
Transformer Capacity (kVA)	11,186,500	11,186,500	11,436,500	11,616,500	**11,616,500**

Network Statistics

		Installed in 1995	In Service at 31/12/1995
Overhead Lines (Km)		–	2,018
Underground Cables (Km)		–	65
Substations	- Number	–	21
	- Capacity (kVA)	–	11,616,500

Designed and produced by Design Factory

Photography: Neil Warner

Portraits: Brendan Burke

Origination by Graphic Reproductions

Printed by Wood-Printcraft

ESB

ELECTRICITY SUPPLY BOARD
BORD SOLÁTHAIR AN LEICTREACHAIS

	1996	1995
1. TURNOVER – IR£000's		
(a) Business activity:		
Electricity	**981,766**	913,567
Retail and contracts	**55,838**	54,316
Other activities	**57,341**	58,329
	1,094,945	1,026,212
(b) Geographic markets (originating primarily in Ireland):		
Ireland	**1,050,034**	982,687
Europe	**19,191**	21,162
Others	**25,720**	22,363
	1,094,945	1,026,212

2. OPERATING COSTS – IR£000's		
Payroll	**239,147**	249,418
Fuel	**296,320**	274,481
Operations and maintenance	**349,719**	347,185
	885,186	871,084

3. EXCEPTIONAL COSTS – IR£000's		
(a) Restructuring costs:		
CCR voluntary severance	**9,900**	172,100
Other CCR restructuring costs	**0**	50,600
Financing charge	**9,000**	0
	18,900	222,700
Pre CCR voluntary severance	**0**	22,200
	18,900	244,900

A comprehensive review, known as the Cost and Competitiveness Review (CCR), of ESB's cost base was completed at the end of 1995. This review, involving management, trade unions and the government in a tripartite process has led to a major restructuring programme. It is expected that 2,000 staff will leave ESB. The estimated discounted cost of implementing the CCR restructuring plan, including related adjustments to superannuation contributions, is IR£277.6m, the voluntary severance element of which is being accounted for over the service lives of the relevant staff.

This total cost is being charged to the profit and loss account as follows:

1994	23,700
1995	222,700
1996	9,900
1997-99	21,300
	277,600

The financing charge of IR£9m has been calculated in accordance with the accounting policy for discounting set out on page 50.

(b) Other – past service pension funding	**0**	122,400

The charge of IR£122.4m in 1995 represented the Board's commitment to making additional contributions to the Superannuation Scheme in respect of an identified actuarial deficit.

26. SUBSIDIARY AND ASSOCIATED COMPANIES

Subsidiary companies	Registered office	Group share %	Nature of business
ESB International Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	International engineering, consultancy & computing services
ESBI Engineering Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Engineering (Overseas) Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Engineering
ESBI Contracting Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Contracting
ESBI Consultants Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Consultancy
ESBI Engineering UK Ltd.	122 London Road Kingston on Thames Surrey KP2 6QJ, Great Britain.	100	Engineering & general consultancy
EPIN European Procurement Information Network Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	100	Marketing software
ESBI Computing Ltd.	Stephen's Court 18-21 St. Stephen's Green Dublin 2.	95	Computer services
Civil, Environmental & Construction Engineering Ltd.	16-18 St.Stephen's Green Dublin 2.	100	Civil engineering
Computer Plus Ltd.	27 Lr Fitzwilliam St. Dublin 2.	100	Software development
Salmara Holdings Ltd.	39 Merrion Square Dublin 2.	100	Non-trading
ESB International Services Ltd.	37 Upper Fitzwilliam St Dublin 2.	100	Financial consultancy & computer services
FTI Finance Ltd.	International House IFSC 3 Harbourmaster Place Dublin 1.	81.1	Financial management consultancy