The National Oil Reserves Agency Designated Activity Company

An Ghníomhaireacht Chúltaca Ola Náisiúnta

Directors' Report and
Financial Statements

Year ended 31st December 2023

Registered Number 229229

The National Oil Reserves Agency Designated Activity Company
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Directors and other information

Directors	Frank Gleeson (appointed 29 November 2023)	Chairperson
	Terry Nolan (retired 13 October 2023)	Chairperson
	Frank O'Flynn	
	Keara Robins (retired 30 August 2023)	
	Mairéad McCabe	
	Rossa McCann	
	Yvonne Coughlan (appointed 29 November 2023)	
	Frank Bergin	Chief Executive
Secretary	Lisa Mullan	
Management	Frank Bergin	Chief Executive
	Lisa Mullan	Financial Controller
	Gavin Norris	Operations Manager
	Justin Fahey	Commercial Manager
Company number	229229	
Registered office	Second Floor, Building Number 3 Number One Ballsbridge 126 Pembroke Road Dublin 4 D04 EP27	
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1 D01 PF72	
Bankers	Bank of Ireland Lower Baggot Street Dublin 2 D02 Y754	
	National Treasury Management Agency Treasury Dock, North Wall Quay Dublin 1 D01 A9T8	
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 D02 T380	

Chairperson's Statement

The National Oil Reserves Agency Designated Activity Company (NORA) is responsible for:

- Ensuring that Ireland meets its obligations under EU legislation and International Energy Agency (IEA) rules to maintain a minimum of 90 days' stocks of oil for use in the event of an emergency or a physical shortage of supplies, and;

- Administering Ireland's Renewable Transport Fuel Obligation (RTFO) Scheme, formerly the Biofuels Obligation Scheme (BOS), including fulfilment of the role of designated authority for measuring compliance with Article 7(a) of the Fuel Quality Directive (FQD).

Background to NORA
NORA was established in 1995 under the European Communities (Minimum Stocks of Petroleum Oils) Regulations 1995 as a private limited company for the maintenance of Ireland's strategic oil reserves. For pragmatic reasons it was set up as a subsidiary of Irish National Petroleum Corporation Limited (INPC).

In July 2001, the business and commercial assets of INPC were sold to Tosco Corporation. NORA did not form part of that transaction. It was subsequently considered appropriate that NORA should be established on a statutory basis as a private limited company independent of INPC. The Government white paper entitled "*Delivering a Sustainable Energy Future for Ireland*" (Section 3.7.3), published in March 2007 confirmed a commitment by Government to establish NORA as an independent statutory body in 2007.

On 1st August 2007, as provided for in the National Oil Reserves Agency Act 2007, NORA was established as a stand-alone state body under the aegis of the Minister for Environment, Climate and Communications.

NORA's Oil Stocks Obligation
NORA meets its oil stockholding Obligation by a combination of:

- Stocks owned by NORA and stored in Ireland and in other EU and Non-EU Member States in accordance with S.I. No. 541 of 2012 – European Union (Oil Reserves) Regulations 2012, and;

- Stocks held by NORA under short term commercial contracts ("Stock Tickets") in Ireland and EU Member States with whom Ireland has concluded a Bi-lateral Oil Stockholding Agreement in accordance with S.I. No. 541 of 2012 – European Union (Oil Reserves) Regulations 2012. These short-term contracts are effectively an option to purchase a quantity of oil in emergency circumstances during the period of the contract.

The year-on-year changes to NORA's Obligation volumes for 2020, 2021, 2022 and 2023 were as follows:

	Obligation (kT) 2020	Obligation (kT) 2021	Obligation (kT) 2022	Obligation (kT) 2023
Refined Product	1,667	1,416	1,487	1,603
Crude Oil (unrefined)	70	70	70	70
Equivalent Total as Refined Product	1,723	1,472	1,543	1,659

Strategic Oil Stocks Obligation

The calculation of Ireland's annual oil stocks Obligation volume is determined by the methodology set out in the EU Oil Stocks Directive 2009/119. The obligation in any given year is determined by Ireland's net imports of oil in the previous year. Given the significant impact of the travel restrictions imposed on foot of the Covid-19 pandemic, this led to a significant reduction in NORA's stock holding obligation in 2021 and 2022.

These restrictions continued to be particularly pronounced in the Aviation sector, where demand in 2021, the period that determined the 2022 obligation, was down by 60% versus the demand in 2019. The Irish economy has recovered strongly through 2022 and 2023 and it is expected that this will see the stock holding obligation for the coming period increase almost to the levels applicable in 2019.

The physical stocks, including stock tickets, owned by NORA and stored both in Ireland and abroad at the end of 2023 compared to previous years consisted of:

	2018 (kT)	2019 (kT)	2020 (kT)	2021 (kT)	2022 (kT)	2023 (kT)
Gasoline	311	289	297	231	231	206
Distillates	1,304	1,395	1,350	1,348	1,113	1,409
Tickets	41	115	128	0	118	42
Total	**1,656**	**1,799**	**1,775**	**1,579**	**1,462**	**1,657**

Obligation Volumes -v- Actual Stocks Held

A summary of NORA stock obligation volumes and the actual stocks held for the last six years is set out in the table below:

	2018	2019	2020	2021	2022	2023
Obligation (kT)	1,655	1,702	1,723	1,472	1,543	1,659
Stocks held (kT)	1,656	1,799	1,775	1,579	1,462	1,657
Days obligation	90	90	90	90	90	90
Days held	90	95	93	97	85	90

At the end of December 2023, NORA was holding 90 days of stock. The minor shortfall in 2023 (2kT) reflects some support, by way of product loans, that was provided to the oil industry over the last few days of December on foot of some supply logistics challenges faced by the industry.

At the end of December 2022, NORA was holding 85.3 days of stock versus its obligation to hold 90 days. The shortfall reflects the fact that Ireland participated in two voluntary IEA product releases following the Russian invasion of Ukraine – the first release took place in March 2022 and the second in April 2022. In keeping with the recommendations of the IEA and the EU Commission, these stocks were not replenished in 2022. The Agency subsequently rebuilt its stocks back to 90 days during January 2023.

At the 31st December 2023, NORA held 73% of its stocks on the island of Ireland. However, this rose to almost 76% as a result of product movements being completed in January 2024.

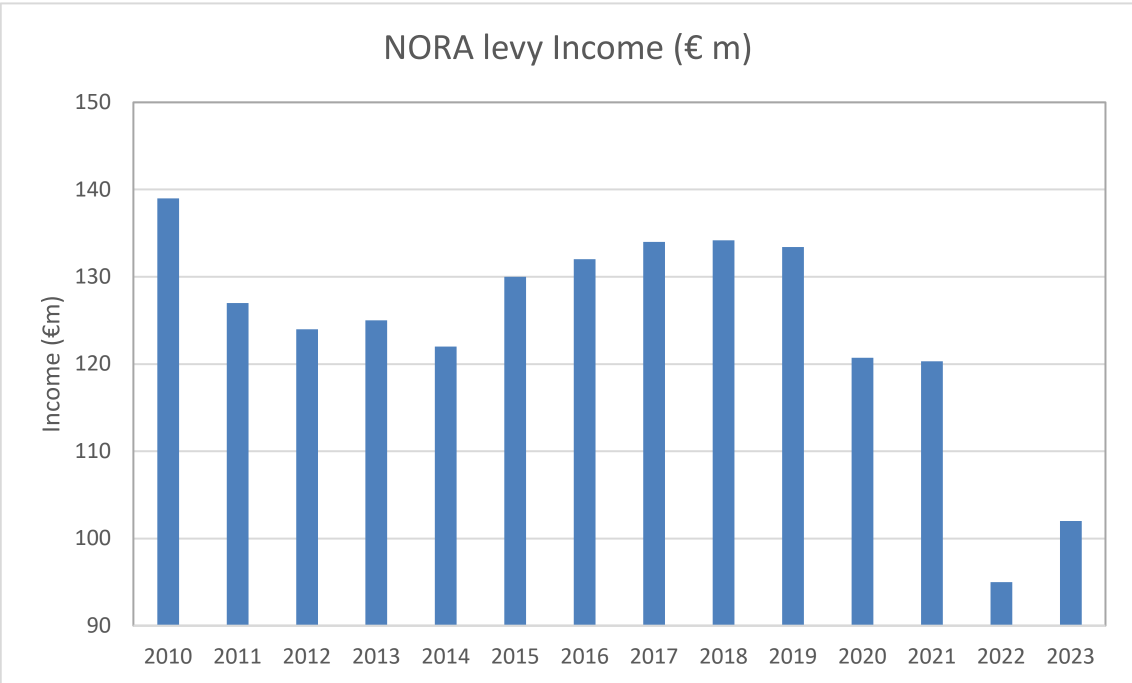
NORA Levy Income

NORA is funded by a Levy on the sale of oil products. Its revenue is used to fund the procurement and holding of Ireland's strategic oil stocks and other expenses of the Agency. NORA receives no Exchequer funding.

On 1st October 2009, the NORA Levy was increased from 1 cent per litre, to 2 cent per litre under the terms of the National Oil Reserves Agency Act 2007 (Returns and Levy) Regulations 2007. The RTFO (Biofuel Levy) was also set at 2 cent per litre upon the introduction of the Energy (Biofuel Obligation and Miscellaneous Provisions) Act 2010 which introduced the Renewable Transport Fuel Obligation (RTFO), formerly known as the Biofuels Obligation Scheme (BOS).

On 1st August 2020, arising from the enactment of the National Oil Reserves Agency (Amendment) and Provision of Central Treasury Services Act 2020, the Renewable Transport Fuel Obligation levy was amended to 0.1 cent per litre. In 2022, the Electricity Costs (Domestic Electricity Accounts) Emergency Measures and Miscellaneous Provisions Act 2022, reduced the NORA Levy to 0.1 cent per litre as part of the Government's temporary support measures to combat the cost of living crisis. The Levy was restored to 2 cent per litre at end of February 2023.

Levy income (€ millions) in recent years has been as follows:



Financing

In March 2017, NORA reached a point of zero debt having reduced its debt from €444 million in 2009. Since 2017, NORA has managed its cash reserves by holding deposits with financial institutions and the National Treasury Management Agency (NTMA). NORA reviews its deposit strategy regularly and considers both market interest rates and capital preservation when making its decisions on depositing funds.

Climate Action Fund

Since the conclusion of the repayment of debt in 2017, the annual level of income derived from the NORA and Renewable Fuels Levies resulted in a surplus of income for the Agency each year until 2022. This surplus had been retained pending the development of plans by Government for the repurposing of the Levy as a source of funding for the new Climate Action Fund (CAF).

Accordingly, the National Oil Reserves Agency (Amendment) and Provision of Central Treasury Services Act was enacted on 1st August 2020. This new legislation facilitates the transfer of allocated funds to the Department of Environment, Climate and Communications as directed by the Minister. In accordance with the provisions of this legislation, NORA transferred €80.0 million to the Climate Action Fund in 2023, having transferred €92.0 million during 2022, €96.0 million in 2021 and €28.0 million in 2020.

End of Year Financial Position

NORA is constantly seeking to optimise "value for money" in its operations, in particular, in relation to its ongoing storage costs and financing costs, both of which combine to represent almost 90% of NORA's total annual costs.

At 31st December 2023, NORA's cash in hand was €107.1 million, this includes cash held in current accounts, call deposit accounts and National Treasury Management Agency (NTMA) exchequer notes due to mature between 31st December 2023 and 31st March 2024. The cash in hand position does not include NTMA exchequer notes with maturity dates after 31st March 2024 which amount to €205.8 million. These NTMA exchequer notes have been classified as financial investments within these financial statements. This cash in hand position takes account of:

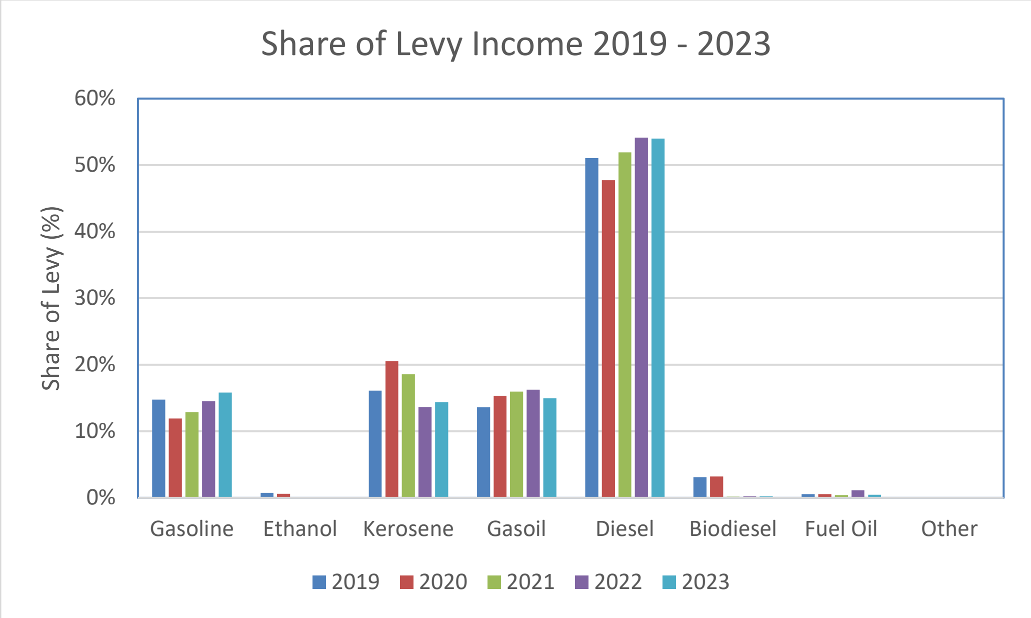
(a) NORA's ongoing financing requirements and commitments, and;
(b) the procurement of oil stocks associated with planned changes in storage contract arrangements and stock procurement in 2024 and onwards.

Taking account of the commitments above, plans are in hand for the utilisation and availability of these cash balances in 2024 and beyond, based on commitments made and/or planned which are summarised as follows:

	€ million
Cash in Hand at 31st December 2023	107.1
Stock Purchases 2024 increased obligation (note 20)	- 47.9
Other Capital Expenditure (note 20)	-1.3
Net Cash Position	57.9
NTMA Exchequer Notes with maturity over 3 months	205.8

Composition of the NORA Levy

A breakdown of the share of Levy income by product for the last five years is set out below, which clearly illustrates the significant share of the market that is diesel based. The data also highlights the continued increase in the share of the levy being derived from petrol volumes reflecting the ongoing switch from diesel to petrol vehicles and the growth of petrol hybrid cars.



Renewable Transport Fuel Obligation Scheme (formerly Biofuels Obligation Scheme)
NORA commenced its administration of Ireland's Renewable Transport Fuel Obligation (RTFO) Scheme formerly called the Biofuels Obligation Scheme (BOS) on 1st July 2010 shortly after the introduction of "The Energy (Biofuel Obligation and Miscellaneous Provisions) Act 2010".

This legislation was introduced to give effect to the provisions of the EU Directive 2009/28/EC (the Renewable Energy Directive – RED) on the promotion of the use of energy from renewable sources.

In July of 2022, S.I. 350 of 2022 came into effect. This instrument transposed RED II into Irish Law and gave legal effect to a number of those policy initiatives.

In March of 2023, the Biofuels Obligation Scheme was also amended and is now known as the Renewable Transport Fuel Obligation (RTFO) Scheme.

The RTFO places an obligation on suppliers of mineral oil to ensure that a minimum percentage of the motor fuels (Gasoline and Motor Diesel) they place on the market are Biofuels which manufactured from sustainable, renewable sources, e.g. Ethanol and Biodiesel.

In 2010, the RTFO (BOS) rate was set at 4.17% (i.e. 4 litres of biofuel and 96 litres of fossil fuel in every 100 litres of fuel placed in the market). The blend obligation rate has steadily increased in the intervening period up to 16.985% by energy for 2023.

During 2021, as part of a reorganisation within the Department of Environment, Climate and Communications, the responsibility for Renewables in Transport was transferred to the Department of Transport. In June of 2023, the Department of Transport issued an updated Policy Statement on Renewables in Transport. This document re-enforced a number of ambitious targets including an indicative trajectory for further increases in the biofuel blending obligation rate for the period to 2030, the potential extension in scope of the RTFO to include blending of biodiesel in the rail sector and the inclusion of electricity in road and rail transport.

Renewable Transport Fuel Obligation Volumes

The table below sets out how the annual volume of Biofuels as a percentage of total Motor Fuels placed on the market compares to the minimum percentage Obligation.

It should be noted that the percentages take account of the fact that:

i. The terms of compliance with the RTFO enables Obligated Parties to carry excess RTFO Certificates earned in one year through to the next, to meet compliance in that year, and;

ii. Biofuels placed on the market that are made from wastes or residues qualify for "double certificates" i.e., 1 litre of Biofuels made from waste will earn 2 RTFO Certificates, and thus, with a significant volume of "waste or residue" Biofuels placed on the market, the total volume placed is likely to be less than the total Obligation volume percentage, but compliance with the Obligation is still achieved.

iii. In April of 2023, the Department of Transport implemented legislation giving additional certificates for biofuels produced from certain feedstocks including HVO, biomethane etc.

iv. In the event that an obligated party does not have sufficient certificates to meet their obligation, then that obligated party can opt to pay a buy-charge.

RTFO Rates and Volumes 2016 – 2023

Year	Biofuel Volume (mL)	Biofuel Energy (PJ)	BOS Certificates (Million)	BOS Certificates (Billion)	Physical Biofuel blend rate	Blend rate inclusive of double certs	Obligation rate
2016	174		285		3.7%	6.3%	6.4%
2017	226		393		4.8%	8.9%	8.7%
2018	216		383		4.6%	8.5%	8.7%
2019	260		476		5.5%	10.7%	11.1%
2020	239		457		6.1%	12.3%	12.4%
2021	247		459		5.9%	11.6%	12.4%
2022	309		552		6.8%	13.1%	14.9%
2023	404	12.6		26.1	8.5%	17.5%	17.0%

Note: The RTFO obligation moved to an energy based model in 2023, therefore the data now refers to the energy content of the biofuels placed on the market in Peta Joules (PJ). Certificates are awarded per MJ of energy placed on the market – hence the significant increase in the absolute number of certificates awarded.

Obligated parties can meet up to 15% of their annual obligation by carrying forward certificates from prior years. Inclusive of some carried forward certificates, the 2023 compliance target was achieved.

The increased blending obligation for 2023 resulted in a significant increase in the use of HVO (hydrotreated vegetable oil) in the diesel stream with volumes in 2023 representing close to 30% of total biodiesel volumes placed on the market.

Ensuring adherence to adequate levels of compliance with the RTFO is an important aspect of NORA's administration, as the extent of use of renewable Motor Fuels in the market is a key measure of Ireland's level of compliance with the EU Renewable Energy Directive.

To this end, the Agency continues to provide the relevant Departments with a detailed report on the performance of the RTFO for each year of the operation of the Scheme. A summary version of these reports is published on the Agency's website, https://www.nora.ie/biofuels-obligation-scheme/bos-annual-reports.225.html

Each year the Agency conducts a detailed audit of the participants in the Scheme and provides a full report on same to the Department.

RTFO Buy-out Charge
During 2023, there were no RTFO buy-out charges paid over to NORA. In 2022, two obligated parties paid the buy-out charge, with the amounts being paid to the exchequer in line with legislation.

NORA – Designated Authority for the Fuel Quality Directive (FQD)
The FQD was transposed into Irish Legislation on 17th April 2017. There is a significant overlap between the reporting requirements of the RED and the FQD. Given this significant overlap, it was recognised that it would be administratively simpler to combine the reporting requirements of both Directives with the RTFO.

In addition to its role as administrator of the RTFO, with effect from 19th April 2017, under S.I. No. 160 of 2017 transposing the Fuel Quality Directive (FQD) 98/70/EC as amended by 2009/30/EC, NORA was appointed as the designated authority for the administration and monitoring compliance of the Fuel Quality Directive (FQD).

The FQD sets technical specifications on health and environmental grounds for fuels used for motor vehicles. Article 7(a) of the FQD introduced an obligation on fuel suppliers to reduce greenhouse gas emissions by up to 10% per unit of energy. The target was to achieve a reduction of at least 6% by 31st December 2020 and for each subsequent year thereafter compared to 2010. S.I. 670 of 2020 reaffirmed that the obligations of S.I. 160 extended beyond 2020.

As the designated authority for the administration of Article 7(a) of the FQD legislation, NORA has expanded the RTFO systems to establish the necessary arrangements for monitoring the compliance of obligated parties with the legislation. Fuel suppliers are required to achieve a 6% reduction in the greenhouse gas (GHG) intensity of fuels used in road vehicles, non-road mobile machinery, agricultural and forestry tractors and recreational craft.

Fuel suppliers can contribute to achieving this target by placing electricity (with a lower carbon intensity) on the market and through the use of Upstream Emission Reductions (UERs). Meeting the 6% carbon intensity reduction target is very challenging for fuel suppliers and compliance with the RTFO will not in and of itself deliver compliance with the FQD. To reach a 6% carbon intensity reduction using biofuels alone would require a physical biofuel blend of around 10% in both gasoline and diesel.

While carbon savings generated from electricity consumed in EVs and from Upstream Emission Reductions can also contribute to achieving the FQD targets, neither of these two routes made any significant contribution in 2023. This is largely driven by the fact that the potential penalty for non-compliance with S.I. 160 and S.I. 670 are significantly below the costs of either purchasing Upstream Emission Reductions or placing additional biofuel on the market.

Throughout 2023, NORA and the RTFO Team have continued to support the Department of Transport in developing a strategy for managing the requirements of several complementary yet differing drivers for increasing renewable energy penetration and reducing GHG emissions in the transport sector, namely Article 7(a) of the FQD (6% carbon intensity reduction target), RED, RED II and Ireland's national policy for reducing GHG emissions. This work is expected to continue through 2024.

Energy Management Obligation in 2023
In 2023, NORA met its Public Body Energy Management obligations set out in S.I. No. 426/2014 - European Union (Energy Efficiency) Regulations 2014. NORA has progressed its Energy Management objectives by continuing to participate in the Sustainable Energy Authority of Ireland's (SEAI) public sector system for Energy Monitoring and Reporting. A more detailed report on NORA's Energy Management is available on NORA's website, www.nora.ie.

In September, NORA submitted its Climate Action Road Map to SEAI (as required under the Government's Climate Action Plan 2023 (CAP23), setting out the key projects and activities that will ensure that the Agency will meet its obligation to deliver on its carbon emissions and energy efficiency targets in future years.

Covid-19 Pandemic
On 12th March 2020, as a result of the Covid-19 global pandemic, the Irish Government issued a directive instructing all non-essential businesses to close or work remotely. NORA invoked its Business Continuity Plan whereby all staff commenced working remotely and continued thereafter to manage the day-to-day business of the organisation on that basis. In accordance with Government guidelines, a phased return to the office commenced in 2022. The Agency continues to operate a hybrid model of working for all staff.

War in Ukraine
The Russian invasion of Ukraine on 24th February 2022 has had a significant impact on global energy markets, resulting in a high level of volatility in commodity prices.

In an effort to provide some assurance to the oil markets, the IEA called for two separate voluntary releases of strategic reserves – the first of these on the 1st March 2022 and the second, larger release on 1st April 2022. Ireland opted to support these requests with the release of 30kT of Diesel from its stocks in Denmark and 57kT of Jet A1 from its stocks in the UK. In keeping with the advice from the IEA and the EU Commission, NORA opted not to replace this volume in 2022 but has completed its stock rebuild in January 2023.

In June 2022, the EU Commission adopted its 6th package of sanctions against Russia. This package provided for a ban on the import of seaborne crude oil and finished petroleum products together with other sanctions such as a ban on the provision of insurance and financial services for the transport of oil products. Whilst the ban on crude oil imports took effect on the 5th December, the sanction on finished oil products only came into effect on 5th February 2023. A number of oil companies imposed their own self-sanction regime in advance of this package of sanctions with the consequence of some tightening in the oil supply chain through 2022. In December 2023, the EU Commission adopted its 12th package of sanctions on Russia.

Israel-Gaza War
The Hamas incursion into Israel on 7th October 2023 and the subsequent response by Israel has led to significant tensions in the Middle East and added to the uncertainty regarding the supply of oil and gas.

Red Sea Assaults
Recent attacks by Houthi militants on ships transiting through the Gulf of Aden and the Red Sea has further added to the challenges faced by shippers moving oil from the Far East into Europe.

Conclusion
I would like to thank the members of the Board and staff for their dedication and assistance during the year. I would also like to express my thanks to the Minister for his encouragement and interest in the work of the Agency. My thanks are also due to the staff of the Oil Security of Supply and Emergency Co-ordination unit of the Department of the Environment, Climate and Communications and the Climate Adaption, Research and Energy unit of the Department of Transport for their continuing support and assistance throughout the year.

Frank Gleeson
Chairperson

Date: **28 May 2024**

Directors' Report

The directors submit their report and the audited Financial Statements for the year ended 31st December 2023.

Principal activities and review of the business

On 1st August 2007, NORA was established as an Agency on a statutory basis under the aegis of the Minister for Environment, Climate and Communications. The Agency operates in accordance with multiple statutes and regulations.

The operations of the Agency consist of managing the strategic stocks of Ireland required under EU legislation and administering Ireland's Renewable Transport Fuel Obligation. The company meets its oil stocks obligations by owning stocks and by entering into agreements with third parties in Ireland and abroad to store stocks owned by the Agency and to make other strategic stocks available in certain specific circumstances.

The majority of the Agency's stocks have, to date, been held and managed by third parties in independently owned and operated storage facilities at home and abroad. However, as part of the Agency's medium to long term storage development plans, NORA has secured long term leases in respect of three storage facilities (at Ringsend, Dublin; Tarbert, Co. Kerry; and Poolbeg, Dublin). The commissioning of Ringsend in 2011 and Tarbert in 2012 marked the commencement by the Agency of the responsibility for the operation and maintenance of these facilities in accordance with all prevailing regulations, with particular emphasis on health, safety and regulatory compliance.

The refurbishment of the facility at Poolbeg in Dublin was the next step in the Agency's storage development programme in Ireland. In 2020, NORA completed the refurbishment of the then redundant oil storage at the ESB site at Poolbeg Dublin, which provides c. 120,000 tonnes of additional distillate storage. The completion of this project has provided a valuable increase to oil reserves stored in Dublin Port through which circa 70% of Ireland's total oil products are imported.

The Agency was delegated the task of administering the Renewable Transport Fuels Obligation (formerly Biofuels Obligation Scheme) which came into operation on 1st July 2010 following the commencement of the Energy (Biofuel Obligation and Miscellaneous Provisions) Act 2010. The Agency has successfully managed the Obligation periods to date in accordance with the requirements of the scheme and will adapt such administration to meet future scheme requirements as they develop.

The costs of the Agency's operations are recoverable by the company through the oil stocks levies.

The directors do not anticipate any significant changes in the principal activities of the company in the foreseeable future.

Having repaid all outstanding debt in 2017, it is planned, subject to affordability, to finance stock purchases through the use of cash and financial assets. Where required, stock will be financed by medium term revolving credit facilities, with the aim of having a balanced maturity profile.

Exchange rate exposure arises on strategic stock purchases and sales and on certain operating costs. Foreign currency spot and forward contracts and options are used to reduce volatility arising from currency fluctuations.

The Agency seeks to minimise cash balances held in current accounts. Cash surpluses are deposited with the National Treasury Management Agency (NTMA) or with banks with an appropriate credit standing, in a manner which provides the most competitive return whilst also ensuring capital preservation.

All financial instruments are used to match underlying physical requirements and are non-speculative in nature. Financial transactions are entered into in line with the Specification of the Minister for Finance under the Financial Transactions of Certain Companies and Other Bodies Act 1992.

Results for the year

The results are disclosed on page 27 of the Financial Statements. As noted in the statement of income and expenditure, a surplus of €1.1 million (2022: €94.0 million) was recorded for the year. The entire balance of retained earnings is considered not to be available for distribution.

The company successfully repaid all outstanding debt on 15th March 2017. There was no debt outstanding at the reporting date.

Included in the surplus of €1.1 million is a gain on the sale of strategic stocks of €15.9 million (2022: €129.7 million). A gain or loss can arise on the sale or refreshment of stocks in the normal course of business. Also included in the surplus are tolerable stock losses written off for 2023: €0.2 million loss (2022: €0.1 million loss).

Corporate Governance

The directors have adopted the Code of Practice for the Governance of State Bodies (2016). Corporate Governance within the Agency comprises the systems and procedures by which the Agency is directed, controlled and managed. The Board and Management, being accountable for the proper management of the Agency, are strongly guided by the Code of Practice and understand that they are collectively responsible for leading and directing the Agency's activities. In meeting those responsibilities, the Agency is committed to ensuring that all activities, whether covered specifically by the Code of Practice or otherwise meet the highest possible standards of corporate governance.

Matters for decision of the Board

The directors have set out a formal schedule of matters specifically reserved for decision of the Board which is in line with the schedule as set out in the Code of Practice. The schedule also sets out the matters which will require Ministerial approval. All other matters have been designated to Management. The schedule is reviewed annually by the Board.

The following matters are specifically reserved for the decision of the Board:

- Significant acquisitions, disposals and retirement of assets (value above €2 million);
- Major investments and capital projects, delegated authority levels, treasury and risk management policies;
- Approval of terms of major contracts (subject to tender and procurement procedures);
- Policy on determination of senior management remuneration;

- Approval of annual budgets and corporate plans;
- Approval of annual reports and financial statements;
- Appointment, remuneration, assessment of performance of and succession planning for the Chief Executive Officer (CEO);
- Significant amendments to pension benefits of the Chief Executive and staff;
- Compliance with statutory and administrative requirements in relation to the approval of the appointment, number, grading and conditions of appointment of all staff, including remuneration and superannuation;
- Appointment or removal of the secretary of the Board;
- Meet at least twice per year without the executive Board members or management present to discuss relevant matters.

Business risks and management

It is the company's policy to develop and implement a risk management process which:

- sets the risk appetite;
- enables identification and assessment of risks that could impact the achievement of the Agency's remit and business objectives, and;
- ensures that appropriate mitigating measures and controls are adopted and implemented.

Risk management process

The Agency has developed a risk management process to meet the requirements of the Code of Practice for the Governance of State Bodies (2016). The process has been approved by the Board and is supported in the following manner:

- risk management is included in the terms of reference for the Audit and Risk Committee;
- the CEO has been given specific responsibility for management of the risk management process and has been assigned the role of Chief Risk Officer;
- annual review and approval of policies for managing risk;
- development of and annual review of the Agency's Risk Register, in order to identify, manage and mitigate risks identified, and;
- ensuring that appropriate reporting procedures are in place.

Business risks

The principal business risks arising from the company's activities are as follows:

- health, safety & environment;
- management and operation of oil storage facilities;
- oil price;
- interest rate;
- foreign exchange;
- credit, and;
- counterparty risk.

Directors' and company secretary's interests

The directors and company secretary, holding office at the end of the reporting period, had no beneficial interest in the share capital of any group companies during or at the end of the financial year.

Directors' remuneration
Government guidelines on the payment of Directors' fees are being complied with.

Directors' fees paid in 2023 and 2022 were:

		2023	**2022**
Chairperson:	Frank Gleeson (appointed 29th November 2023)	€ 1,088	€ 0
	Terry Nolan (retired 13th October 2023)	€ 9,431	€11,970
Directors:	Frank O'Flynn	€7,695	€7,695
	Keara Robins (retired 30th August 2023)	€5,102	€7,695
	Mairéad McCabe	-	-
	Rossa McCann	€7,695	€7,695
	Yvonne Coughlan (appointed 29th November 2023)	€ 700	€ 0
	Frank Bergin	-	-
		€31,711	**€35,055**

Directors' expenses in 2023 amounted to €460 (2022 - €963).

The remuneration of the non-executive Board members in the performance of their duties for the Agency is in compliance with Government guidelines. The Agency operates the 'One Person One Salary' principle whereby public sector employees are not entitled to receive additional fees from public sector directorships.

Under the 'One Person One Salary' principle no fees were payable to Mairéad McCabe or Frank Bergin during the period.

Directors' fees and expenses include amounts paid directly to directors and amounts paid on their behalf.

Directors' attendance at Board meetings
In accordance with the requirements of section 4.9 of the Code of Practice for the Governance of State Bodies (2016), the following is a summary of the attendances of each Board member at Board meetings for the year ended 31st December 2023.

No. of meetings:		10
Attendance:		
Chairperson:	Frank Gleeson (appointed 29th November 2023)	1
	Terry Nolan (retired 13th October 2023)	9
Director:	Frank O'Flynn	10
Director:	Keara Robins (retired 30th August 2023)	8
Director:	Mairéad McCabe	9
Director:	Rossa McCann	10
Director:	Yvonne Coughlan (appointed 29th November 2023)	1
Director:	Frank Bergin	10

In accordance with section 1.7 of the Code of Practice for the Governance of State Bodies (2016), the Board met at least twice during the year without the presence of executive Board members and management.

Meetings without executive Board members or management:	2

The number of Audit and Risk Committee meetings and the summary of the attendances of each Committee member in the period 1st January to 31st December 2023 are as follows:

No. of meetings:		5
Attendance:		
Chairperson:	Frank O'Flynn	5
Director:	Keara Robins (retired 30th August 2023)	4
Director:	Rossa McCann	5

Gender Balance, Diversity and Inclusion
The Minister for the Environment, Climate and Communications has responsibility for appointments to the Board of the Agency. At the 31st December 2023, the Board was comprised of two female (33%) and four male members (67%).

The Board therefore does not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

The Chairperson has due regard for the benefits of diversity. The gender composition of the Board is highlighted when making submissions to the Minister on Board appointments and re-appointments.

Health and Safety
The health and wellbeing of the Agency's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and The National Oil Reserves Agency takes the necessary action to ensure compliance with the Act.

Protected disclosures
In accordance with the provisions of section 1.14 of the Code of Practice for the Governance of State Bodies (2016), the Board has approved the Agency's policy to ensure workers have the opportunity to raise concern about possible irregularities in financial reporting or other matters.

The Board has also reviewed the Agency's policy to ensure that it complies with the provisions of the Protected Disclosures Act 2014 and Protected Disclosures (Amendment) Act 2022.

In accordance with the provisions of the 2014 Act, the Agency's Annual Protected Disclosures Report for 2023 states: the number of protected disclosures made during the year was NIL (2022: NIL) and accordingly, it was not necessary for the Agency to take any action in this regard.

Prompt payments
NORA complies with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations 2012 and its predecessor, the Prompt Payment of Accounts Act 1997.

In compliance with Government Decision No. S29296 of 8th March 2011 on Prompt Payments, NORA operates a policy of payment of all undisputed, valid supplier invoices within 15 days of receipt of invoice. Where relevant, NORA will continue to pay suppliers in line with contractual arrangements, some of which may fall outside the scope of the aforementioned 15-day Prompt Payment requirement.

Accounting records
The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The Agency's accounting records are maintained at Second Floor, Building Number 3, Number One, Ballsbridge, 126 Pembroke Road, Dublin 4, D04 EP27.

Statement of relevant audit information
The Directors believe that they have complied with Section 330 of the Companies Act 2014 whereby they have taken steps to inform themselves of all relevant audit information and have established that the auditor is aware of all such information.

Audit Committee
The Directors have fulfilled their requirement to establish an audit committee that meets the requirements of Section 167 of the Companies Act 2014.

Post reporting period events.
At the time of writing, events in Gaza and the Red Sea, coupled with the ongoing war in Ukraine, continue to present uncertainty in relation to the future supply of oil and gas. NORA continues to monitor this supply position and has stepped up its level of readiness should it be called upon to support the industry in the continuity of supply.

Human Rights and Equality
The Agency is committed to protect and promote human rights and equality in accordance with the Irish Human Rights and Equality Commission Act 2014 and specifically, the Public Sector Equality and Human Rights Duty (the Duty).

In accordance with Section 42 of this Act, NORA is obliged, in the performance of its functions, to have regard to the need to:

- eliminate discrimination,
- promote equality of opportunity and treatment of its staff and the persons to whom it provides services, and
- protect the human rights of its members, staff and the persons to whom it provides services.

NORA is a small Agency (currently 7 staff) and does not provide any services to the public. Whilst a formal assessment of the Duty has not yet been conducted, a wide range of measures are in place to address human rights and equality:

- Progress on implementing the Duty is included in the Strategic Plan
- Policies are in place concerning Employee Rights, Dignity at Work, Equality, Gender Identity and Expression
- NORA operates a policy of equal opportunity in all of its recruitment activities.

- All employees received training in 2023, further training will be provided when available or as required. The Agency has requested that it be given access to the Government's OneLearning training portal.
- An employee survey on the Public Sector Duty was conducted as part of an Internal Audit review in 2021, a follow up survey was undertaken in 2022 and follow up one on one meetings between staff and the CEO were conducted in 2023 and January 2024.
- The topic is a standing item on the agenda of NORA team meetings and all employees are provided the opportunity to discuss any concerns. Ongoing consultation with employees helps to inform the focus of future strategic plans in relation to the Agency's commitment to protecting and promoting human rights and equality.
- The NORA Code of Conduct covers the range of behaviours expected of employees in line with the Agency's values.

A formal evidence-based assessment of human rights and equality issues relevant to the functions and purpose of the Agency will be conducted in 2024.

Directors' Compliance Statement
Under Section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing compliance with the relevant obligations of the company. Relevant obligations are inclusive of the Companies Act 2014 and Irish tax law.

The directors also confirm the following;

- a compliance policy statement has been drawn up which sets out the company's policies regarding compliance by the company with its relevant obligations;
- the appropriate arrangements or structures are in place that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations; and
- a review of such arrangements or structures which occur during the relevant financial year has been conducted.

Statement of Compliance with the Code of Practice for the Governance of State Bodies (2016)
The directors have adopted the Code of Practice for the Governance of State Bodies (2016) and other than set out under the heading "*Internal control matters*", NORA was in compliance with the Code during the twelve months to 31st December 2023 and up to the date of this report.

Disclosures as required by the Code are included in Notes 4 and 8 to the financial statements.

Auditors
In accordance with Section 29(2) of the National Oil Reserves Agency Act 2007, the Comptroller and Auditor General is the auditor of the Agency.

On behalf of the Board

Frank Gleeson	***Rossa McCann***
Director	***Director***

Date: 28th May 2024

Directors' Responsibilities Statement in respect of the Directors' Report and Financial Statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations, including FRS (Financial Reporting Standard) 102 and the Companies Act 2014.

The National Oil Reserves Agency Act 2007 and Irish company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the company Financial Statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the surplus or deficit of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether the Financial Statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;

The directors are responsible for ensuring that the company keeps, or causes to be kept, adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and surplus or deficit of the company to be determined with reasonable accuracy, enable them to ensure that the Financial Statements and directors' report comply with the Companies Act 2014 and enable the Financial Statements to be audited. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board

Frank Gleeson	***Rossa McCann***
Director	***Director***

Date: 28th May 2024

Statement on Internal Control

Responsibility for system of internal control
On behalf of the Board of the National Oil Reserves Agency, I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

In accordance with the requirements of Section 6 of the Code, (and Section 1.6 of the Code of Practice for the Governance of State Bodies – Business and Financial Reporting Requirements), the information below sets out the details of the system on internal control in place during that year. This system continues to apply and to be adhered to.

Purpose of the System of Internal Control
The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure, NDP, Delivery and Reform (DPENDR) has been in place in the National Oil Reserves Agency for the year ended 31st December 2023 and up to the date of approval of the financial statements.

Capacity to Handle Risk
The Audit and Risk Committee (ARC) has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of directors and staff in relation to risk. The policy has been issued to all staff that are expected to work within the National Oil Reserves Agency's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work. The ARC met five times in 2023.

Risk and Control Framework
The Board has taken steps to ensure an appropriate control environment by:
- clearly defining management responsibilities;
- establishing reporting procedures to control significant failures and ensuring appropriate corrective action is taken;
- establishing a dedicated Audit and Risk Committee consisting of at least two non-executive Board members;
- clear separation of Board and Management functions;
- publication of a Code of Business Conduct for Board members and staff of the Agency, and;
- establishing an Internal Audit function.

Ongoing Monitoring and Review
The Board has established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implications of risks facing the Agency including the extent and categories which it regards as acceptable;
- assessing the likelihood of identified risks occurring;
- assessing the Board's ability to manage and mitigate the risks that do occur, and;
- having regard to the costs of operation of particular controls relative to the benefit obtained

The system of internal control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability.

In particular, it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Audit and Risk Committee and Board of annual financial reports which indicate financial performance against targets;
- setting targets to measure financial and other performance, and;
- regular internal audit.

The internal audit function is a key element in informing the Board of the effectiveness of the system of internal control. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies (2016). The National Oil Reserves Agency's internal audit function is outsourced to a 3rd party provider.

The annual internal audit plan is informed by an analysis of the risks to which the Agency is exposed and a formal Risk Register has been developed following a full risk analysis exercise. Internal audit plans are endorsed by the Audit and Risk Committee. The analysis of risk is also endorsed by the Audit and Risk Committee and approved by the Board. The internal auditors provide the Committee with reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system on internal control.

Correspondence with the Office of the Comptroller and Auditor General, including the Audit Management Letter, and any issues raised therein, are brought to the attention of the Audit and Risk Committee and Board, which ensures that the issues raised are pursued.

The National Oil Reserves Agency has in the year ended 31st December 2023, through the activity of the Board, monitored the work of Management in the area of financial, operational and internal control. Specifically, the Board examined the following:

- periodic management accounts, with analysis and explanation of significant deviations from budget;
- annual financial statements for 2023 and explanations of significant variances from expenditure in 2022;
- annual budget, financial plan, and corporate procurement plan for 2024;
- annual review of internal financial controls;
- management of ongoing capital expenditure and operational projects;
- management and maintenance of oil storage operations, and;
- purchase and sale of oil stocks.

Covid-19 and Impact on the Control Environment
During 2022, Covid-19 restrictions on travel and work-place environments were lifted. Having established a robust control framework for working remotely during the pandemic, the Agency has implemented a hybrid working structure for all staff.

Procurement
The National Oil Reserves Agency has an established procurement policy and procedure. NORA's procurement practices are in accordance with this procedure. A corporate procurement plan based on the Office of Government Procurement Policy Framework document is in place and is being implemented by the Agency. The Corporate Procurement plan is updated on an annual basis.

The National Oil Reserves Agency's Procurement policy and procedure is consistent with that of the current Office of Government Procurement guidelines. In certain instances, it is deemed appropriate to apply duly authorised exceptions to this Procurement policy and procedure, (i.e. in respect of services or suppliers of works valued above €5,000 (ex VAT) for reasons such as, urgency, sole source of supply, health & safety, etc.).

NORA is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016, in respect of the procurement of services, supplies and works above certain value thresholds set by the EU. Where the Regulations do not apply, either due to the value of procurement being below the EU thresholds or being outside of the Regulations, NORA adopts a process that is designed to achieve the best value for money for the Agency. Exceptions to NORA's Procurement policy and procedure are approved by a member of Management.

The use of exceptions under NORA's Procurement policy and procedure does not amount to non-compliant procurement and exceptions are signed off in restricted circumstances.

During the year ended 31st December 2023, payments with a total value of €893.6k (inc. VAT) were made in respect of goods and services that were the subject of procurement exceptions (€589.3k) were approved by Management or were single source suppliers (€304.3k).

During the year there were no items found to be non-compliant with public procurement guidelines.

Internal Control Matters
The Agency has complied with the Code of Practice for the Governance of State Bodies (2016) throughout the period with the exception of the items highlighted below.

Ministers Meeting 2023
During the period 1st January to 31st December 2023, no meeting with the Minister took place.

Treasury Policy
During the year, a small number of transactions were found to be non-compliant with the Agency's Treasury policy. This was as a result of product supply contract terms.

Tax Clearance Certificates
As part of its ongoing business, and as an essential element to the fulfilment of the Agency's remit of maintaining 90 days oil stocks obligation for Ireland, NORA engages the services of a number of storage companies and service providers abroad and within the EU.

The majority of these storage companies do not have a trading presence in Ireland, and neither do they have a tax presence in Ireland.

Nonetheless, it is a requirement of the Revenue Commissioners that companies with whom state bodies' trade have tax clearance certificates (TCC's). NORA requests each of these companies to obtain a TCC from the Revenue Commissioners.

During the year, two payments were made to Irish supplier where their tax clearance certificate had expired. No further payments were made to this supplier until such time as an up to date tax clearance certificate was provided by end January 2024.

Therefore, the Agency was non-compliant with this requirement on two occasions in 2023.

Internal Control Matters – Update on 2022
In the Chairperson's Report to the Minister at 31st December 2022, it was reported that NORA was non-compliant on certain matters. An update is provided below.

Performance Delivery Agreement
In 2022, it was noted that the Agency's Performance Delivery Agreement (PDA) with Department of Environment, Climate & Communications had not been renewed at the end of its term. However, a new PDA has since been agreed between DECC, the Department of Transport and NORA. This PDA will remain in force until December 2026.

Annual review of controls
I confirm that the National Oil Reserves Agency has procedures to monitor the effectiveness of its risk management and control procedures. The National Oil Reserves Agency's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work and the senior management within the National Oil Reserves Agency responsible for the development and maintenance of the internal financial control framework.

Review of the Effectiveness of the System of Internal Controls
I confirm that in respect of the year ended 31st December 2023, the Board conducted a review of the effectiveness of the system of internal control on 26th February 2024.

Signed on behalf of the Board.

Frank Gleeson
Chairperson

Date: 28 May 2024

Report for presentation to the Houses of the Oireachtas

National Oil Reserves Agency Designated Activity Company

Opinion on the financial statements

I have audited the financial statements of the National Oil Reserves Agency Designated Activity Company (the company) for the year ended 31 December 2023 as required under the provisions of section 29 of the National Oil Reserves Agency Act 2007. The financial statements comprise the statement of income and expenditure, the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cash flows, and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2023 and of its income and expenditure for 2023
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland,* and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use by the directors of the going concern basis of accounting, and
- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Opinion on matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, in my opinion

- the information given in the directors' report is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Companies Act 2014.

I have obtained all the information and explanations that I consider necessary for the purposes of my audit.

In my opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

The Companies Act 2014 also requires me to report if, in my opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented certain other information with the financial statements. This comprises the chairperson's statement, the directors' report, the directors' responsibilities statement and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy

Seamus McCarthy
Comptroller and Auditor General

11 June 2024

Responsibilities of the directors

As detailed in the directors' responsibilities statement, the directors are responsible for

- the preparation of annual financial statements in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 29 of the National Oil Reserves Agency Act 2007 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

The National Oil Reserves Agency Designated Activity Company
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of Income and Expenditure

for the year ended 31st December 2023

	Notes	2023 € '000	2022 € '000
Levy income	*2*	**102,373**	95,087
Exchequer funds receivable	*2*	-	7,878
Deferred pension funding	*21*	**152**	219
Operating costs	*3*	**(40,509)**	(39,130)
Exchequer funds payable	*2*	-	(7,878)
Retirement benefit costs	*21*	**(152)**	(219)
Operating surplus - continuing operations		**61,864**	55,957
Gain on sale of strategic stocks	*10*	**15,907**	129,665
Transfer to Climate Action Fund	5	**(80,000)**	(92,000)
Deficit / Surplus on ordinary activities before interest and taxation		**(2,229)**	93,622
Interest receivable	*6*	**3,334**	434
Interest payable	*6*	-	(37)
Surplus on ordinary activities before taxation		**1,105**	94,019
Taxation charge on surplus on ordinary activities	*9*	-	-
Surplus for the financial year		**1,105**	94,019

Notes 1 - 23 on pages 32 - 58 form an integral part of these financial statements.

On behalf of the Board

Frank Gleeson
Director

Rossa McCann
Director

Date: 28 May 2024

The National Oil Reserves Agency Designated Activity Company
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of Comprehensive Income

for the year ended 31st December 2023

	Notes	2023 € '000	2022 € '000
Surplus for the year		**1,105**	94,019
Other comprehensive income			
Single Public Service Pension Scheme (SPSPS)			
Actuarial loss/(gain) due to assumption changes		**(10)**	(443)
Actuarial loss/(gain) due to scheme experience		**(2)**	75
Total actuarial loss/(gain) in the year	21	**(12)**	(368)
Adjustment to deferred retirement benefits funding	21	**12**	368
		-	-
Total comprehensive income for the year		**1,105**	94,019

Notes 1 - 23 on pages 32 - 58 form an integral part of these financial statements.

On behalf of the Board

__Frank Gleeson__
__Director__

__Rossa McCann__
__Director__

__Date: 28 May 2024__

The National Oil Reserves Agency Designated Activity Company
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of Financial Position

at 31st December 2023

	Notes	2023 € '000	2022 € '000
Fixed assets			
Strategic stocks	*10*	**942,728**	710,716
Leasehold improvements	*11*	**33,242**	35,186
Property, plant and equipment	*12*	**85**	114
		976,055	746,016
Current assets			
Receivables	*13*	**28,528**	171,590
Financial investments	*14*	**205,776**	250,000
Cash and cash equivalents	*19*	**107,072**	181,845
		341,376	603,435
Current Liabilities: amounts falling due within one year			
Payables	*15*	**(3,398)**	(36,516)
Net current assets		**337,978**	566,919
Total assets less current liabilities		**1,314,033**	1,312,935
Payables: amounts falling due after more than one year			
Other creditors	*16*	**-**	(5)
Net assets excluding retirement benefit		**1,314,033**	1,312,930
Deferred retirement benefit asset (SPSPS)	*21*	**802**	625
Retirement benefit liability (SPSPS)	*21*	**(802)**	(625)
Net assets		**1,314,033**	1,312,930
Capital and reserves			
Called up share capital presented as equity	*18*	**-**	-
Revenue Reserves		**1,314,033**	1,312,930
Shareholders' funds		**1,314,033**	1,312,930

Notes 1 - 23 on pages 32 - 58 form an integral part of these financial statements.

On behalf of the Board

Frank Gleeson
Director

Rossa McCann
Director

Date: 28 May 2024

Statement of Changes in Reserves

for the year ended 31st December 2023

	Revenue Reserves € '000
Balance at 1st January 2022	1,218,911
Surplus for the financial year	94,019
Total comprehensive income for the year	94,019
Balance at 31st December 2022	**1,312,930**
Balance at 1st January 2023	1,312,930
Surplus for the financial year	1,105
Total comprehensive income for the year	1,105
Balance at 31st December 2023	**1,314,033**

Net equity is attributable to the holders of the ordinary shares in the Company.

NORA operates the Single Public Service Pension Scheme.

Section 44(3) of the National Oil Reserves Agency Act 2007 provides that in determining the rate of the Levy, the Minister for Environment, Climate and Communications shall seek to ensure that (taking one year with another) the sums realised by applying those rates to the volume assessments meet but do not exceed the estimated expenses of the Agency. Therefore the entire balance on the statement of income and expenditure is considered not to be available for distribution.

Notes 1 - 23 on pages 32 - 58 form an integral part of these financial statements.

The National Oil Reserves Agency Designated Activity Company
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of Cash Flows

for the year ended 31st December 2023

	Notes	2023 € '000	2022 € '000
Cash flows from operating activities			
Operating Deficit / Surplus		**(2,229)**	93,622
Adjustments for:			
Depreciation of leasehold improvements	*11*	**3,081**	3,561
Depreciation of property, plant and equipment	*12*	**49**	48
Gain on disposal of property, plant and equipment		**2**	-
Strategic stock losses written off	*10*	**216**	94
Changes in:			
Trade and other receivables		**144,022**	(112,442)
Trade and other payables		**(33,123)**	23,489
Strategic stock		**(232,228)**	77,810
Cash generated from operating activities		**(120,210)**	86,182
Cash flows from investing activities			
Movements in leasehold improvements	*11*	**(1,137)**	(1,208)
Movements in property, plant and equipment	*12*	**(20)**	-
Proceeds from sale of tangible assets		**(2)**	-
Interest received	*6*	**2,372**	88
Negative interest paid on deposits	6	**-**	(37)
Net cash from investing activities		**1,213**	(1,157)
Cash flows from financing activities			
Movement in short term financial investments		**44,224**	(12,500)
Net cash used in financing activities		**44,224**	(12,500)
Movement in cash and cash equivalents in the year		**(74,773)**	72,525
Cash and cash equivalents at the beginning of year	*19*	**181,845**	109,320
Cash and cash equivalents at the end of year	*19*	**107,072**	181,845

Notes 1 - 23 on pages 32 - 58 form an integral part of these financial statements.

Notes Forming Part of the Financial Statements

1. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of Preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) of the Financial Reporting Council as promulgated by the Institute of Chartered Accountants in Ireland.

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2014 applicable to the company reporting at 31st December 2023.

The statement of cash flows was prepared using the indirect method.

The principal accounting policies are set out below and have been applied consistently throughout the year.

The financial statements are prepared in Euro which is the functional currency of the company.

Use of Estimates and Judgements
The preparation of financial statements in conformity with Financial Reporting Standards requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements in the following areas:

Note 10: Strategic stocks
Strategic Stocks are held at the direction of the Minister for Environment, Climate and Communications and are not intended to be sold in the short or medium term. These oil stocks are classified as fixed assets rather than inventory as it better reflects the Agency's purpose and objectives and are valued at cost less accumulated impairment losses. A detailed impairment assessment is undertaken at each reporting date to assess the recoverable value of the stocks held. The key judgements underpinning this assessment relate to global prevailing oil prices and the historic and intended utilisation of these oil stocks.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

1. Summary of Significant Accounting Policies (continued)

Use of Estimates and Judgements (continued)

Note 21: Retirement Benefit Obligations

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, mortality rates and inflation rates), are updated annually based on current economic conditions and any relevant changes to the terms and conditions of the retirement benefit and post-retirement plans.

The assumptions can be affected by:

(i) the discount rate, changes in the rate of return on high-quality corporate bonds;
(ii) future compensation levels, future labour market conditions, and;
(iii) health care cost trend rates, the rate of medical cost inflation in the relevant regions.

Revenue

Revenue comprises the fair value of consideration received and receivable exclusive of value added tax. Levy income represents the invoiced amounts received and receivable in respect of the year as notified by the Department of Environment, Climate and Communications.

Taxation

The company is managed and controlled in the Republic of Ireland and consequently, is tax resident in the Republic of Ireland. Tax is recognised in the statement of income and expenditure, except to the extent that it relates to items recognised in other comprehensive income or directly in reserves.

(i) Current tax

Current tax is calculated on the surplus for the period. Current tax is determined using tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable surpluses and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable surpluses will be available against which the temporary differences can be utilised.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

1. Summary of Significant Accounting Policies (continued)

Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax liabilities are recognised in relation to the pension scheme surplus (see note 15). As it is highly likely that any taxable surplus could be offset against brought forward tax losses, a deferred tax asset of an equal amount has been recognised separately in the financial statements (see note 13).

Current or deferred taxation assets and liabilities are not discounted.

Leasehold Improvements

Leasehold improvements include lease incentives relating to long term oil product storage agreements and the cost of refurbishing certain terminals where the Agency has a property lease and is the terminal operator.

Lease incentives occur when an upfront payment is made at the beginning of a storage agreement in return for reduced monthly storage payments for the duration of the agreement. The initial payment is capitalised and amortised in a straight line over the term of the agreement.

Additionally, NORA has entered into property leases for oil terminals that it uses to store strategic stocks. As part of the commercial agreements, the Agency undertakes the responsibility to refurbish the facilities so that they are suitable for storing oil products. External refurbishment costs are capitalised and amortised over the term of the lease once each terminal is operational.

Property, Plant and Equipment

(i) Cost

Property, plant and equipment are recorded at historical cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes prime cost and overheads in financing the construction of property, plant and equipment.

(ii) Depreciation

Depreciation is provided on property, plant and equipment, on a straight line basis so as to write off their cost less residual amounts over their estimated economic lives.

The estimated economic lives assigned to property, plant and equipment are as follows:

Office equipment	-	15% Straight Line
Computer equipment	-	33% Straight Line
Fixtures & fittings	-	15% Straight Line

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

1. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

(ii) Depreciation (continued)

The company's policy is to review the remaining economic lives and residual values of property, plant and equipment on an ongoing basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated property, plant and equipment are retained in the cost of property, plant and equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the statement of income and expenditure.

(iii) Impairment

Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If the recoverable amount of the asset (or the asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and expenditure, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of income and expenditure.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and expenditure.

1. Summary of Significant Accounting Policies (continued)

Strategic Stocks
Strategic Stocks of petroleum products are valued at cost less accumulated impairment losses. Cost includes the purchase price, freight and other costs incurred in bringing the stocks to their present location and condition.

Strategic Stocks are classified as fixed assets as it is not intended that they be sold in the short or medium term.

Operating stock losses arise from evaporation of oil products held in storage over time. The Agency continuously monitors such operating losses and measurement differences against industry standards. Operating stock losses are recognised in the year in which they occur based on the difference between actual stock measurement at year end and "book" stocks (by location).

Impairment of Assets
The carrying amounts of the Agency's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset may be determined by reference to its value in use or its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income and expenditure. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

In the case of Strategic Stocks, the recoverable amount is determined by reference to value in use, taking very specific account of the strategic purpose and remit of the Agency.

Strategic Stocks are held solely in order to be available to meet the Agency's statutory remit rather than for commercial purposes and will only be released to the market at times of crisis and at the direction of the Minister for Environment, Climate and Communications and in response to a co-ordinated (IEA and/or EU) international response to an identified matter. On this basis, the Board deems it appropriate to include in its value in use assessment historic evidence and other qualitative factors deemed relevant to estimating the recoverable value of Strategic Stocks held at each reporting date. Further information is set out in note 10 to the financial statements.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

1. Summary of Significant Accounting Policies (continued)

Currency

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Euro, which is the company's functional and presentation currency and is denoted by the symbol "€".

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or at a contracted rate.

At each year end, foreign currency monetary items are translated using the closing rate. Monetary assets and liabilities are cash balances and unsettled sales and purchases invoices.

Stock Tickets

Stock tickets are short term holding contracts under which one party agrees to hold oil which will be available to a counterparty during a specified period, and under which the counterparty has an option to purchase oil in emergency circumstances, at a price to be determined in the future. In periods when the Agency's physical stocks are below its stockholding obligation it purchases stock tickets, and conversely in periods when the Agency's physical stocks are in excess of its stockholding obligation it may sell stock tickets in certain locations. The revenue or costs relating to these tickets is recorded in the statement of income and expenditure in the period to which the contracts relate.

Leases

Operating Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income and expenditure on a straight line basis over the period of the lease.

Employee Benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined retirement benefit plans.

(i) Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Notes Forming Part of the Financial Statements
for the year ended 31st December 2023

1. Summary of Significant Accounting Policies (continued)

Employee Benefits (continued)

(ii) Single Pension Scheme

The Agency operates the Single Public Service Pension Scheme (Single Scheme) which is the defined retirement benefit pension scheme for public servants recruited on or after 1st January 2013. Single Scheme members' and employer's contributions are paid over to the Department of Public Expenditure, NDP, Delivery and Reform (DPENDR).

The scheme provides for a pension and retirement lump sum based on career-average pensionable remuneration, and spouse's and children's pensions. The minimum pension age is 66 years (rising in line with State pension age changes). It includes an actuarially-reduced early retirement facility from age 55. Pensions in payment increase in line with the consumer price index.

Bank Borrowings

Bank borrowings are recognised initially at the transaction price (present value of cash payable, including transaction costs). Where the future expected cash flows are known or can be reliably estimated subsequent measurement is at amortised cost using the effective interest rate method.

Revolving Credit Facilities (RCFs) are measured at transaction price as the expected cash flows are not known.

The company did not have any bank borrowings in 2023.

Derivative Financial Instruments

NORA has previously used Interest Rate Swaps (IRS, "Swaps") to hedge the interest rate risk from the RCF's floating rates. Derivative financial instruments are recognised at fair value based on mark to market valuations provided by the counterparty banks.

The company did not have any interest rate derivative financial instruments in 2023.

Comparative Figures

Comparative figures have been regrouped and reanalysed, where necessary, on the same basis as those for the current period.

Notes Forming Part of the Financial Statements
for the year ended 31st December 2023

2. Income

a. Levy Income

Levy Income is collected in accordance with the terms of the following Regulations:

- National Oil Reserves Agency Act 2007 (Returns and Levy) Regulations 2007 (S.I. No. 567 of 2007);
- National Oil Reserves Agency Act 2007 (Returns and Levy) (Amendment) Regulations 2009 (S.I. No. 214 of 2009);
- National Oil Reserves Agency Act 2007 (Returns and Levy) (Amendment) (No. 2) Regulations 2009 (S.I. No. 220 of 2009);
- National Oil Reserves Agency Act 2007 (Returns and Biofuel Levy) Regulations 2010 (S.I. No. 356 of 2010);
- National Oil Reserves Agency Act 2007 (Biofuel Obligation Buy-out Charge) Regulations 2010 (S.I. No. 644 of 2010), and;
- National Oil Reserves Agency Act 2007 (Biofuel Obligation Rate) Order 2012 (S.I. No. 562 of 2012).
- National Oil Reserves Agency Act 2007 (Biofuel Obligation Rate) Order 2018 (S.I. No. 198 of 2018).
- National Oil Reserves Agency (Amendment) and Provision of Central Treasury Services Act 2020.
- Electricity Costs (Domestic Electricity Accounts) Emergency Measures and Miscellaneous Provisions Act 2022.

Due to the introduction of the Renewable Transport Fuel Obligation (RTFO) Scheme, formerly Biofuel Obligation Scheme, in July 2010, NORA's Levy Income for the year is segregated into the following categories:

	2023	**2022**
	€ '000	**€ '000**
Fossil Fuel	**101,970**	94,778
Biofuel	**403**	309
	102,373	95,087

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

2. Income (continued)

b. RTFO Buy-Out Charge

Provisions are made under the Energy (Biofuel Obligation and Miscellaneous Provisions) Act 2010 and the National Oil Reserves Agency Act 2007 (RTFO (Biofuel Obligation Scheme) Buy-Out Charge) Regulations 2010 (S.I. 644 of 2010) to apply a RTFO (BOS) buy-out charge to obligated parties operating within the scheme when an obligated party does not meet its biofuels obligation in the applicable year. In 2023, the blending obligation rate was 16.985% and in 2022 the rate was 14.942%.

During 2023, there were no RTFO buy-out charges paid over to NORA. In 2022, two obligated parties paid the buy-out charge, with the amounts being paid to the Exchequer in line with legislation.

	2023 € '000	2022 € '000
Exchequer funds receivable	**-**	7,878
Exchequer funds payable	**-**	(7,878)
	-	-

3. Operating Costs

	2023 € '000	2022 € '000
Storage costs	**36,002**	35,510
Strategic stocks losses write off	**216**	94
Stock tickets	**120**	185
Salaries and retirement benefit costs (Note 8(a)) & (Note 21(a))	**856**	783
Directors' fees (Note 8(d))	**32**	35
Administration and professional fees	**692**	557
Finance costs (including FX gains)	**297**	(572)
Stock upgrade and movement costs	**64**	228
Covid-19 related costs	**-**	1
Other operating costs	**2,230**	2,309
	40,509	39,130

Other operating costs include Insurance and Quality Monitoring of Stocks costs, together with RTFO Scheme Administration costs.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

4. Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2023	2022
	€	€
Legal advice	**9,050**	9,330
Financial advice	**105,714**	59,416
Human Resources	**11,000**	4,250
Other	**13,964**	5,439
	139,728	78,435

Legal costs relating to contracts with third parties does not exceed €50,000 for the reporting period and therefore are not disclosed separately within this note.

All consultancy costs have been charged to the statement of income and expenditure.

5. Transfer to Climate Action Fund

The National Oil Reserves Agency (Amendment) and Provision of Central Treasury Services Act 2020 was enacted on 1st August 2020. This legislation facilitates the transfer of NORA Levy funds to the Climate Action Fund and is facilitated by the Department of the Environment, Climate and Communications. In the year ended 31st December 2023, NORA Levy funds invoiced and collected from 1st January 2023 to 31st October 2023 were available for transfer to the Climate Action Fund.

Following discussions with DECC and having taken into consideration the provisions contained within the legislation, at the direction of the Minister for the Environment, Climate and Communications, NORA transferred the amount of €80.0 million to the Climate Action Fund in December 2023 (2022: €92.0 million).

	2023	2022
	€ '000	€ '000
Transfer to Climate Action Fund	**80,000**	92,000

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

6. Interest Payable and Receivable

	2023 € '000	2022 € '000
Negative interest paid on deposits	**-**	37
Bank interest receivable	**(3,331)**	(425)
Levy interest receivable	**(3)**	(9)
	(3,334)	(397)

	2023 € '000	2022 € '000
Cash flows from investing activities		
Bank and levy interest receivable	**(3,334)**	(434)
Movement in accrued interest receivable	**962**	346
Interest received	**(2,372)**	(88)

7. Surplus before Taxation for the Year

This has been arrived at after charging the following items:

	2023 € '000	2022 € '000
Directors' remuneration	**32**	35
Auditors' remuneration	**37**	37
Depreciation of leasehold improvements	**3,081**	3,561
Depreciation of property, plant and equipment	**49**	48

8. Staff Numbers and Costs

(a) The average monthly number of persons employed by the company in the financial period analysed by category was as follows:

	2023	2022
Executives	**1**	1
Operations	**2**	2
Finance	**4**	4
	7	7

The aggregate payroll costs of these employees were:

	2023 € '000	2022 € '000
Wages and salaries	**672**	611
Social welfare costs	**73**	68
Single Public Service Pension Scheme costs	**111**	104
	856	783

In accordance with the Government Decision announced in Budget 2012, the Agency's Employment Control Framework (ECF) employment numbers ceiling for 2023 was 9 staff (2022: 8 staff).

The Single Public Service Pension Scheme costs of €111k in 2023 (2022: €104k) relate to employer contributions for the year under the 'Single Scheme' payable to the Department of Public Expenditure, NDP, Delivery and Reform (DPENDR) as prescribed under Circular 28/2016: Single Public Service Pension Scheme: Employer Contributions required in cases of self-financing bodies or self-financing activities. Employee contributions to the scheme in the year were €37k (2022: €35k).

8. Staff Numbers and Costs (continued)

In addition, the number of employees earning in excess of €60,000 was as follows:

	2023	**2022**
Between €60,000 and €70,000	**-**	1
Between €70,000 and €80,000	**1**	1
Between €80,000 and €90,000	**1**	-
Between €90,000 and €100,000	**1**	2
Between €100,000 and €110,000	**1**	-
Between €110,000 and €120,000	**1**	1
Between €120,000 and €130,000	**-**	-
Between €130,000 and €140,000	**-**	-
Between €140,000 and €150,000	**-**	-
Between €150,000 and €160,000	**-**	1
Between €160,000 and €170,000	**1**	-
	6	6

(b) Key management personnel consists of the members of the Board, the Chief Executive Officer, members of Operations Management and Head of Finance. The total value of employee benefits for key management personnel is set out below:

	2023	**2022**
	€	**€**
Annual basic salary	**477,081**	453,840
Directors' fees	**31,711**	35,055
	508,792	488,895

This does not include the value of retirement benefits earned in the year. Key management personnel's retirement benefit entitlements do not extend beyond the standard entitlements in the defined benefit Model Superannuation Scheme for civil servants.

(c) Details of the remuneration of the Chief Executive for the year ended 2023 which are included in the wages and salaries costs figure of €672,128 (2022: €611,081) are as follows:

	2023	**2022**
	€	**€**
Annual basic salary - Frank Bergin	**161,244**	156,328
	161,244	156,328

Notes Forming Part of the Financial Statements
for the year ended 31st December 2023

The Chief Executive's retirement benefit entitlements do not extend beyond the standard entitlements in the defined benefit Model Superannuation Scheme for civil servants.

Expenses of €2,175 (2022: €3,797) were incurred by the Chief Executive in the year and relate directly to the performance of his duties as CEO, and not as a member of the Board. These expenses include the following categories: mileage, subsistence, air fares, hotel accommodation, entertainment and other expenses.

(d) Directors' fees paid in the year were:

	2023	2022
	€	€
Frank Gleeson (appointed 29th November 2023)	**1,088**	-
Terry Nolan (retired 13th October 2023)	**9,431**	11,970
Frank O'Flynn	**7,695**	7,695
Keara Robins (retired 30th August 2023)	**5,102**	7,695
Mairéad McCabe	-	-
Rossa McCann	**7,695**	7,695
Yvonne Coughlan (appointed 29th November 2023)	**700**	-
Frank Bergin	-	-
	31,711	35,055

Directors' expenses in 2023 amounted to €460 (2022 - €963).

(e) An amount of €14,610 (2022 - €13,393) in respect of the Additional Superannuation Contribution in respect of all staff has been deducted in 2023 and paid over to the Department of Environment, Climate and Communications.

(f) Management and staff related hospitality expenses for the year were €1,491 (2022 - €1,978).

(g) Total expenditure on foreign travel incurred in the year in respect of the CEO and all staff was €7,947 (2022 - €7,730).

(h) Total expenditure on domestic travel incurred in the year in respect of the CEO and all staff was €9,517 (2022 - €6,539).

(i) The statement of income and expenditure includes the following hospitality expenditure:

	2023	2022
	€	€
Staff hospitality	**1,491**	1,978
Client hospitality	**2,218**	99
Total	**3,709**	2,077

Notes Forming Part of the Financial Statements
for the year ended 31st December 2023

9. Taxation

	2023 € '000	2022 € '000
Current tax		
Corporation tax for current year	**-**	-
Factors affecting tax charge for period		
Surplus on ordinary activities before taxation	**1,105**	94,019
Surplus on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.50% (2022: 12.50%)	**138**	11,752
Effects of:		
Income not taxable	**(13,213)**	(11,940)
Expenses not deductible for tax purposes	**10,319**	11,696
Unrecognised losses	**2,756**	(11,508)
Current tax charge/(credit) for year	**-**	-

The company is not liable to corporation tax on its levy income for the year.

NORA is included in Schedule 4 of the Taxes Consolidated Acts 1997 ("TCA 1997") which enables NORA to avail of the exemption under S.227 TCA 1997. This provides for an exemption on income taxable under Cases III, IV and V arising to non-commercial State-sponsored bodies. On this basis, the interest income included in the income statement for the period is not taxable.

In accordance with FRS102, no deferred tax asset has been recognised in respect of trading tax losses carried forward, as it is unlikely that there will be suitable future surpluses to offset the losses forward. The total deferred tax asset arising thereon is €63.8m as at 31st December 2023 (2022: €61.9m)

The total unrecognised deferred tax asset arising on tax losses carried forward is €63.8m as at 31st December 2023 (2022: €61.9m).

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

10. Strategic Stocks

	2023	2022
At Cost	**€ '000**	**€ '000**
Petroleum Products		
At beginning of year	**710,716**	788,620
Additions in year	**264,302**	37,050
Sales during the year	**(32,074)**	(114,860)
Losses written off during the year	**(216)**	(94)
At end of year	**942,728**	710,716
Gain on sale of strategic stocks		
Net sales proceeds	**47,981**	244,903
Less: Cost of product	**(32,074)**	(115,238)
	15,907	129,665

Strategic Stocks are held at the direction of the Minister for Environment, Climate and Communications and are not intended to be sold in the short or medium term.

The Directors have noted the prevailing oil market prices during 2023 and have not identified this as an indication of potential impairment. A detailed impairment assessment was undertaken by the Agency based on the oil market price at 31st December 2023. The Agency has considered this in estimating the recoverable value of Strategic Stocks held by the Agency. A detailed impairment review was undertaken by the Directors on 26th February 2024. Following this review, the Directors have formed the view that the recoverable value of Stocks held, is not less than their carrying value at 31st December 2023.

The following are the relevant key judgements underpinning this assessment:

- Historic utilisation of NORA's stocks has arisen primarily in times of oil supply crises or other circumstances which led to significant dislocation in oil supply dynamics in the global market or in specific regional markets and to which NORA responded based on requests, either domestically or internationally, to release Strategic Stocks to address the specific identified shortages arising. An analysis of the circumstances where the Agency participated in such co-ordinated actions indicates that an observable increase in oil pricing arose relative to prevailing prices before and after such events.

- The Directors expect that any future events or circumstances which could trigger the release of Strategic Stocks would result in a significant increase in oil market pricing, caused directly by the related restrictions on available supply to meet demand.

- In February 2022 Russia invaded Ukraine. This led to a significant rise in oil prices. On average through the year, the price of the oil products stored by NORA was in excess of $1,000 per tonne.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

- In March and April 2022 the IEA called for two voluntary releases of strategic reserves and Ireland has opted to support and participate in these releases. This has led to the release of a small portion of the Agency's stocks from Denmark and the United Kingdom. The fact that commodity prices have risen sharply on foot of this crisis supports the Directors' assessment of the recoverable value of the stocks held by the Agency.

- The replacement cost of stocks at 31st December 2023 was €1.19 billion (31st December 2022: €1.16 billion), having taken account of the increase in stock during the year. Replacement cost is calculated by reference to physical stocks held at year end, valued at average market prices for the months of December 2023 and December 2022 respectively.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

11. Leasehold Improvements

a. Year Ended 31st December 2023

	Leasehold Improvements € '000
Cost	
At beginning of period	68,679
Additions in period	1,598
Disposals in period	(461)
At end of period	69,816
Depreciation	
At beginning of period	33,493
Charge for the year	3,081
At end of period	36,574
Net book value:	
At 31st December 2023	**33,242**
At 31st December 2022	35,186

b. Year Ended 31st December 2022

	Leasehold Improvements € '000
Cost	
At beginning of period	67,471
Additions in period	2,109
Disposals in period	(901)
At end of period	68,679
Depreciation	
At beginning of period	29,932
Charge for the year	3,561
At end of period	33,493
Net book value:	
At 31st December 2022	**35,186**
At 31st December 2021	37,539

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

12. Property, Plant and Equipment

a. <u>Year Ended 31st December 2023</u>

	Office Equipment € '000	Computer Equipment € '000	Fixtures & Fittings € '000	Total € '000
Cost				
At beginning of period	76	103	217	396
Additions in period	1	17	4	22
Disposals in period	-	(1)	(4)	(5)
At end of period	77	119	217	413
Depreciation				
At beginning of period	51	99	132	282
Charge for the year	9	9	31	49
Disposals in period	-	(1)	(2)	(3)
At end of period	60	107	161	328
Net book value:				
At 31st December 2023	**17**	**12**	**56**	**85**
At 31st December 2022	25	4	85	114

b. <u>Year Ended 31st December 2022</u>

	Office Equipment € '000	Computer Equipment € '000	Fixtures & Fittings € '000	Total € '000
Cost				
At beginning of period	76	103	217	396
At end of period	76	103	217	396
Depreciation				
At beginning of period	42	92	100	234
Charge for the year	9	7	32	48
At end of period	51	99	132	282
Net book value:				
At 31st December 2022	**25**	**4**	**85**	**114**
At 31st December 2021	34	11	117	162

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

13. Receivables

	2023 € '000	2022 € '000
Trade receivables	**9,757**	686
Value added tax	**1,349**	1,712
Prepayments	**629**	592
Accrued income	**16,788**	168,595
Other receivables	**5**	5
	28,528	171,590

Accrued income at 31 December 2023 consists of €4.9m for the sale of strategic stock, €11.9m for other recoverable costs, accrued interest and levy income accrued for December 2023 (31st December 2022: €163.9m).

Value added tax at 31 December 2023 consists of €1.28m refund due from Irish Revenue (31 December 2022: €1.68m) and €0.07m refund due from Danish taxation authorities (31 December 2022: €0.03m).

14. Financial Investments

	2023 € '000	2022 € '000
Exchequer notes greater than 3 months	**205,776**	250,000

Financial investments consist of exchequer notes purchased from the National Treasury Management Agency with a maturity date more than 3 months after the year end. Exchequer notes with a maturity date of less than 3 months after the year end have been recognised within cash and cash equivalents.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

15. Current Liabilities: amounts falling due within one year

	2023	**2022**
	€ '000	**€ '000**
Accruals	**3,317**	36,415
PAYE/PRSI	**24**	16
Other payables	**52**	24
Provision for onerous contracts due within one year	**5**	61
	3,398	36,516

Some trade payables had reserved title to goods supplied to the Agency. Since the extent to which such payables are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

At 31 December 2023, an amount of €Nil has been accrued for the purchase of strategic stocks (31 December 2022: €32.1m).

16. Payables: amounts falling due after more than one year

	2023	**2022**
	€ '000	**€ '000**
Provision for onerous contracts due after one year	**-**	**5**

Maturity analysis:

	2023	**2022**
	€ '000	**€ '000**
Onerous contracts are repayable as follows:		
(a) Within one to two years	**-**	**5**
	-	**5**

NORA's office at 7 Clanwilliam Square is not expected to be subleased for the remainder of the lease contract. Therefore the remaining lease has been deemed an onerous contract and the expense from 1st January 2020 to the end of the lease in January 2024 (€250k) has been realised in the Statement of Income and Expenditure and the liability has been realised within creditors in 2023, 2022, 2021 and 2020.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

17. Treasury Risk Management

Currency Analysis

The following is an analysis of the company's foreign currency denominated assets and liabilities.

	€'000 USD	€'000 STG	€'000 DKK
Monetary assets	1,420	101	73
Monetary liabilities	-	-	-
	1,420	101	73

Monetary assets and liabilities are cash balances and unsettled sales and purchases invoices.

18. Called Up Share Capital Presented as Equity

There are 100 ordinary shares of €1.27 authorised, of which 1 share was allotted, called up and fully paid at 31st December 2023 (31st December 2022: 1 share).

19. Cash and Cash Equivalents

a. <u>**Year Ended 31st December 2023**</u>	**1st Jan '23 € '000**	**Cash flow € '000**	**31st Dec '23 € '000**
Cash at bank and in hand	**181,845**	**(74,773)**	**107,072**
	181,845	**(74,773)**	**107,072**

b. <u>**Year Ended 31st December 2022**</u>	**1st Jan '22 € '000**	**Cash flow € '000**	**31st Dec '22 € '000**
Cash at bank and in hand	**109,320**	**72,525**	**181,845**
	109,320	**72,525**	**181,845**

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

20. Commitments

Operating lease commitments

Operating lease charges recognised as an expense were €31,243,954 (2022: €29,270,203).

The company has leasehold interests in its registered office at Second Floor, Building Number 3, Number One, Ballsbridge, 126 Pembroke Road, Dublin 4, D04 EP27 and in oil storage facilities at Ringsend, Dublin; Poolbeg, Dublin; and Tarbert, Co. Kerry. The company holds a further leasehold interest at 7 Clanwilliam Square, Grand Canal Quay, Dublin 2, D02 CV48.

Premises

The Agency has commitments payable up to end of January 2024 in respect of a 25 year lease for office accommodation at 7 Clanwilliam Square, Grand Canal Quay, Dublin 2 D02 CV48. The current rent is €61,400 per annum.

As stated in note 16, this commitment has been recorded as an onerous contract and was expensed to the Statement of Income and Expenditure in 2020.

The Agency has commitments payable up to the year 2034 in respect of a 15 year lease for office accommodation at Second Floor, Building Number 3, Number One, Ballsbridge, 126 Pembroke Road, Dublin 4, D04 EP27. Rent reviews are carried out every 5 years and the current rent is €177,670 per annum.

At 31st December 2023 the National Oil Reserves Agency had the following minimum lease charges under non-cancellable operating leases for each of the following periods:

	2023		**2022**	
	Property	**Oil Storage**	**Property**	**Oil Storage**
	€ '000	**€ '000**	**€ '000**	**€ '000**
Payable:				
Within one year	178	31,222	178	36,527
Within two and five years	711	204,764	711	146,327
After five years	1,028	79,055	1,205	138,121
	1,917	**315,041**	2,094	320,975

Foreign currency commitments

At 31 December 2023: the Company had no foreign currency commitments. (At 31 December 2022: none).

20. Commitments (continued)

Capital commitments

Future capital expenditure approved by the directors at 31st December 2023 was as follows:

	2023	2022
	€ '000	€ '000
Contracted	4,969	150,410
Authorised but not contracted	44,280	176,561

In 2023, the balance of product from the 2022 sale and re-purchase agreement was delivered to NORA, the cost for which was included in the €150.4m contracted commitments in 2022 noted above. Final settlement of the buy-sell agreement took place in February 2023.

Included in the authorised but not contracted commitment of €44.3m noted above is an estimated cost of €43.1m to purchase product necessary to meet the expected increase in the 2023/2024 obligation.

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

21. Retirement Benefit

Single Public Service Pension Scheme (SPSPS)

NORA operates the Single Public Service Pension Scheme for all employees. In relation to this scheme the Agency is required to pay the Exchequer an annual contribution after taking account of retirement benefits due for payment. The department will provide funding where the retirement benefits paid exceed the contribution. The Board has adopted the treatment and disclosures required by Section 28 of the accounting standard FRS 102 to reflect the arrangement in operation. While the funding arrangement operates on a net pay over basis with the Exchequer, the Agency believes the nature of the arrangement is akin to a full reimbursement of the retirement benefit obligation when those liabilities fall due for payment, and therefore recognises its right to the reimbursement as a separate asset in an amount equal to the obligation at the year-end.

The SPSPS retirement benefit obligation at 31st December 2023 is €801,749, based on an actuarial valuation of the retirement benefit obligations in respect of Agency staff as at 31 December 2023 carried out by a qualified independent actuary for the purposes of FRS 102. A deferred funding asset of €801,749 equal to the liability at 31st December 2023 is recognised as a separate asset on the Balance Sheet (2022: €625,104).

(a) Retirement benefit costs	**2023 € '000**	**2022 € '000**
Current service cost	**161**	243
Employer contribution to Exchequer	**111**	104
Remeasurement loss/(gain)	**(12)**	(368)
Adjustment to deferred pension funding	**(177)**	112
Interest cost	**28**	13
Total recognised in Statement of Income and Expenditure	**111**	104

***(bi)* Movement in Retirement Benefit Obligation**	**2023 € '000**	**2022 € '000**
Opening value of scheme's liabilities	**625**	738
Service cost	**124**	206
Member contributions	**37**	36
Interest on scheme liabilities	**28**	13
Remeasurement loss/(gain)	**(12)**	(368)
Closing value of scheme's liabilities	**802**	625

Notes Forming Part of the Financial Statements

for the year ended 31st December 2023

21. Retirement Benefit (continued)

(bii) Deferred Retirement benefit (SPSPS)	**2023 € '000**	**2022 € '000**
Deferred Retirement Benefit Funding 1 January	**625**	738
Funding in respect of current year costs	**177**	(113)
Deferred Retirement Benefit 31 December	**802**	625

The current practice of increasing retirement benefits in line with public sector salary inflation is taken into account in measuring the defined retirement benefit obligation.

The Single Public Service Pension Scheme liabilities are being funded on a pay as you go basis. The deferred funding asset is based on the provision in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 that the liability will be met from funds provided by the Oireachtas.

(biii)Analysis of deferred pension funding/retirement benefit costs (SPSPS)

	2023 € '000	**2022 € '000**
Current service cost	**161**	243
Interest expense	**28**	13
Employee contributions	**(37)**	(37)
	152	219

(c) Description of scheme and actuarial assumptions

The retirement benefit scheme is the Single Public Service Pension Scheme, a career average defined-benefit pension arrangement for public sector employees. The scheme provides a retirement benefit (in one-eightieths per year of service), a gratuity or lump sum (at three-eightieths per year of service) and spouse and children's retirement benefit. Normal retirement age is a member's State Pension Age (currently 66th birthday). Retirement benefits in payment (and deferment) normally increase in line with inflation.

The financial assumptions used for FRS 102 purposes were:

	2023	**2022**
Discount rate	3.30%	3.50%
Salary increases	3.75%	4.00%
Retirement benefit increases	2.25%	2.50%
Inflation increases	2.25%	2.50%

Notes Forming Part of the Financial Statements
for the year ended 31st December 2023

21. Retirement Benefit (continued)

The mortality assumptions chosen are in line with the standard table allowing for projected improvements. The above assumptions are the same as those used to derive the opening defined benefit obligation.

The average life expectancy, in years, of a pensioner retiring is as follows:

	Retiring at 66 in 2023	**Retiring at 66 in 2022**
Males	22.6	22.5
Females	25.1	25.0

(e) Funding of retirement benefits

The Agency made a required annual contribution to the Exchequer of €110,613 in respect of retirement benefits. The contribution is set at three times the employee contributions, the calculation is in line with circular 28/2016 for self-financing bodies or self-financing activites. NORA expects to contribute €133,000 to the Exchequer in 2024 (excluding employee contributions).

22. Related Party Disclosures

In the normal course of business the Agency may enter into contractual arrangements with undertakings in which Board members have interests. No such transactions occurred in the year ended 31st December 2023.

The Board has adopted procedures in accordance with guidelines issued by the Department of Public Expenditure, NDP, Delivery and Reform (DPENDR), in relation to the disclosure of interests by Board members, these procedures were adhered to during the year. The Board complied with the Department of Public Expenditure, NDP Delivery and Reform guidelines covering situations of personal interest. In cases of potential conflict of interest, Board members do not participate in or attend any Board discussion relating to the matter.

23. Approval of financial statements

The directors approved the financial statements on 28th May 2024.