The National Oil Reserves Agency Limited
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Directors' Report and
Financial Statements

Year ended 31st December 2014

Registered Number 229229

The National Oil Reserves Agency Limited
An Ghníomhaireacht Chúltaca Ola Náisiúnta

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Directors and other information

Directors	Aidan Donnelly (Chairman) Terry Nolan Pat Meehan (Chief Executive) Hugh O'Donnell (*appointed 1st January 2014; resigned 15th April 2015*) Frank O'Connor (*appointed 14th May 2015)* Frank O'Flynn (*appointed 14th May 2015)* Aoife MacEvilly *(resigned 26th September 2014)* Oliver Whelan *(resigned 22nd November 2014)*	
Secretary	David Corcoran	
Management	Pat Meehan	Chief Executive
	David Corcoran	Financial Controller
	Michael Cavanagh	Commercial Operations Manager
	Leo Whelan	Technical Operations Manager
Company number	229229	
Registered office	7 Clanwilliam Square Grand Canal Quay Dublin 2	
Auditors	Comptroller and Auditor General Dublin Castle Dublin 2	
Bankers	Bank of Ireland Lower Baggot Street Dublin 2	
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2	

Chairperson's Statement

The National Oil Reserves Agency Limited (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 a physical shortage of supplies, and;

- Administering Ireland's Biofuels Obligation Scheme.

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 businesses and commercial assets of INPC were sold to Tosco Corporation (now Phillips 66 and formerly ConocoPhillips). 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.

This was achieved on 1st August 2007 upon the introduction of the National Oil Reserves Agency Act 2007, which established NORA as a stand-alone state body under the aegis of the Minister for Communications, Energy and Natural Resources.

This Act provided for:

- NORA's continued responsibility for the maintenance of strategic supplies of oil in line with the state's stockholding obligations to the EU and International Energy Agency (IEA);

- The transfer of the INPC shareholding in NORA to the Minister for Communications, Energy and Natural Resources and the continued operation of the Agency as a private limited company under the Companies Acts;

- A variable levy on disposals of petroleum products to be imposed on oil companies and oil consumers;

- The furnishing to the Minister of regular returns regarding oil purchases, sales, consumption, imports and exports by oil companies, oil consumers and NORA;

- The monitoring of compliance with provisions for the application of penalties in the event of failure by oil companies and oil consumers to comply with the provisions;

- Revocation of the European Communities (Minimum Stocks of Petroleum Oils) Regulations 1995, and;

- The alteration of the Memorandum and Articles of Association of NORA for the purpose of making them consistent with the Act.

EU and IEA Stock Obligation

Under the National Oil Reserves Agency Act 2007 and associated legislation, 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 a physical shortage of supplies.

In parallel with the introduction of the National Oil Reserves Agency Act 2007, the Minister for Communications, Energy and Natural Resources also introduced the National Oil Reserves Agency Act 2007 (Returns and Levy) Regulations 2007 (S.I. No. 567 of 2007).

These Regulations, effective 1st August 2007, set out the information to be provided by NORA, oil companies and oil consumers to the Minister in monthly statistical returns and provides for the variation in the amount of the NORA levy to be paid, together with the procedures for the invoicing and payment of the levy.

This legislation, coupled with the policies and strategies set out in the Government White Paper entitled "Delivering a Sustainable Energy Future for Ireland" (Section 3.7.3) form the basis for NORA's ongoing role and remit in meeting Ireland's oil stock Obligation.

NORA's Oil Stock Obligation

NORA meets its oil stockholding Obligation by a combination of:

- Stocks owned by NORA and stored in Ireland and in other 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 in other 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 contracts include an option to purchase the oil in emergency circumstances during the period of the contract.

In line with the direction of the Minister for Communications, Energy and Natural Resources regarding the quantities of oil to be held by NORA in 2014, NORA has continued to meet its overall stock Obligation on an ongoing basis as set out by the Department of Communications, Energy & Natural Resources (DCENR).

The year on year changes to NORA's Obligation volumes between 2013 and 2014 were as follows:

	Obligation Volume (Tonnes) 2014	**Obligation Volume (Tonnes) 2013**	**Obligation Days 2014**	**Obligation Days 2013**
Refined Product	1,454,000	1,400,000		
Crude Oil	70,000	56,000		
Equivalent Total in Refined Product Only	1,524,000	1,456,000	89.5	88

New EU Directive on Strategic Oil Stocks

The increase in NORA's stock Obligation arises from:

(a) the introduction of the 2009 EU Directive (Council Directive 2009/119/EC) which became effective on 1st January 2013 and was transposed into Irish Law by the EU (Oil Reserves) Regulations 2012 (S.I. No. 541 of 2012);
(b) the change in "net" Import Volumes between 2012 and 2013, and;
(c) the increase in the number of Obligation Days assigned to NORA from 88 in 2013 to 89.5 in 2014.

The new EU Directive introduced a change in the basis of calculating annual Obligation volumes from annual "consumption" to annual "net imports" to align the EU method of calculation to that of the International Energy Agency (IEA).

In addition, the volumes of Industry stocks currently held on an ongoing basis which could be counted as strategic stocks under the previous EU Strategic Stocks Directive can no longer be counted as strategic stocks under the new EU Strategic Stocks Directive.

At year-end 2014, the breakdown of the stocks held by NORA was as set out below, compared to corresponding data for 2013:

	2014 ('000 Tonnes)	**% of TOTAL**	**2013 ('000 Tonnes)**	**% of TOTAL**
Stocks in Ireland	**1,053**	**68%**	**1,065**	**73%**
Stocks Abroad	**464**	**30%**	**429**	**29%**
Stock Tickets (Ireland)	**0**	**0%**	**0**	**0%**
Stock Tickets (Abroad)	**30 ***	**2%**	**(35) ***	**(2)%**
Total:	**1,547**		**1,459**	

* Net position at 31st December 2014. Included are sales of stock tickets which arise when the Agency has temporary surpluses of stocks against its Obligation, and forms part of the Agency's normal business operations.

The physical stocks, excluding stock tickets, owned by NORA and stored both in Ireland and abroad at the end of 2014 consisted of:

	2014 ('000 Tonnes)	2013 ('000 Tonnes)
CATEGORY I - Gasoline	230	285
CATEGORY II - Distillates	1,287	1,209
Total:	**1,517**	**1,494**

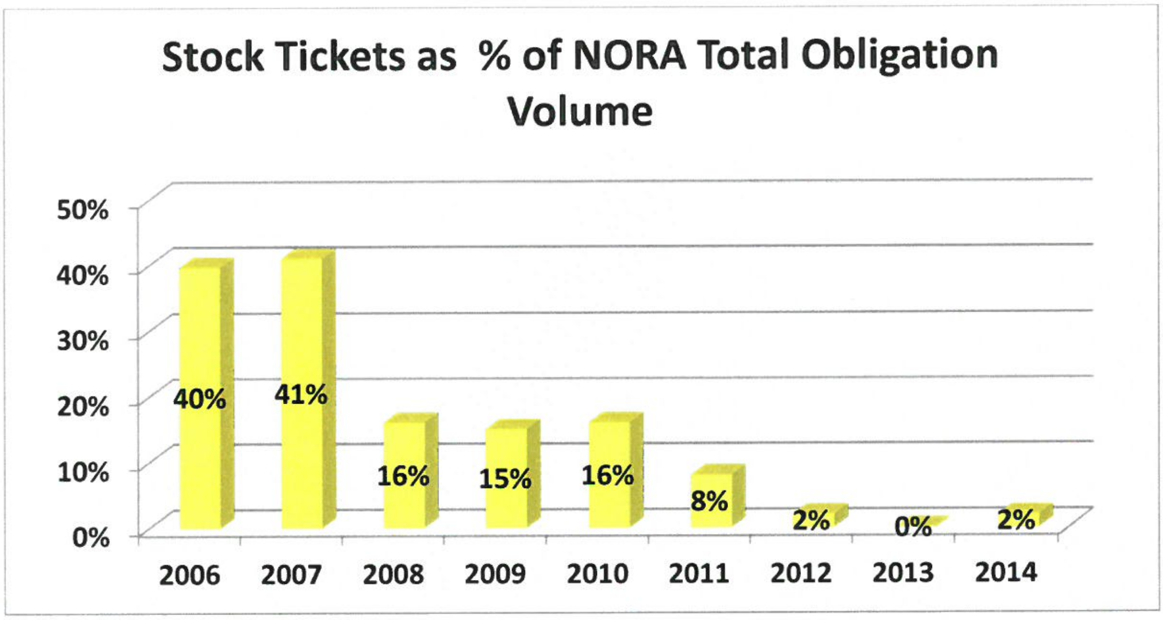
Obligation Volumes -v- Actual Stocks Held

A summary of:

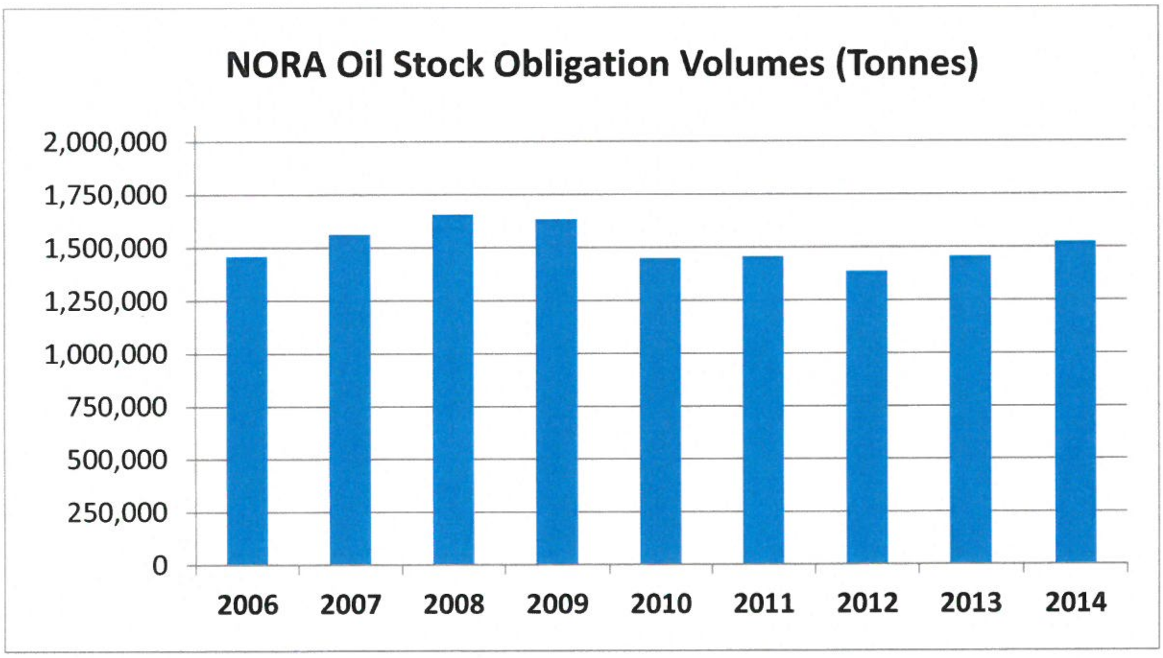
- NORA's Stock Obligation Volumes -v- Actual Stocks held, and;
- Stock Obligation Days -v- Actual No. of Days Stocks held as of the end of year, for the period 2008 to 2014 is set out below.

All Category Stocks	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Stock Obligation (Tonnes)	1,657,000	1,635,000	1,448,000	1,457,000	1,386,000	1,456,000	1,524,000
Actual Stocks Held	1,667,000	1,634,000	1,462,000	1,454,5671	1,396,159	1,458,587	1,547,000
Stock Days - Obligation	82	82	82	83	84	88	89.5
Stock Days - Held	82	82	82	83	84	88	91

NORA meets its stock Obligation through a combination of physical stocks and stock tickets. In the absence of available storage either on the island of Ireland or within the EU, NORA has for a number of years bridged the gap between Obligation volumes and physical stocks held by way of securing stock tickets. The extent to which NORA is dependent on stock tickets has reduced dramatically in recent years as NORA has progressively improved its physical stock position. A profile of physical stocks held at home and abroad, together with stock tickets in terms of their relative proportions of NORA's annual stock Obligation for recent years is set out below.

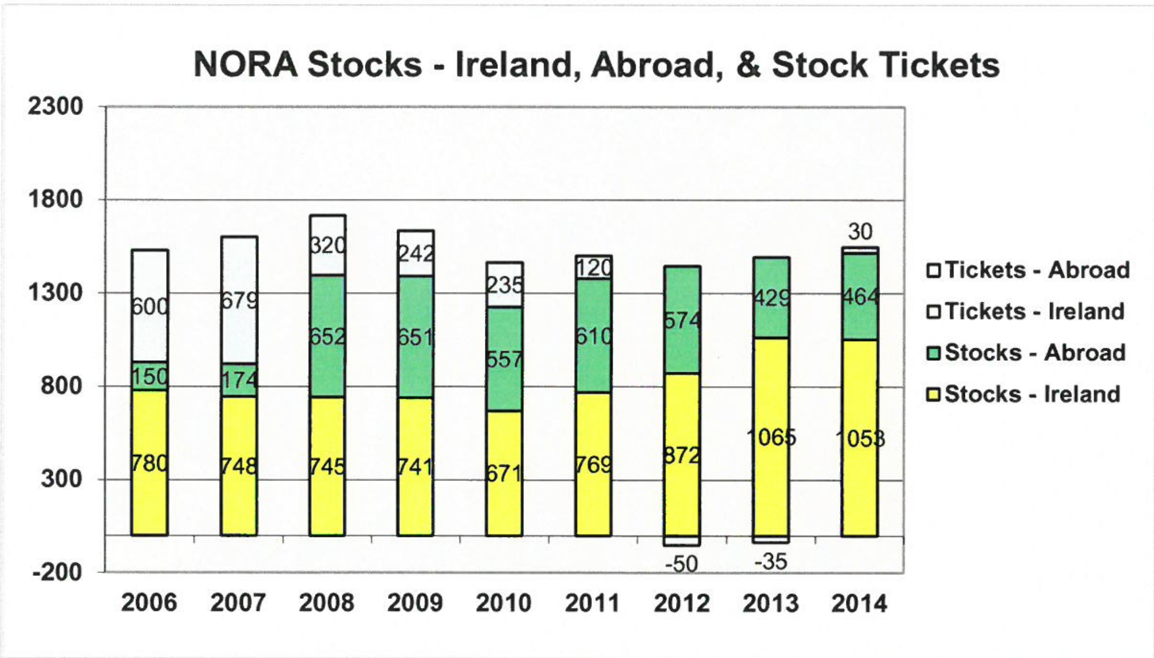


Throughout 2014, the Agency maintained compliance with its Obligation volumes. A profile of the trend in NORA's Stock Obligation volumes for recent years is set out below.



NORA Stockholding

Set out below is a graphical representation of the breakdown of NORA's stockholding in the period 2006 to 2014 ('000 tonnes).



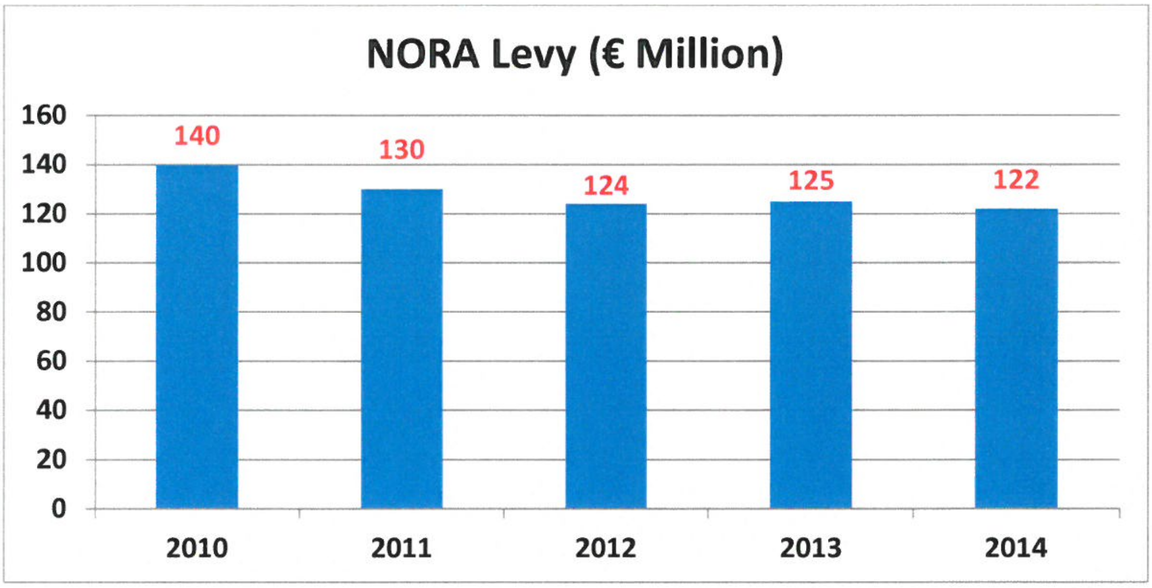
NORA Financing

NORA Levy Income

NORA is funded by a levy on the sale of oil products. Its revenue, coupled with commercial loans is used to fund the procurement and holding of Ireland's strategic oil stocks. NORA receives no Exchequer funding.

On 1st October 2009 the levy was increased from €0.01 per litre, to €0.02 per litre under the terms of the National Oil Reserves Agency Act 2007 (Returns and Levy) Regulations 2007.

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



The decline in levy income reflects the downturn in oil consumption volumes in recent years, in line with the general economic downturn experienced in Ireland.

Financing and Debt Repayment

At the end of 2009, NORA's debt was €444.0 million. In light of:

(a) this level of debt;
(b) NORA's stocks and storage development plans;
(c) NORA's need to maintain a firm financial basis for its ongoing and future business, and;
(d) the need for the State to ensure that Ireland meets its ongoing 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 a physical shortage of supplies;

- the Minister for Communications, Energy & Natural Resources increased the NORA Levy from €0.01 per litre of fuel purchased, to €0.02 per litre, with effect from 1st October 2009. This gave NORA the affordability to build up its stocks, secure additional oil storage, and commence a debt repayment plan.

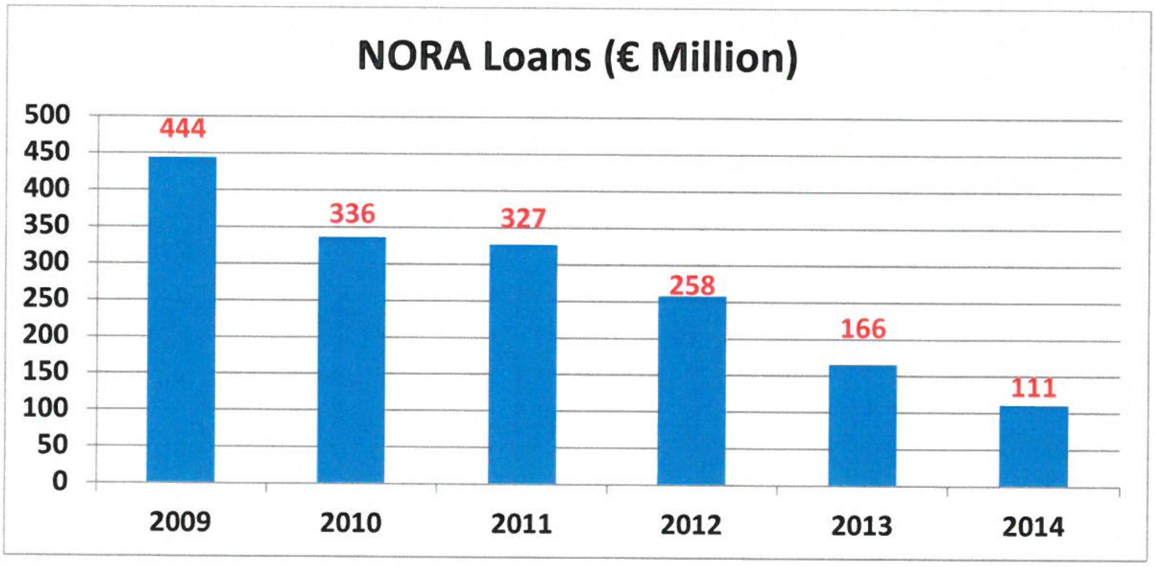
In April 2012 NORA secured refinancing to a level of €252.5 million for a four year period. This was increased to €277.5 million in November 2012, and in April 2013 the maturity of the facility was extended to April 2017.

Securing this level of refinancing in a period during which financial markets were volatile was a significant achievement for the Agency. This funding will enable the Agency to progress its stock rebalancing and storage refurbishment/redevelopment programme while maintaining its stock obligations to meet Ireland's requirements under its membership of the EU and IEA.

The National Treasury Management Agency (NTMA) is advising NORA in relation to the management of its financing and debt repayment plans. In line with NTMA advice, the amount and timing of the repayment of debt is being planned, taking account of the need for the ongoing retention of cash reserves, likely future requirements for capital expenditure, oil stock purchasing and the renewal of essential borrowing facilities.

At 31st December 2014, NORA's loans were €111 million.

The profile of NORA's stocks in recent years is set out earlier in this report. Set out below is the profile of NORA's end of year debt from end 2009 to end 2014.



End of Year 2014 Cash 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 over 90% of NORA's total annual operating costs. NORA undertook a 5 year refinancing programme in 2012.

NORA's closing cash balance was €35.8 million at 31st December 2014.

This cash position took account of:

(a) NORA's ongoing financing requirements and commitments;

(b) the procurement of oil stocks associated with planned changes in storage contract arrangements and stock procurement early in 2015, and;

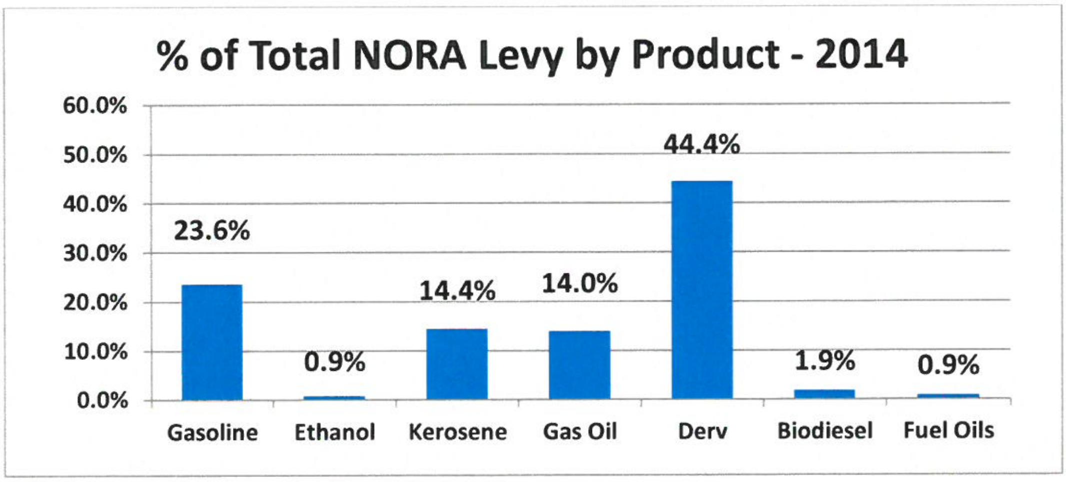
(c) loans maturing and loan repayments planned in 2015.

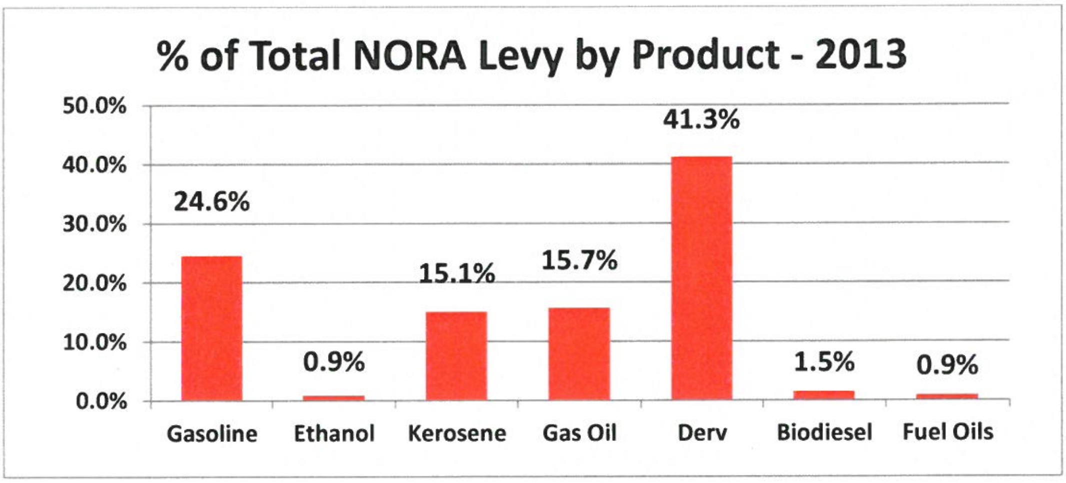
Taking account of the commitments above, this cash position is temporary, and plans are in hand for the utilisation of these cash reserves in 2015 and beyond, based on commitments made and/or planned which are summarised as follows:

	€ million
Cash in Hand at 31st December 2014	35.8
Storage Development Projects 2015	- 17.0
Stock Purchases 2015	- 31.0
Loan Repayments in 2015	- 40.0
Net Position	- 54.2

Composition of the NORA Levy

Set out hereunder is a breakdown of the levy volume percentages by product for 2014, together with comparable figures for 2013.





Biofuels Obligation Scheme

NORA commenced its administration of Ireland's 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 on the promotion of the use of energy from renewable sources.

The Scheme places an obligation on suppliers of mineral oil to ensure that a minimum percentage (in 2013 and 2014 it was 6.38% by volume) of the motor fuels (generally Gasoline and Motor Diesel) they place on the market are Biofuels manufactured from renewable sources, e.g. Ethanol and Biodiesel.

Under the terms of the National Oil Reserves Agency Act 2007 (Returns and Biofuel Levy) Regulations 2010 (S.I. No. 356 of 2010), a Biofuels Levy of €0.02 per litre is payable on the sales of all Biofuels into the market with effect from 1st July 2010.

Biofuels Obligation Volumes

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

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

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

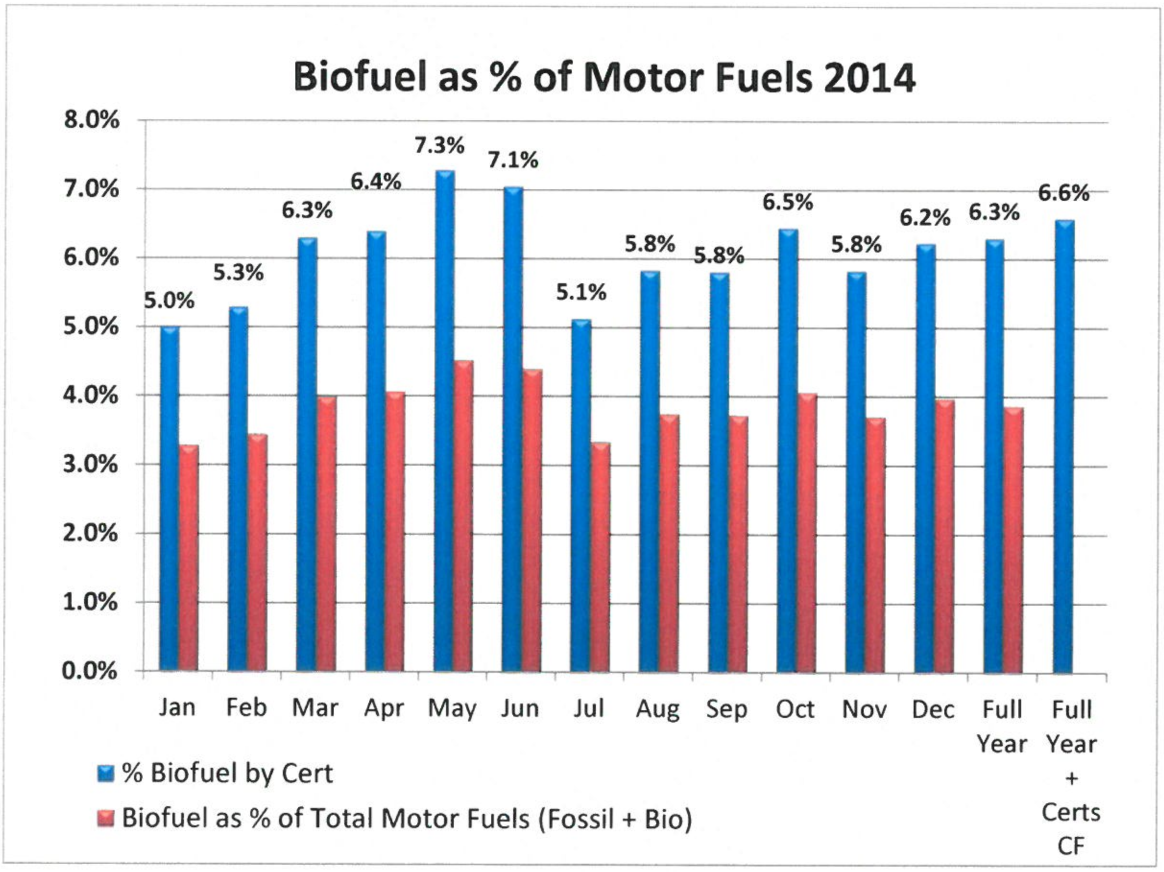
ii. Biofuels placed on the market that are made from wastes or residues qualify for "double certificates" i.e., 1 litre of Biofuel made from waste will earn 2 Biofuels Certificates, and thus, with a significant volume of "waste or residue" Biofuels placed on the market, the total volume placed is likely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

	Biofuels Placed on Market as % of Total Motor Fuels	Biofuels % Obligation Volume
2010	4.31%	4.166%
2011	3.40%	4.166%
2012	4.80%	4.166%
2013	3.71%	6.383%
2014	3.91%	6.383%

In 2012, the total volume of Biofuels placed on the market was 128 million litres. Taking account of Biofuels volume for which double certification applied as it was made from materials classified as "waste", the total effective volume placed on the market was 199 million litres, equivalent to 4.8% of Motor Fuels.

In 2013, the total volume of Biofuels placed on the market was 151 million litres. Taking account of Biofuels volume for which double certification applied as it was made from materials classified as "waste", the total effective volume placed on the market was 244 million litres, equivalent to 5.9% of Motor Fuels.

In 2014, the total volume of Biofuels placed on the market was 167 million litres. Taking account of Biofuels volume for which double certification applied as it was made from materials classified as "waste", the total effective volume placed on the market was 264 million litres, equivalent to 6.3% of Motor Fuels.



When coupled with Biofuels volumes placed on the market in previous years in excess of the compliance target for that obligation period, and which can, under the regulations be carried over to subsequent years, the 2014 compliance target was achieved.

Ensuring adherence to adequate levels of compliance with the Biofuels Obligation Scheme is an important aspect of NORA's administration of the Scheme as the extent of use of renewable motor fuels in the market is a key measure of Ireland's level of compliance with the Renewable Energy Directive.

To this end, the Agency provided DCENR with a detailed report on the performance of the BOS for each year to date of the operation of the scheme and a summary version of this report is published on the Agency's website, www.nora.ie .

Biofuels Obligation Rate

A review of the BOS Obligation rate was undertaken by the Renewable Fuels Division of DCENR in 2012. Arising from this review, the decision was taken to increase the obligation rate under the Biofuels Obligation Scheme, from 4.166% by volume to 6.383% by volume with effect from 1st January 2013. This increase was the first in what is expected to be a series of increases required in the run up to 2020, in order that Ireland can meet the requirement set out in the EU Renewable Energy Directive that each member state must ensure that by 2020 a minimum of 10% of energy used in transport comes from renewable sources.

A further review was undertaken in 2014 and the decision was made to retain the current rate of 6.383% for 2015. It is expected that a further review of the Biofuels obligation rate will be undertaken by DCENR in 2015, in consultation with all key stakeholders.

Energy Management Obligation in 2014

In 2014 NORA met its Public Body Energy Management obligations under S.I. No. 542 of 2009. NORA progressed its Energy Management objectives by continuing to participate in the Sustainable Energy Authority of Ireland's (SEAI) public sector Advice, Mentoring & Assessment (AMA) programme. A more detailed report on NORA's Energy Management report is available on NORA's website, www.nora.ie.

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 Energy Security Division of the Department for their continuing support and assistance throughout the year.

Aidan Donnelly
Chairperson

26th May 2015

Directors' report

The directors submit their report and the audited financial statements for the year ended 31st December 2014.

Principal activities and review of the business

On 1st August 2007, the Agency was established as an Agency on a statutory basis under the aegis of the Minister for Communications, Energy and Natural Resources. The Agency operates in accordance with several statutes and regulations, key among them:

- 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 2009);
- National Oil Reserves Agency Act 2007 (Biofuel Obligation Rate) Order 2012 (S.I. No. 562 of 2012);
- Energy (Biofuel Obligation and Miscellaneous Provisions) Act 2010;
- European Union (Biofuel Sustainability Criteria) Regulations 2012 (S.I. No. 33 of 2012), and;
- European Union (Oil Reserves) Regulations 2012 (S.I. No. 541 of 2012).

The operations of the Agency consist of managing the strategic stocks of Ireland required under EU legislation and administering Ireland's Biofuel Obligation Scheme. 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 company 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 undertaken long term leases in respect of two storage facilities (at Ringsend and Tarbert). The commissioning of Ringsend in 2011 and Tarbert in 2012 has 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 Agency was delegated the task of administering the 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 fifth biofuel obligation period (1st January to 31st December 2014) 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 (mineral oil and biofuel) levy which, taking one year with another shall meet but not exceed the costs incurred by the company in carrying out its duties under the Regulations.

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

Business risks and management

Policy

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

- 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 2009. 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 Risk and Audit 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;
- periodic review and approval of policies for managing risk;
- development of and periodic 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:

- oil price;
- interest rate;
- foreign exchange;
- liquidity;
- management and operation of oil storage facilities;
- shipment of oil;
- credit, and;
- counterparty risk.

Stocks are mainly financed by medium term revolving credit facilities, with the aim of having a balanced maturity profile. Borrowings are in Euro to match levy income. Strategic stocks of oil products owned by the company are not hedged as the date of sale is not known.

Current policy is to have a balanced profile of debt at fixed and floating interest rates. However, this level can be increased or reduced where short-term cash surpluses are used to repay debt, or in anticipation of future borrowings. Interest rates are fixed via the use of interest rate swaps.

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 and to minimise costs.

The Agency seeks to minimise cash balances in current accounts. Cash surpluses are deposited with banks with an appropriate credit standing, in a manner which provides the most competitive return.

All financial instruments are used to match underlying physical requirements and are non-speculative. In addition, financial transactions entered into are 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 period

The results are disclosed on pages 29 - 30 of the financial statements. As noted in the profit and loss account, a surplus of €80.0 million (2013 restated: €79.2 million surplus) was recorded for the year. The entire surplus on the profit and loss account is considered not to be available for distribution (see Note 14 to the financial statements).

The company had debt outstanding of €111m at 31st December 2014 and is committed to reducing its debt over an acceptable period of time. This programme of debt reduction will be balanced with the Agency's primary remit of maintaining stocks in accordance with its obligations. In this regard, the Agency is advised by the NTMA in relation to the management of its financing and debt repayment plans, with the amount and timing of the repayment of debt being planned taking account of the need for the ongoing retention of cash reserves, likely future requirements for capital expenditure, oil stock purchasing and the renewal of essential borrowing facilities.

Included in the surplus of €80.0 million is a loss on the sale of strategic stocks of €16,497 (2013: €367,571 loss). The losses arise on the sale of stocks in the normal course of business. Also included in the surplus are tolerable losses written off for 2014 €0.7 million loss (2013 restated: €3.6 million loss).

Directors' and company secretary's interests

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

Directors' remuneration

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

Directors' fees paid in the period 1st January to 31st December 2014 were:

		€
Chairman:	Aidan Donnelly	8,978
Directors :	Terry Nolan	5,985
	Hugh O'Donnell	-
	Pat Meehan	-
	Oliver Whelan	-
	Aoife MacEvilly	-
		14,963

The remuneration of the non-executive board members in the performance of these duties for the company is in compliance with Government guidelines.

Directors' attendance at board meetings

In accordance with the requirements of section 3.8 of the Code of Practice for the Governance of State Bodies, the following is a summary of the attendances of each board member at board meetings for the year ended 31st December 2014.

Number of board meetings held:	9	
Attendance:		
Aidan Donnelly	9	
Terry Nolan	9	
Hugh O'Donnell	8	(appointed 1st January 2014; resigned 15th April 2015)
Pat Meehan	9	
Oliver Whelan	9	(resigned 22nd November 2014)
Aoife MacEvilly	6	(resigned 26th September 2014)

Post balance sheet events

There have been no significant events since the balance sheet date and the date of approval of these financial statements.

Health and safety

The well being 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 2.11 of the Code of Practice for the Governance of State Bodies, 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.

In accordance with the provisions of the 2014 Act, the Agency's Annual Protected Disclosures Report for 2014 is as follows: the number of protected disclosures made was 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 Section 202 of the Companies Act, 1990 with regard to books of account, by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company are maintained at 7 Clanwilliam Square, Grand Canal Quay, Dublin 2.

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

T Nolan　　　　　　　　　　　　Pat Meehan

Terry Nolan	***Pat Meehan***
Director	**Director**

Date: 26th May 2015

The National Oil Reserves Agency Limited

An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of Directors' responsibilities 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.

The National Oil Reserves Agency Act 2007 and 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 Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The company's financial statements are required by law to give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period.

In preparing those 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 applicable accountancy standards have been followed, subject to any material departures, disclosed and explained in the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2013. 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.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2013.

On behalf of the board

Terry Nolan	***Pat Meehan***
Director	***Director***

Date: 26th May 2015

Chairperson's Statement on the System of Internal Financial Control

Responsibility for system of internal financial 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 financial control is maintained and operated for the organisation.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period. In considering the effectiveness of internal financial controls the Board has regard, among other things, to the requirements of the Code of Practice for the Governance of State Bodies.

Key control procedures

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 Risk and Audit Committee;
- 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.

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

- identifying the nature, extent and possible implications of risks facing the Board 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 financial 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 Risk and Audit Committee and Board of periodic annual financial reports which indicate financial performance against targets;
- setting targets to measure financial and other performance, and;
- regular internal audits.

The internal audit function is a key element in informing the Board of the effectiveness of the system of internal financial control. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies. The National Oil Reserves Agency's internal audit function is contracted out to Deloitte.

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 Risk and Audit Committee. The analysis of risk is also endorsed by the Risk and Audit 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 of internal financial control.

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

The National Oil Reserves Agency has in the year ended 31st December 2014, through the activity of the Board, monitored the work of Management in the area of financial control. Specifically, the Board examined the following:

- bi-monthly management accounts, with analysis and explanation of significant deviations from budget;
- annual accounts for 2014 and explanation of significant variances, and;
- annual budget and financial plan for 2015.

Annual review of controls

I confirm that in respect of the year ended 31st December 2014 the Board conducted a review of the effectiveness of the system of internal financial control.

Signed on behalf of the Board.

Aidan Donnelly
Chairman
26th May 2015

National Oil Reserves Agency Limited

I have audited the financial statements of the National Oil Reserves Agency Limited for the year ended 31 December 2014 under the National Oil Reserves Agency Act 2007. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under the Companies Acts 1963 to 2013, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the company's affairs and of its profit or loss, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the company's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view, in accordance with generally accepted accounting practice in Ireland, of the state of the company's affairs at 31 December 2014 and of its profit for 2014; and
- have been properly prepared in accordance with the Companies Acts 1963 to 2013.

Matters on which I am required to report by the Companies Acts 1963 to 2013

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In my opinion, the information given in the directors' report is consistent with the financial statements.

Under Section 40 (1) of the Companies (Amendment) Act 1983, the convening of an extraordinary general meeting of the company is required if the net assets of the company are less than half of the amount of its called-up share capital at the balance sheet date. At 31 December 2014, the net assets of the company, as stated in the balance sheet are more than half of the amount of its called-up share capital, and consequently, in my opinion the convening of an extraordinary general meeting is not required.

Matters on which I report by exception

I report by exception if

- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or

- the information given in the company's annual report is not consistent with the related financial statements, or
- the statement on the system of internal financial control does not reflect the company's compliance with the Code of Practice for the Governance of State Bodies, or
- the statutory disclosures of directors' remuneration and of transactions with directors are not made, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus Mc Carthy

Seamus McCarthy
Comptroller and Auditor General
28 **May 2015**

Statement of 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

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with Financial Reporting Standards of the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in Ireland.

Turnover

Levy Income represents the invoiced value of levy income. Turnover is recognised on the basis of levy amounts due, in respect of the year, as notified by the Department of Communications, Energy and Natural Resources.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Motor vehicles	-	33% Straight Line
Office Equipment	-	15% Straight Line
Computer Equipment	-	33% Straight Line

Strategic stocks

Strategic stocks of petroleum products are valued at cost. 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. In addition, losses/gains in measurement arise from changes in temperature and pressure caused by weather conditions at the time of measurement. The Agency continuously monitors such operating losses and measurement differences against industry standards.

In previous periods, it was the Agency's policy not to carry out annual impairment reviews, but to recognise losses/gains when stocks were sold. When stocks were sold, the average cost of stocks (by location) was used as the basis of calculation of losses/gains on sale.

However, the Board reconsidered its policy in relation to operating stock losses and decided to change its accounting policy in order to account for operating stock losses (taken as absolute with no in-built tolerance to take account of the timing and environmental conditions of the stocktake) in the financial year they occur. The change in accounting policy is to provide for differences between actual stock measurement at year end and "book" stocks, on an annual basis. Differences are only provided for where actual stocks are lower than "book" stocks and are valued based on average cost of stocks.

In implementing the change in accounting policy and to present the prior years' results on a comparative basis, it is necessary for the Agency to provide for cumulative operating stock losses to end 2013 in respect of stocks held in storage for a number of years. This change in the Agency's accounting policy results in a prior year adjustment and the restatement of the 2013 figures.

The effect of the change in the accounting policy in respect of the 2013 comparative figures is:
- A decrease in the surplus for the year of €3.6 million (increase in operating costs of €3.6 million), and;
- A decrease in the year end value of strategic stock of €3.6 million.

The effect of the change in the accounting policy in respect of the current year figures is:
- A decrease in the surplus for the year of €0.7 million (increase in operating costs of €0.7 million), and;
- A decrease in the year end value of strategic stock of €0.7 million.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange applicable at the balance sheet date, except where specifically covered by a forward foreign exchange contract, in which case the translation is at the contracted rate of exchange. All exchange differences arising are dealt with in the profit and loss account.

Stock tickets

Stock tickets are short term holding contracts under which a counterparty agrees to hold oil which will be available to the Agency during the period of the contracts, and under which the Agency has an option to purchase oil in emergency circumstances during the period of the contract, at a price to be determined in the future. The cost of these tickets is charged to the profit and loss account in the period to which the contracts relate.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

The accounting treatment of the costs of refurbishment of storage facilities is based on the substance of the transactions being that of lease incentives. Accordingly, the aggregate benefit of incentives is recognised as a reduction of rental expense. The benefit has been allocated on a straight line basis over the shorter of the lease term and the period ending on the date from which it is expected that the prevailing market rental will be payable.

Pensions

The NORA Act 2007 provides for the preparation and submission to the Minister for Communications, Energy and Natural Resources of a scheme or schemes for granting superannuation benefits to staff. Any such scheme requires the approval of the Minister and the consent of the Minister for Public Expenditure and Reform before it can be implemented by the Agency.

The Agency has submitted a scheme and, pending its formal approval, the Minister for Public Expenditure and Reform has consented to the operation, on an administrative basis, of the Model Superannuation Scheme for civil servants. This scheme operates on a "funded pension scheme" basis which means that benefits are pre-funded through the making of contributions to a separate fund controlled by trustees.

The NORA Board has approved the completion of all necessary arrangements to set up the NORA Pension Scheme on a stand-alone basis, which include finalisation of the Trust Deed and Scheme Regulations and obtaining Department of Public Expenditure and Reform (DPER) approval for the Scheme.

In the interim, as the scheme continues to be maintained on an independent basis, and considering the associated implications in respect of pension funding, the Agency considers it appropriate to implement the provisions of Financial Reporting Standard (FRS) 17.

The pension charge in the profit and loss account comprises the current service cost plus the difference between the expected return on scheme assets and the interest cost of scheme liabilities. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur.

Pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability.

A triennial actuarial valuation of the scheme was carried out as at 1st January 2015 and the recommended contribution rate is due to be agreed shortly. The next triennial actuarial valuation is due to be carried out at 1st January 2018. In addition, an actuarial valuation against the minimum funding standard was performed at 31st December 2014, which confirmed that the scheme met the minimum funding standards at that date.

The National Oil Reserves Agency Limited
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Profit and Loss Account
for the year ended 31st December 2014

	Note	2014 €	2013 Restated €
Levy Income	*1*	121,337,259	123,420,257
Operating costs	*2*	(37,760,899)	(38,684,437)
Operating surplus - continuing operations		83,576,360	84,735,820
(Loss)/profit on sale of strategic stocks	*7*	(16,497)	(367,571)
Surplus on ordinary activities before interest and tax		83,559,863	84,368,249
Net interest payable	*3*	(3,545,163)	(5,149,188)
Surplus on ordinary activities before taxation	*4*	80,014,700	79,219,061
Taxation (charge)/credit on surplus on ordinary activities	*6*	-	-
Surplus for the financial year	*14*	80,014,700	79,219,061

The accounting policies, cashflow statement and notes 1 to 22 form an integral part of these financial statements.

On behalf of the board

T Nolan .... Pat Meehan ....

Terry Nolan ***Pat Meehan***
Director ***Director***

26th May 2015

The National Oil Reserves Agency Limited

An Ghníomhaireacht Chúltaca Ola Náisiúnta

Statement of total recognised gains and losses

for the year ended 31st December 2014

	Note	2014 €	2013 Restated €
Surplus for the financial year		80,014,700	79,219,061
Actual return less expected return on pension scheme assets	19	275,825	50,364
Experience gains/(losses) on pension scheme liabilities	19	55,047	139,703
Changes in assumptions underlying the present value of pension scheme liabilities	19	(257,729)	(99,549)
Total gains and losses recognised		80,087,843	79,309,579
Prior year adjustment	21	(3,556,312)	
Total recognised gains since last annual report		76,531,531	

The cumulative actuarial loss recognised in the STRGL is €351,456.

The accounting policies, cashflow statement and notes 1 to 22 form an integral part of these financial statements

On behalf of the board

Terry Nolan
Director

Pat Meehan
Director

26th May 2015

The National Oil Reserves Agency Limited
An Ghníomhaireacht Chúltaca Ola Náisiúnta

Balance Sheet
at 31st December 2014

	Notes	2014 €	2013 Restated €
Fixed assets			
Strategic stocks	*7*	807,991,407	785,448,491
Tangible assets	*8*	56,124	37,039
		808,047,531	785,485,530
Current assets			
Debtors	*9*	33,104,912	34,674,415
Cash at bank and in hand		35,827,126	27,941,954
		68,932,038	62,616,369
Creditors: amounts falling due within one year			
Bank loans	*11*	-	-
Other creditors	*10*	(9,979,066)	(6,075,066)
Net current assets/(liabilities)		58,952,972	56,541,303
Total assets less current liabilities		867,000,503	842,026,833
Creditors: bank loans falling due after more than one year	*11*	(111,000,000)	(166,000,000)
Net assets excluding pension liability		756,000,503	676,026,833
Pension Asset	*19*	300,041	185,870
Net assets		756,300,544	676,212,703
Capital and reserves			
Called up share capital	*13*	1	1
Profit and loss account		756,000,502	676,026,832
Pension reserve	*14*	300,041	185,870
Shareholders' funds	*14*	756,300,544	676,212,703

The accounting policies, cashflow statement and notes 1 to 22 form an integral part of these financial statements.

On behalf of the board.

T Nolan	Pat Meehan
....	....
Terry Nolan	***Pat Meehan***
Director	***Director***

26th May 2015

The National Oil Reserves Agency Limited

An Ghníomhaireacht Chúltaca Ola Náisiúnta

Cash Flow Statement

for the year ended 31st December 2014

	Notes	2014 €	2013 Restated €
Net cash inflow/(outflow) from operating activities	*15*	89,295,767	93,988,154
Returns on investments and servicing of finance	*16*	(3,817,065)	(5,132,301)
Taxation		-	1,767,983
Capital expenditure and financial investment	*16*	(22,593,530)	(7,303,750)
Net cash inflow/(outflow) before financing		62,885,172	83,320,086
Financing	*16*	(55,000,000)	(92,000,000)
Increase/(decrease) in cash for the year	*17*	7,885,172	(8,679,914)

Reconciliation of net cash flow to movement in net funds (note 15)

Increase/(decrease) in cash for the year	*17*	7,885,172	(8,679,914)
Net (increase)/decrease in debt	*17*	55,000,000	92,000,000
Movement in net debt for the year	*17*	62,885,172	83,320,086
Net debt at beginning of year		(138,058,046)	(221,378,132)
Net debt at end of year		(75,172,874)	(138,058,046)

1. 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).

Due to the introduction of the Biofuel Obligation Scheme in July 2010, NORA's turnover for the year is segregated into the following categories:

	2014	2013
	€	€
Fossil Fuel	**118,008,705**	120,355,061
Biofuel	**3,328,554**	3,065,196
	121,337,259	123,420,257

2. Operating Costs

	2014	2013 Restated
	€	€
Storage Costs	**31,753,477**	31,480,924
Strategic stocks losses write off	**708,203**	3,556,312
Stock tickets	**91,757**	(1,769,514)
Salaries and directors' fees	**453,602**	475,528
Administration and professional fees	**662,441**	620,126
Finance costs - including syndicated loan facility and foreign exchange costs	**2,127,222**	2,264,825
Stock upgrade and movement costs	**407,436**	515,408
(Profit)/loss on disposal of tangible fixed assets	**(22,000)**	-
Other operating costs	**1,578,761**	1,540,828
	37,760,899	38,684,437

3.	Net interest payable	2014	2013
		€	€
	Interest on bank loans	**3,999,679**	5,613,291
	Bank interest receivable	**(454,110)**	(463,339)
	Levy interest receivable	**(406)**	(764)
		3,545,163	5,149,188

4. Surplus before taxation for the year

This has been arrived at after charging the following items:

	2014	2013
	€	€
Directors' remuneration	**14,963**	13,789
Auditors' remuneration	**26,800**	26,800
Depreciation	**37,032**	32,093
Amortisation	**1,800,135**	1,912,486

5. Staff numbers and costs

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

	2014	2013
Administration	**4**	4

The aggregate payroll costs of these employees were:

	2014	2013
	€	€
Wages and salaries	**346,083**	351,993
Social welfare costs	**35,715**	35,899
Pension costs	**56,841**	73,847
	438,639	461,739

(b) Details of the remuneration of the Chief Executive for the year ended 31st December 2014 are as follows:

	2014	2013
	€	€
Annual basic salary	**126,200**	130,600
Other benefits including company car	**13,384**	12,085
	139,584	142,685

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

Expenses of €11,592 (2013 €24,300) 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.

(c) Directors' fees paid in the period were:

	2014 €	2013 €
Aidan Donnelly	**8,978**	8,978
Vincent Caffrey	-	3,491
Pat Meehan	-	-
Oliver Whelan	-	-
Aoife MacEvilly	-	-
Terry Nolan	**5,985**	1,320
Hugh O'Donnell	-	-
	14,963	13,789

Directors' expenses in 2014 amounted to €1,559 (2013 - €2,497), which comprised €1,382 in respect of travel and €177 in respect of subsistence.

(d) An amount of €27,150 (2013 - €28,268) in respect of the Pension Levy in respect of all staff has been deducted in 2014 and paid over to the Department of Communications, Energy and Natural Resources.

(e) Management and staff related entertainment expenses for the year were €4,098 (2013 - €2,726).

(f) Total expenditure on foreign travel incurred in the year in respect of the CEO and all staff was €16,315 (2013 - €17,703).

6. Taxation

	2014	2013 Restated
	€	€
Current tax		
Corporation tax for current year	-	-
Factors affecting tax charge for period		
Surplus on ordinary activities before tax	**80,014,700**	79,219,061
Surplus on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.50% (2013 : 12.50%)	**10,001,838**	9,902,383
Effects of:		
Income not taxable	**(15,167,208)**	(15,427,628)
Expenses not deductible for tax purposes	**315,896**	230,174
Depreciation in excess of capital allowances	**2,501**	2,233
Income taxable at higher rate of tax	**56,764**	58,087
Profit on disposal	**(2,750)**	-
Utilisation of losses forward	**4,792,959**	5,234,751
Current tax charge/(credit) for year	-	-

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

In accordance with FRS 19, no deferred tax asset has been recognised in respect of tax losses carried forward, as it cannot be considered more likely than not, that there will be suitable future surpluses to offset the losses forward. The total unrecognised deferred tax asset arising thereon is € 41,849,329 as at 31 December 2014 (2013 restated: €37,072,402).

7. Stocks

	2014	2013 Restated
	€	€
At Cost		
Petroleum Products		
At beginning of year	**785,448,491**	778,559,434
Additions in year	**23,369,437**	10,914,666
Sales during the year	**(118,318)**	(469,297)
Losses written off during the year	**(708,203)**	(3,556,312)
At end of year	**807,991,407**	785,448,491

(Loss)/profit on sale of strategic stocks

	2014	2013 Restated
Net sales proceeds	**101,821**	101,726
Less: Cost of product	**(118,318)**	(469,297)
	(16,497)	(367,571)

Strategic stocks are held at the direction of the Minister of Communications, Energy and Natural Resources and are not intended to be sold in the short or medium term. The replacement cost of the stocks at 31st December 2014 was €740,732,708 (31st December 2013 : €1,061,508,555). Replacement cost is calculated by reference to physical stocks held at year end, valued at average market prices for the months of December 2014 and December 2013 respectively.

8. Tangible fixed assets

	Motor vehicles €	Office Equipment €	Computer Equipment €	Total €
Cost				
At beginning of year	40,082	21,067	97,229	158,378
Additions in year	44,930	-	11,187	56,117
Disposals in year	(40,082)	-	-	(40,082)
At end of year	44,930	21,067	108,416	174,413
Depreciation				
At beginning of year	40,082	17,551	63,706	121,339
Charge for the year	14,975	901	21,156	37,032
Disposals in year	(40,082)	-	-	(40,082)
At end of year	14,975	18,452	84,862	118,289
Net book value:				
At 31st December 2014	29,955	2,615	23,554	56,124
At 31st December 2013	-	3,516	33,523	37,039

9. Debtors

	2014 €	2013 €
Trade debtors	**(12,315)**	32,339
Value added tax	**856,882**	954,909
Prepayments and accrued income	**31,976,600**	33,440,175
Other debtors	**283,745**	246,992
	33,104,912	34,674,415

All debtors are due within one year.

10. Creditors: amounts falling due within one year

	2014	2013
	€	€
Trade creditors	**(119,715)**	293,867
Accruals	**9,797,340**	5,526,765
PAYE/PRSI	**71**	(21)
Other creditors	**301,370**	254,455
	9,979,066	**6,075,066**

11. Creditors: amounts falling due after more than one year

	2014	2013
	€	€
Bank loans	**111,000,000**	166,000,000

Maturity analysis:

	2014	2013
	€	€
Bank loans are repayable as follows:		
(a) Under one year	-	-
(b) Over one year	**111,000,000**	166,000,000
	111,000,000	166,000,000

12. Treasury risk management

(a) Interest rate and currency profile

The profile of the company's bank loans at 31st December 2014 was as follows:

	Weighted average interest rates		Weighted average debt	
	Fixed	**Floating**	**Fixed**	**Floating**
	%	**%**	**€'000**	**€'000**
Currency				
Euro	**2.89**	**2.33**	**60,000**	**51,000**

(b) Schedule of undrawn committed facilities

The company has undrawn committed borrowings facilities, maturing after more than one year as follows:

Currency	**€'000**
Euro	166,500

(c) Currency Analysis

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

	€'000	**€'000**	**€'000**
	USD	**STG**	**DKK**
Monetary assets	4,893	567	100
Monetary liabilities	-	(242)	-
	4,893	325	100

(d) Fair value of financial assets and liabilities

The fair value of the company's short term financial assets and financial liabilities approximate to their book value at 31st December 2014.

The unrealised loss on euro interest swaps at 31st December 2014 approximated to €0.44 million.

13. Called up share capital

There are 100 ordinary shares of €1.27 authorised, of which 1 share was allotted, called up and fully paid at 31st December 2014.

14. Reconciliation of movements in shareholders' funds

	Profit & Loss Account €	Pension Reserve €	Total €
Opening shareholders' funds at 1st January 2013	596,835,403	67,729	596,903,132
Surplus for the financial year	82,775,373	-	82,775,373
Actuarial gain/(loss)	-	90,518	90,518
Pension adjustment	(27,632)	27,624	(8)
Opening shareholders' funds at 1st January 2014 as previously stated	679,583,144	185,871	679,769,015
Prior year adjustment	(3,556,312)	-	(3,556,312)
Opening shareholders' funds at 1st January 2014 as restated	676,026,832	185,871	676,212,703
Surplus for the financial year	80,014,700	-	80,014,700
Actuarial gain/(loss)	-	73,143	73,143
Pension adjustment	(41,030)	41,027	(3)
Closing shareholders' funds at 31st December 2014	**756,000,502**	**300,041**	**756,300,543**

An adjustment has been made to bring the pension reserve in line with the pension liability.

Section 44(3) of the National Oil Reserves Agency Act 2007 provides that in determining the rate of the levy, the Minister for Communications, Energy and Natural Resources 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 profit and loss account is considered not to be available for distribution.

15. Reconciliation of operating surplus to net cash inflow from operating activities

	2014	2013 Restated
	€	€
Operating surplus	**83,576,360**	84,735,820
(Increase)/decrease in debtors	**1,543,138**	11,820,961
(Decrease)/increase in creditors	**4,202,265**	(2,573,090)
(Profit)/loss on sale of tangible assets	**(22,000)**	-
Depreciation	**37,032**	32,093
Pension charge less contribution	**(41,028)**	(27,630)
Net cash inflow from operating activities	**89,295,767**	93,988,154

16. Analysis of cash flows for headings netted in the cash flow statement

	2014	2013
Returns on investment and servicing of finance	€	€
Interest paid	**(4,297,944)**	(5,583,073)
Interest received	**480,879**	450,772
	(3,817,065)	(5,132,301)

	2014	2013 Restated
Capital expenditure and financial investment	€	€
Purchase of strategic stocks	**(23,251,119)**	(10,445,369)
Purchase of tangible fixed assets	**(34,117)**	(47,122)
(Loss)/profit on sale of strategic stocks	**(16,497)**	(367,571)
Strategic stock losses written off	**708,203**	3,556,312
	(22,593,530)	(7,303,750)

	2014	2013
Financing		
Bank loans	**(55,000,000)**	(92,000,000)

17. Analysis of net debt

	at 1st January 2014	Cash flow	at 31st December 2014
	€	€	€
Cash at bank and in hand	**27,941,954**	**7,885,172**	**35,827,126**
Bank overdraft	-	-	-
	27,941,954	**7,885,172**	**35,827,126**
Bank loans	**(166,000,000)**	**55,000,000**	**(111,000,000)**
	(166,000,000)	**55,000,000**	**(111,000,000)**
Net debt	**(138,058,046)**	**62,885,172**	**(75,172,874)**

18. Commitments

Operating lease commitments

The total lease payments made in 2014 by the Agency were €34,845,729.

The company has leasehold interests in its registered office at 7 Clanwilliam Square, Dublin and in oil storage facilities at Ringsend, Dublin and Tarbert, Co. Kerry.

Premises

The Agency has commitments payable up to the year 2024 in respect of a 25 year lease for office accommodation at 7 Clanwilliam Square, Grand Canal Quay, Dublin 2.

Rent reviews are carried out every 5 years and the current rent is €49,649.

Annual commitments under operating leases at the balance sheet date are as follows:

	2014 Property € 000	**2014 Oil Storage € 000**	2013 Property € 000	2013 Oil Storage € 000
Expiring:				
Within one year	**-**	**5,541**	-	5,184
Between one and two years	**-**	**15,972**	-	332
Between two and five years	**-**	**2,249**	-	18,483
After more than five years	**50**	**5,865**	50	4,399
	50	**29,627**	50	28,398

Foreign currency commitments

The company had no foreign currency commitments at 31st December 2014.

Capital commitments

Future capital expenditure approved by the directors in relation to the acquisition of strategic stocks at 31st December 2014 was as follows:

	2014 € '000	**2013 € '000**
Contracted	**5,839**	1,375
Authorised but not contracted	**19,160**	6,460

19. Pensions

(a) *Pension costs*

	2014	2013
	€	€
Current service cost	**95,105**	99,024
Interest cost	**64,374**	67,327
Expected return on scheme assets	**(85,355)**	(74,614)
Less: employees contributions	**(17,283)**	(17,890)
	56,841	73,847

	2014	2013
	€	€
(bi) Net pension liability/(asset)		
Present value of funded obligations	**2,109,357**	1,784,407
Fair value of scheme assets	**(2,409,398)**	(1,970,277)
Net liability/(asset)	**(300,041)**	(185,870)

(bii) Present value of scheme obligations at beginning of year	**1,784,407**	1,695,421
Current service cost	**95,105**	99,024
Interest cost	**64,374**	67,327
Actuarial (gain)/loss	**202,682**	(40,154)
Benefits paid	**(37,211)**	(37,211)
Present value of scheme obligations at end of year	**2,109,357**	1,784,407

	2014	2013
	€	€
(biii) Change in scheme assets		
Fair value of scheme assets at beginning of year	**1,970,277**	1,763,149
Expected return on scheme assets	**85,355**	74,614
Actuarial gain/(loss)	**275,825**	50,364
Employer contributions	**97,869**	101,471
Members' contributions	**17,283**	17,890
Benefits paid	**(37,211)**	(37,211)
Closing value of scheme assets	**2,409,398**	1,970,277

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

(c) *Description of scheme and actuarial assumptions*

The pension scheme is a defined benefit final salary pension arrangement with benefits defined by reference to current "model" public sector scheme regulations. Employer contribution rates are set having regard to actuarial advice and periodic review on the funding rate required for the scheme. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal retirement age is a member's 65th birthday. Pensions in payment (and deferment) normally increase in line with general public service sector salary inflation.

	2014	2013
Discount rate	**1.70%**	3.55%
Salary increases	**3.20%**	3.75%
Pension increases	**2.20%**	3.00%
Inflation increases	**2.00%**	2.00%

Assumptions regarding future mortality experience are set based on published mortality tables (PNML00 /PNFL00) published by the actuarial profession in the UK. The 00 tables are derived from insurance company data collected between 1999 and 2002.

The mortality assumptions chosen are based on standard tables reflecting typical pensioner mortality and they allow for increasing life expectancy over time.

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

	Retiring at 65	Retiring at 65
Males	22.0	22.8
Females	23.6	24.5

The scheme assets at year end comprised:

	2014	2013
Equities	**21.54%**	24.44%
Bonds	**60.34%**	54.06%
Property	**-%**	-%
Other	**18.12%**	21.50%
	100.0%	100.0%

Actual return less expected return on scheme assets

	2014	2013
	€	€
Actual return	**361,180**	124,978
Less: expected return	**(85,355)**	(74,614)
Actuarial gain/(loss)	**275,825**	50,364

(d) History of defined benefit obligations, assets and experience gains and losses

	2014	2013	2012	2011	2010
	€ 000	€ 000	€ 000	€ 000	€ 000
Defined benefit obligations	2,109	1,784	1,695	1,281	1,186
Fair value of scheme assets	(2,409)	(1,970)	(1,763)	(1,436)	(1,355)
Deficit/(Surplus) for funded scheme	(300)	(186)	(68)	(155)	(169)
Experience (gains)/losses on scheme liabilities					
Amount	55.0	139.7	20.3	7.2	32.9
	2.6%	7.8%	1.2%	0.6%	2.8%

(e) Funding of pensions

A triennial actuarial valuation of the scheme was carried out as at 1st January 2015 and the recommended contribution rate is due to be agreed shortly. The next triennial actuarial valuation is due to be carried out at 1st January 2018.

20. Board members interests

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 2014.

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

21. Prior year adjustment

In previous periods, it was the Agency's policy not to carry out annual impairment reviews, but to recognise losses/gains when stocks were sold. When stocks were sold, the average cost of stocks (by location) was used as the basis of calculation of losses/gains on sale.

However, the Board reconsidered its policy in relation to operating stock losses and decided to change its accounting policy in order to account for operating stock losses in the financial year they occur. The change in accounting policy is to provide for differences between actual stock measurement at year-end and "book" stocks, on an annual basis. Differences are only provided for where the actual stocks are lower than "book" stocks and are valued based on average cost of stocks.

In implementing the change in accounting policy and to present the prior years' results on a comparative basis, it is necessary for the Agency to provide for cumulative operating stock losses to end 2013 in respect of stocks held in storage for a number of years. This change in the Agency's accounting policy results in a prior year adjustment and the restatement of the 2013 figures.

The effect of the change in the accounting policy in respect of the 2013 comparative figures is:

- A decrease in the surplus for the year of €3.6 million (increase in operating costs of €3.6 million) and;
- A decrease in the year end value of strategic stock of €3.6 million.

The effect of the change in the accounting policy in respect of the current year figures is:

- A decrease in the surplus for the year of €0.7 million (increase in operating costs of €0.7 million) and;
- A decrease in the year end value of strategic stock of €0.7 million.

22. Approval of financial statements

The board of directors approved these financial statements on 26th May 2015.