The Irish National Stud DAC

Annual Report
Financial Year Ended 31 December 2022

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DIRECTORS AND OTHER INFORMATION

Board of Directors at 4 April 2023

Matt Dempsey
John Tuite
Seamus Boyle
Mark Weld
Dairine Walsh
Clodagh Kavanagh
Finola O'Mahony

Solicitors

McCann Fitzgerald
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2

Secretary and Registered Office

Eamonn Looney
Tully
Kildare
Co. Kildare

Bankers

Bank of Ireland
Kildare Town
Co. Kildare

Company Number: 11451

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

CHAIRMANS' REPORT

The Irish National Stud DAC (the Company) and its subsidiary (together the 'Group') returned an operating loss before taxation and depreciation of €0.7m (2021: Profit €0.8m) and a loss after taxation and depreciation of €2.2million (2021: loss of €0.7m). This includes a depreciation charge of €1.5million (2021: €1.5m). The Group Statement of Comprehensive Income reported a loss after taxation, depreciation and remeasurement of the defined benefit pension scheme of €1.7m (2021: loss of €0.6m). The cash used in operations during 2022 was €0.3m (2021: cash generated from operations of €0.3m).

Review of the financial year

The significant risk associated with the inevitable decline in income from Invincible Spirit has long been at the forefront of our thinking. In 2017 he was responsible for approximately 70% of the entire company's revenue. To overcome this challenge, our strategy, over a number of years, has been to enhance and diversify income streams while simultaneously managing costs, retaining full-service delivery, and maintaining cash flows.

Significant progress has been made. Since 2019 bloodstock income has doubled. Despite the harsh effects of the global pandemic, tourism income has surpassed 2019 levels. In 2022, Invincible Spirit was responsible for a still significant but greatly reduced 5% of company revenue. So, while we have not yet reached the further shore, we are now within touching distance.

The nature of the stallion business is such that it takes five years from the time a stallion begins covering to a reasonable judgment being made on their ability, as the first progeny reach the end of their three years old season. We have acquired six new stallions in the past six years providing a stable pipeline of potential successors over the coming years, but this investment takes time to bear fruit.

In 2022, two new stallions joined the roster, and both were very well received. Lucky Vega covered 151 mares and Nando Parrado 130. Both have been given an excellent opportunity to succeed in the coming years.

Phoenix of Spain, in his third season at stud, had his first yearlings at the sales with the top price of €200,000 achieved for a sister to Group 2 winner Twilight Gleaming. His first runners will arrive in 2023 and with 95 two-year olds to run, hopes are high that he can become a successful stallion.

With proven stallions such as Equiano, Elusive Pimpernel and Free Eagle, the Irish National Stud continues to fulfil its remit to provide quality stallions at reasonable prices.

Three hundred and nineteen foals were born in our foaling unit in 2022 (2021:303), another year-on-year increase. There were 219 born in 2019. We welcomed thirty-eight foals owned by the stud and syndicate partners (2021: 37). These included foals by proven sires Invincible Spirit, Dark Angel, Night of Thunder, Mehmas, Starspangledbanner and Showcasing.

Our highest priced yearling was once again by Invincible Spirit, a filly out of Sea Mona which sold for €187,000. Our foals sold particularly well with the highlight being a Night of Thunder colt out of Persona Grata selling for €280,000.

Tourism

With the long shadow of the pandemic hopefully receding, 2022 visitor numbers and revenues exceeded the pre-pandemic levels of 2019. The business has recovered very strongly compared to market average, and we expect significant growth in the years to come.

2022 marked the opening of our new admissions and retail extension. Works were completed at the end of the high summer season summer meaning the real benefit of this project will come to fruition for the 2023 season onwards. Our food and beverage offering continues to expand. In late November the Irish Racehorse Experience received the prestigious international Themed Entertainment Award (THEA) for Outstanding Achievement on a limited budget. Known as the Oscars of the Themed Entertainment industry, the Award is recognition from a global body on the quality of this new experience.

CHAIRMANS' REPORT

Review of the financial year - continued

Climate Action Reporting

Defining our approach to climate action was a key priority in 2022. We established objectives in response to Government emission reduction targets, with a focus on improving energy efficiency and reducing carbon emissions and engaged fully with SEAI in relation to reporting and monitoring,

We started the process of exploring sector specific concepts such as natural capital accounting and soil carbon sequestration, which present unique opportunities to improve our sustainability.

Throughout the year we continued to build on our commitment to increasing biodiversity at the Stud with 1,200 trees planted, along with targeted hedgerow management to support the improvement of habitats.

Education

The Stud continues to play a leading role in Education, with 30 students graduating from the 52nd intake of the QQI Level 6 Thoroughbred Breeding Management Course.

Statement on internal control

Scope of responsibility

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

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 assurances 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 the guidance issued by the Department of Public Expenditure and Reform has been in place in The Irish National Stud DAC for the financial year ended 31 December 2022 and up to the date of approval of the financial statements.

Capacity to handle risk

The Company has an Audit and Risk Committee (the 'ARC') which serves the Group, comprising of two Board members and two external members, one of whom has recent and relevant financial experience.

The chairperson of the ARC is David Mongey. The ARC met five times during the year.

The ARC receives periodic reports from an outsourced internal audit function.

The ARC has developed a risk management policy which sets out it's risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been approved by the Board and issued to all staff who are expected to work within the Irish National Stud's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls in their own area of work.

Risk and control framework

The Irish National Stud DAC has implemented a risk management system which identifies and reports on key risks and the management actions being taken to address and, to the extent possible, to mitigate these risks.

A risk register is in place which identifies the key risks facing the Group and these have been identified, evaluated and graded according to their significance. The register is updated and reviewed by the ARC at each meeting. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed at an acceptable level.

CHAIRMANS' REPORT

Risk and control framework - continued

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes are being documented;
- Financial responsibilities have been assigned at management level with corresponding accountability;
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management;
- There are systems aimed at ensuring the security of the information and communication technology systems; and
- There are systems in place to safeguard the assets.

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board. I confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of these key controls and report any identified deficiencies;
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- There are regular reviews by management of periodic and annual performance and financial reports which indicate performance against budgets.

Procurement

I confirm that the Group have procedures in place to ensure compliance with the current procurement rules and guidelines and that during the financial year 2022 complied with these procedures.

Review of effectiveness

I confirm that the Group have procedures to monitor the effectiveness of its risk management and control procedures. The 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 ARC which oversees their work and the senior management within the Group who are responsible for the development and maintenance of the internal financial control framework.

I confirm that the Board has conducted an annual review of the effectiveness of the internal controls for 2022.

Internal control issues

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

Statement of compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Irish National Stud DAC and its subsidiary were in compliance with the Code of Practice for the Governance of State Bodies for 2021 and the Companies Act 2014.

Concluding Remarks

It has been a great honour to have been Chairman of the Irish National Stud for the last ten years. Its international status and credibility are widely acknowledged and are a tribute to the dedication and professionalism of the entire INS team led by our Chief Executive Cathal Beale.

I would also like to thank my board colleagues and the members of the Audit and Risk Committee for their diligence and support during my term. I look forward to working with my successor to ensure a smooth transition.

CHAIRMANS' REPORT

Concluding Remarks - continued

I wish the entire team every success in the delivery of the business plan 2022 to 2026. This plan outlines an ambitious roadmap to develop the core commercial activities of stallions, bloodstock services and tourism. The goal is to ensure that these activities generate income streams sufficient to deliver profit and a consistent dividend return to the shareholder in the years to come.

The backing by government for our Business Plan for the next five years by increasing the share capital of the INS is welcomed and appreciated (see note 14).

Finally, I would like to thank the Minister for Agriculture, Fisheries and the Marine, Mr Charlie McConalogue and the Minister of Finance and Public Expenditure and Reform, Mr Michael McGrath and the staff of their departments for their help and guidance throughout the years.

On behalf of the Board

Matt Dempsey

Chairman

Date: 4 April 2023

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Group and the Company for the financial year ended 31 December 2022. The Group comprises the Company, The Irish National Stud DAC and its subsidiary, INS Commercial Enterprises DAC.

Results, dividends and reserves
The loss before taxation was €2,171,020 (2021: loss of €661,000). The directors do not recommend a declaration of a dividend (2021: €Nil) or transfer to reserves (2021: €Nil).

Principal activities and review of the business
The review of the Group's performance is included in the Chairman's Report on pages 3 to 6. The principal activity of the Group is stud farming, tourism and related activities.

Going concern
The financial statements are prepared on a going concern basis as the Board is satisfied that The Irish National Stud entity and Group have adequate resources to continue in operation for the foreseeable future.

Principal risks and uncertainties
The strategy of the Group is to stand high quality stallions and to breed racehorses capable of competing in top class races and to operate a high-quality boarding and sales preparation facility.

The performance of the Group is largely dependent on the health and popularity of the stallions and is also dependent on the market demand for their services.

Certain risks facing the Group may be difficult to quantify but relate primarily to the impact of animal diseases which would restrict the movement/travelling of animals.

Due to the nature of the industry in which the Group operates, the extent and timing of future income remains the Group's main uncertainty.

Events since the end of the financial year
Since the year end there have been no significant events which would affect these financial statements.

Future developments
The Group has no future major development plans other than as disclosed in the Chairman's Report.

Political donations
The Group did not make any political donations during the financial year (2021: €Nil).

Research and development
The Group did not incur any research and development expenditure during the financial year (2021: €Nil).

Branches
The Group does not have any foreign branches.

Ultimate controlling party
The beneficial ownership of all the issued share capital is vested in the Minister for Public Expenditure and Reform.

DIRECTORS' REPORT - continued

Governance statement
The Board of The Irish National Stud DAC was established under the National Stud Act 1945. The Board is accountable to the Minister for Agriculture, Food and the Marine and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day to day management, control and direction of the Group are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the Group, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and the management of the Group.

Board responsibilities
The work and responsibilities of the Board are set out in the Board of Directors' terms of reference which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- Declaration of interests;
- Reports from the Audit and Risk Committee;
- Financial reports and management accounts;
- Performance reports; and
- Reserved matters.

Statement of directors' responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Group and Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Group and Company for the financial year. Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Group and Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Group and Company for the financial year.

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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Group and Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT - continued

Statement of directors' responsibilities - continued

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Internal financial control

The Board acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated. Such a system can provide only reasonable and not absolute assurances against material error and the system in place is proportionate to the size and nature of the Group.

The key procedures, which have been put in place by the Board, to provide effective internal financial control include the following:

- A clearly defined management structure with proper segregation of duties throughout the organisation;
- Specific clearly defined procedures are in place for control of purchasing, payments, receipts and payroll;
- The audit committee includes two directors; they meet on a regular basis to review financial risks. They also receive periodic reports from an outsourced Internal Audit function;
- All significant business risks are discussed by the Board and decisions taken on the best available professional advice. The Board reviews management accounts and performance against budget; and
- Codes of conduct for directors and employees are in place and are published on the Company's website.

Through the steps above the Board has reviewed the effectiveness of the system of internal control in 2022.

Directors

The Board consists of the Chairperson and six ordinary members, all of whom are appointed by the Minister of Agriculture, Food and the Marine after consultation with the Minister for Public Expenditure and Reform. The table below details the appointment or most recent reappointment dates for the current members:

Board member	**Role**	**Date appointed/reappointed**
Matt Dempsey	Chairperson	1 March 2018
John Tuite	Ordinary member	25 October 2018
Seamus Boyle	Ordinary member	25 October 2018
Mark Weld	Ordinary member	29 October 2018
Dairine Walsh	Ordinary member	31 August 2018
Clodagh Kavanagh	Ordinary member	9 February 2021
Finola O'Mahony	Ordinary member	9 February 2021

Directors and Audit and Risk Committee fees

The Minister determines the fees payable to Board members. Board members' fees during 2022 are set out below:

	Fees €
Board members	
Matt Dempsey	12,600
John Tuite	8,100
Seamus Boyle	8,100
Mark Weld	8,100
Dairine Walsh	8,100
Clodagh Kavanagh	8,100
Finola O'Mahony	8,100

A total of €860 (2021: €609) was paid to Board members for mileage expense claims during the year.

DIRECTORS' REPORT - continued

Directors and Audit and Risk Committee fees - continued

The Audit and Risk Committee members who do not form part of the Board of Directors, received the following fees during 2022:

	Fees €
Committee members	
David Mongey	4,000
Margaret Davin	2,000

Attendance at meetings

There were six Board meetings held during the year ended 31 December 2022. The Board members attendances at these meetings were as set out below:

Board member	Eligible to attend	Attended
Matt Dempsey	6	6
John Tuite	6	6
Seamus Boyle	6	5
Mark Weld	6	4
Dairine Walsh	6	6
Clodagh Kavanagh	6	5
Finola O’Mahony	6	6

There were five Audit and Risk Committee meetings held during the year ended 31 December 2022. The Committee members’ attendances at these meetings were as set out below:

Committee member	Eligible to attend	Attended
David Mongey (Chairman)	5	5
Dairine Walsh	5	5
Margaret Davin	5	5
John Tuite	5	5

The remuneration of the Chief Executive is in line with ‘Guidelines on Contracts, Remuneration and other conditions of Chief Executives and Senior Management of Commercial State Bodies’ issued in March 2006 and is summarised in Note 4 to the financial statements.

Accounting records

The measures taken by the directors to secure compliance with the requirements of section 281 to 285 of the Companies Act 2014 with regard to the Company’s obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Tully, Co Kildare.

Prompt Payments of Accounts Act, 1997

The Company is included as a listed purchaser of goods and services in the schedule to the Prompt Payment of Accounts Act, 1997 and falls under the remit of the European Communities (Late Payment in Commercial Transactions) Regulations 2002, which came into effect on 7 August 2002. In accordance with the Act and guidelines issued by the Department of Enterprise, Trade and Employment, the following information is provided:

DIRECTORS' REPORT - continued

Prompt Payments of Accounts Act, 1997 - continued
It is written policy of the Group to ensure that all invoices are paid promptly. In the event of a written contract invoices are paid in line with the terms of the contract. While procedures are designed to ensure compliance with the Act, they can only provide reasonable and not absolute assurance against material non-compliance with the Act. No interest was paid during the year.

Disclosure of information to auditors
The directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the Group's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's statutory auditors are aware of that information.

Statutory auditors
The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, in accordance with section 383 (2) of the Companies Act.

On behalf of the Board

Matt Dempsey
____
Director

Seamus Boyle
____
Director

Eamonn Looney
____
Company Secretary

Independent auditors' report to the members of The Irish National Stud DAC

Report on the audit of the financial statements

Opinion

In our opinion, The Irish National Stud DAC's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the group's and the parent company's assets, liabilities and financial position as at 31 December 2022 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (Irish GAAP) (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Group and Parent Company Balance Sheet as at 31 December 2022;
- the Group Profit and Loss Account for the year then ended;
- Group Statement of Comprehensive Income for the year then ended;
- the Group Statement of Cash Flows for the year then ended;
- the Group and Parent Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Directors' Report

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Code of Practice for the Governance of State Bodies (the "Code")

Under the Code of Practice for the Governance of State Bodies (the "Code") we are required to report to you if the statement regarding the system of internal control included in the chairman's report on pages 3 to 6 does not reflect the company's compliance with paragraph 1.9(iv) of the Business and Financial Reporting requirements or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in respect of this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 8 to 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The Parent Company Balance Sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Siobhan Collier
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
Date: 5 April 2023

ACCOUNTING POLICIES

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

General information
The Irish National Stud DAC ("the Company") and its subsidiary (together "the Group") are principally engaged in stud farming, tourism and related activities.

These financial statements are the Company's separate and Group's consolidated financial statements for the financial year beginning 1 January 2022 and ending 31 December 2022. The registered office of the Company is Tully, Kildare, Co. Kildare.

Statement of compliance
The Group financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014). The Group financial statements comply with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Basis of preparation
The Group financial statements have been prepared under the historical cost convention and are in a format approved by the Minister for Agriculture, Food and the Marine. These policies have been consistently applied to all financial years presented, unless otherwise stated

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 23.

Basis of consolidation
The Group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern
The Company and Group meet its day-to-day working capital requirements through its cash flow and bank facilities. Economic conditions continue to create uncertainty. The Company and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The Company and Group therefore continues to adopt the going concern basis in preparing its financial statements.

ACCOUNTING POLICIES - continued

Financial assets

(i) Investment in subsidiary undertakings
The Company's investment in related Group undertakings is carried at historical cost less accumulated impairment losses.

Borrowing costs

All borrowing costs are recognised in profit or loss in the financial year in which they are incurred.

Research and development

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Related party transactions

The Group discloses transactions with related parties that are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and post-employment benefits (in the form of defined benefit and defined contribution pension 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.

(ii) Defined contribution pension plans
The Group operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the Group in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

(iii) Defined benefit pension plan
The Group operates a defined benefit pension plan for certain employees, which is now closed to new members. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of each financial year less the fair value of the plan assets at that date.

The defined benefit obligation is calculated annually by an external actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Euro and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets out of which the obligations are to be settled is measured in accordance with the Group's accounting policy for financial assets. For most plan assets this is the quoted price in an active market. Where quoted prices are not available appropriate valuation techniques are used to estimate the fair value.

ACCOUNTING POLICIES - continued

Employee benefits - continued

(iii) Defined benefit pension plan - continued

The cost of the defined benefit pension plan, recognised in profit or loss, except where included in the cost of an asset, comprises:

(a) the increase in net defined benefit liability arising from employee service during the financial year; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate (both as determined at the start of the financial year, taking account of any changes in the net defined benefit liability during the financial year as a result of contribution and benefit payments). This net interest cost is recognised in profit or loss presented within 'interest payable and similar charges'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets less the interest income on plan assets included in the net interest cost, are presented as 'remeasurement of net defined benefit liability' in other comprehensive income.

Foreign currencies

(i) Functional and presentation currency

The Group's functional and presentation currency is Euro, denominated by the symbol "(€)".

(ii) Transactions and balances

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

At each period end foreign currency monetary items are translated to € using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented in the profit and loss account within 'administration expenses'.

Distributions to equity shareholders

Dividends on equity shares are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the Company. Interim dividends declared by the directors are recognised when declared.

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

ACCOUNTING POLICIES - continued

Income tax
Income tax expense for the year comprises current and deferred tax recognised in the reporting period. Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits 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 financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible fixed assets
Tangible fixed assets are carried recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes legal fees, stamp duty and other non-refundable purchase taxes, and also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, which can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

Depreciation is charged on a straight-line basis at rates estimated to write off the cost of each asset, less its estimated residual value, over its useful economic life as follows:

Land and buildings	50 years
Machinery	5 years
Fixtures and furniture	10 years
Motor vehicles	5 years

Freehold land is not depreciated.

ACCOUNTING POLICIES - continued

Stallion shares and breeding stock

Stallion and broodmare investments held by the stud are included as fixed assets at cost less accumulated depreciation subject to provision for any permanent diminution in value. Depreciation of stallions and stallion shares commences in the year of first covering and is intended to write off the cost as follows:

Years 1 to 3	20% in each year
Years 4 to 7	10% in each year

This is subject to stallions being fully written off by the end of their seventh year at stud.

Depreciation of broodmares commences in the year following their first covering. Taking into account life and fertility expectations and commercial viability it is intended to fully depreciate all broodmares on a straight-line basis in full by the end of their twelfth year of life.

In the case of any animal over 12 years old when purchased, they will be depreciated over 4 years from the first full year of ownership subject to being fully deprecated at 20 years of age.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Stocks

Stocks which comprise goods for resale, branded clothing, gifts, bloodstock and farm supplies are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method. Cost comprises the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Nomination fee

The cost or net realisable value of nomination fees of in-foal mares is included in bloodstock. In the year of birth of a foal the attributable nomination fee cost is utilised to establish the stock cost price of the foal. Where a mare is purchased in foal, the advertised nomination fee is used to establish the cost of the foal.

Syndicate accounts

The Group manages a number of stallion syndicates for which it collects and distributes fees. These monies, in so far as they relate to third parties, are not dealt with in these financial statements.

Grants

Grant income is recognised when there is: 1) entitlement to the grant, 2) virtual certainty that it will be received and 3) sufficient measurability of the amount. Unspent grants are shown on the balance sheet as restricted funds.

Capital grants received are shown as deferred income and credited to the income statement over a period which equates with the anticipated useful life of the underlying grant aided assets.

ACCOUNTING POLICIES - continued

Revenue recognition
Turnover is the amount of revenue derived from the provision of goods and services falling within the Group's ordinary activities after deduction of trade discounts and value-added tax. For the Group, turnover comprises of revenue arising from the stud's proportion of stallion syndicate nomination income of which it is a member, keep fees, proceeds from the sale of bloodstock, farm income and tourism services and the sale of related goods to visitors.

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns and discounts allowed by the Group and value added taxes.

The Group recognises turnover when (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Group retains no continuing managerial involvement or effective control over the goods; (c) the amount of turnover and costs can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of Group's sales channels have been met, as described below.

Stallion syndicate income recognition
Stallion syndicate income, which is stated net of discounts and direct costs, is recognised when the service is performed. Where syndicate income arises subject to certain conditions being fulfilled at a future date, a provision is made for the likelihood of these conditions not being fulfilled.

Keep fees
Keep fees are recognised and invoiced in the period in which the services are rendered.

Bloodstock income
Bloodstock income comprises of the sale of bloodstock. Turnover is recognised on sale to the customer, which is considered the point of delivery.

Farm income
Farm income comprises of the sale of livestock and harvested agricultural produce. Turnover is recognised on sale to the customer, which is considered the point of delivery.

Visitor admission
Visitor admission turnover comprises of the annual membership and ongoing admission to The Irish National Stud and the accompanying Japanese Gardens. This income is recognised in the financial year in which the services are rendered.

Tourism retail
The Group operates a retail shop for the sale of branded clothing and gifts. Sales of goods are recognised on sale to the customer, which is considered the point of delivery.

Interest income
Interest income is presented as 'interest receivable and similar income' in the profit and loss account.

Impairment of non-financial assets
At the end of each financial year date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use 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 specific to the asset for which the future cash flow estimates have not been adjusted.

ACCOUNTING POLICIES - continued

Impairment of non-financial assets - continued
If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), 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 financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

Financial instruments
The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*
Basic financial assets, including trade and other receivables, cash and bank balances and amounts due from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) *Financial liabilities*
Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital presented as equity
Equity shares issued are recognised at the proceeds received. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

GROUP PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2022

	Note	2022 €	2021 €
Turnover	2	5,906,496	6,223,343
Administration expenses		(8,031,897)	(6,816,819)
Other operating income		29,780	-
Operating loss	3	(2,095,621)	(593,476)
Interest payable and similar charges	5	(75,446)	(67,524)
Interest receivable and similar income	5	47	-
Loss before tax		(2,171,020)	(661,000)
Tax credit/(expense) on loss	6	11,204	(11,352)
Loss for the financial year		(2,159,816)	(672,352)

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2022

	Note	2022 €	2021 €
Loss for the financial year		(2,159,816)	(672,352)
Other comprehensive income:			
Remeasurement of net defined benefit liability	20	459,000	91,000
Total comprehensive expense for the financial year		(1,700,816)	(581,352)

GROUP BALANCE SHEET
As at 31 December 2022

	Note	2022 €	2021 €
Fixed assets			
Tangible assets	7	12,713,782	12,176,677
Stallion shares and breeding stock	8	2,515,410	3,199,126
		15,229,192	15,375,803
Current assets			
Stocks	10	1,533,171	1,952,012
Debtors	11	4,282,903	5,039,650
Cash at bank and in hand		8,064,367	2,530,288
		13,880,441	9,521,950
Creditors - amounts falling due within one year	12	(2,218,575)	(2,665,004)
Net current assets		11,661,866	6,856,946
Total assets less current liabilities		26,891,058	22,232,749
Creditors - amounts falling due after more than one year	13	(3,238,457)	(2,600,608)
Post-employment benefit surplus/(obligation)	20	11,000	(499,000)
Net assets		23,663,601	19,133,141
Capital and reserves			
Called up share capital - presented as equity	14	20,000,000	13,768,724
Profit and loss account		3,663,601	5,364,417
Total equity		23,663,601	19,133,141

The financial statements were approved by the Board of Directors on 4 April 2023 and signed on its behalf by:

Matt Dempsey

Director

Seamus Boyle

Director

Eamonn Looney

Company Secretary

PARENT COMPANY BALANCE SHEET
For the financial year ended 31 December 2022

	Note	2022 €	2021 €
Fixed assets			
Tangible assets	7	12,599,142	12,110,666
Stallion shares and breeding stock	8	2,515,410	3,199,126
Financial assets	9	1	1
		15,114,553	15,309,793
Current assets			
Stocks	10	1,464,367	1,925,149
Debtors	11	4,561,325	5,135,700
Cash at bank and in hand		7,842,671	2,313,719
		13,868,364	9,374,568
Creditors - amounts falling due within one year	12	(2,161,803)	(2,598,002)
Net current assets		11,706,561	6,776,566
Total assets less current liabilities		26,821,114	22,086,359
Creditors - amounts falling due after more than one year	13	(3,238,457)	(2,600,608)
Provision for post-employment benefit obligation	20	11,000	(499,000)
Net assets		23,593,657	18,986,751
Capital and reserves			
Called up share capital - presented as equity	14	20,000,000	13,768,724
Profit and loss account		3,593,657	5,218,027
Total equity		23,593,657	18,986,751

A loss of €2,083,370 (2021: loss of €923,592) has been dealt within the financial statements of the Parent Company. A separate profit and loss account has not been prepared for the Parent Company because the conditions laid down in Section 304 of the Companies Act, 2014 have been complied with

The financial statements were approved by the Board of Directors on 4 April 2023 and signed on its behalf by:

Matt Dempsey

Director

Seamus Boyle

Director

Eamonn Looney

Company Secretary

GROUP STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	Called-up share capital presented as equity €	Profit and loss account €	Total €
Balance as at 1 January 2021	13,768,724	5,945,769	19,714,493
Loss for the financial year	-	(672,352)	(672,352)
Other comprehensive income for the year:			
Remeasurement of net defined pension liability	-	91,000	91,000
Total comprehensive expense for the financial year	-	(581,352)	(581,352)
Balance as at 31 December 2021	13,768,724	5,364,417	19,133,141
Balance as at 1 January 2022	13,768,724	5,364,417	19,133,141
Shares issued during the financial year (note 14)	6,231,276	-	6,231,276
Loss for the financial year	-	(2,159,816)	(2,159,816)
Other comprehensive income for the year:			
Remeasurement of net defined pension liability	-	459,000	459,000
Total comprehensive expense for the financial year	-	(1,700,816)	(1,700,816)
Balance as at 31 December 2022	20,000,000	3,663,601	23,663,601

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	Called-up share capital presented as equity €	Profit and loss account €	Total €
Balance as at 1 January 2021	13,768,724	6,050,619	19,819,343
Loss for the financial year	-	(923,592)	(923,592)
Other comprehensive income for the year:			
Remeasurement of net defined pension liability	-	91,000	91,000
Total comprehensive expense for the financial year	-	(832,592)	(832,592)
Balance as at 31 December 2021	13,768,724	5,218,027	18,986,751
Balance as at 1 January 2022	13,768,724	5,218,027	18,986,751
Shares issued during the financial year (note 14)	6,231,276	-	6,231,276
Loss for the financial year	-	(2,083,370)	(2,083,370)
Other comprehensive income for the year:			
Remeasurement of net defined pension liability	-	459,000	459,000
Total comprehensive expense for the financial year	-	(1,624,370)	(1,624,370)
Balance as at 31 December 2022	20,000,000	3,593,657	23,593,657

GROUP STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

	Note	2022 €	2021 €
Cash flow (used in)/generated from operations	16	(240,044)	271,573
Tax (paid)/refunded		(23,229)	452
Net cash (used in)/generated from operating activities		(263,273)	272,025
Cash flows from investing activities			
Payments to acquire stallion shares and breeding stock		(500,623)	(719,763)
Receipts from sale of stallion shares and breeding stock		449,337	482,527
Payments to acquire tangible fixed assets		(1,153,756)	(159,705)
Interest received		47	-
Net cash used in investing activities		(1,204,995)	(396,941)
Cash flows from financing activities			
Grant Received		29,780	37,808
Net movement of bank borrowings		816,737	(163,928)
Proceeds from shares issued		6,231,276	-
Interest paid		(75,446)	(67,524)
Net cash generated from/(used in) financing activities		7,002,347	(193,644)
Net increase/(decrease) in cash at bank and in hand		5,534,079	(318,560)
Cash and cash equivalents at the beginning of the year		2,530,288	2,848,848
Cash and cash equivalents at the end of the year		8,064,367	2,530,288
Cash and cash equivalents consists of:			
Cash at bank and in hand		8,064,367	2,530,288
Cash and cash equivalents		8,064,367	2,530,288

NOTES TO THE GROUP FINANCIAL STATEMENTS

1 Going concern

The Group has a loss after tax of €2,159,816 for the financial year ended 31 December 2022 (2021: loss of €672,352). The loss for the year includes a depreciation charge of €1,507,066 (2021: €1,456,738), the Group had a loss before depreciation and tax of €663,954 (2021: profit of €795,338). Management have considered whether the going concern assumption is still appropriate and whether there are any material uncertainties that may cast significant doubt on the ability of the Group and Company to continue as a going concern. When determining if the going concern assumption is still appropriate the directors have reviewed the Group and Company's cash flow projections, its bank facilities for the next 12 months to April 2024 and the proceeds generated from the issue of shares during the financial year. The directors consider that the going concern basis is appropriate given the Group's strong asset base, its ability to manage cash flow including postponing discretionary spending and its committed overdraft facilities. The financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that would arise if the Group and Company were unable to continue as a going concern.

2 Group Turnover

	2022 €	2021 €
Analysis by activity		
Stud and farm	4,293,318	4,938,981
Tourism	1,613,178	1,284,362
	5,906,496	6,223,343

All tourism related activity is carried out by INS Commercial Enterprises DAC, a wholly owned subsidiary. All turnover was earned in Ireland.

3 Group operating loss

	2022 €	2021 €
The following operating expenses/(income) have been recognised:		
Foreign exchange loss/(gain)	2,188	(2,391)
Grant amortisation	(121,265)	(118,287)
Grant income	(2,780)	-
Impairment loss – trade debtors	375,323	274,162
Profit on disposal of assets	(145,413)	(299,142)
Depreciation of tangible assets, stallion shares and breeding stock	1,507,066	1,456,738
Auditors' remuneration	33,825	33,825
Tax compliance and advisory	13,198	11,783
Consultancy costs for the year include the following:		
Legal and professional	68,504	88,257

4 Employees and directors

	2022 Number	2021 Number
Employees		
The average number of persons employed by the Group during the financial year was:		
Full time	52	49
Seasonal (full time equivalent)	29	11
	81	60

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

4	**Employees and directors - continued**	2022	2021
		€	€
	Staff costs comprise:		
	Wages and salaries	2,354,933	1,901,221
	Social insurance costs	254,235	218,909
	Other staff costs	3,668	4,602
	Other retirement benefit costs	-	8,532
	Defined contribution pension scheme costs	126,656	115,748
	Staff costs	2,739,492	2,249,012
	Directors		
	Emoluments excluding travelling expenses	61,200	63,445
	Contributions to retirement benefit schemes:		
	- Defined benefit scheme	-	-
	Travel and subsistence expenditure		
	Travel and subsistence expenditure is categorised as follows:		
	Domestic:		
	Board	860	609
	Employees	30,091	20,513
	International:		
	Board	-	-
	Employees	29,063	10,613
	Total	60,014	31,735
	Hospitality expenditure		
	Hospitality expenditure includes the following expenditure		
	Staff hospitality	61,592	19,951
	Client hospitality	20,213	7,796
	Total	81,805	27,747

Key management compensation

Key management includes the directors and Chief Executive Officer. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	€	€
Chief Executive Officer:		
Salaries and other short-term benefits	110,568	110,568
Post-employment benefits	27,500	27,500
Total key management compensation	138,068	138,068

Directors' fees are disclosed in the Directors' Report.

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

4 Employees and directors - continued

Short term employee benefits
Employees short term benefits in excess of €50,000 are categorised in the following bands as required by the Code of Practice for the Governance of State bodies (2016):

	2022 Number	2021 Number
€50,000 to €75,000	7	6
€75,000 to €100,000	2	1
Greater than €100,000	1	1

5 Net interest expense

	2022 €	2021 €
Interest receivable and similar income		
Bank interest received	47	-
Total interest receivable and similar income	47	-
Interest payable and similar charges		
Interest payable on overdrafts and bank loans	(35,519)	(27,172)
Other bank charges	(33,927)	(36,352)
Net interest expense on post-employment benefits	(6,000)	(4,000)
Total interest payable and similar charges	(75,446)	(67,524)
Net interest expense		
Interest receivable and similar income	47	-
Interest payable and similar charges	(75,446)	(67,524)
Net interest expense	(75,399)	(67,524)

6 Income Tax

	2022 €	2021 €
Tax (credit)/expense included in profit and loss account		
Current tax:		
Irish corporation tax on loss for the financial year	(11,204)	11,352
Current tax (credit)/expense for the financial year	(11,204)	11,352

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

6 Income Tax - continued

Reconciliation of tax (credit)/expense

Tax assessed for the financial year differs to the standard rate of corporation tax in the Republic of Ireland for the financial year ended 31 December 2022 of 12.5% (2021: 12.5%). The differences are explained below:

	2022 €	2021 €
Loss before tax	(2,171,020)	(661,000)
Loss multiplied by the standard rate of tax in the Republic of Ireland for the financial year ended 31 December 2022 of 12.5% (2021: 12.5%)	(271,378)	(82,625)
Effects of:		
Expenses not deductible for tax purposes	52,194	42,077
Income taxed at higher rate	3,284	456
Income tax withheld	400	473
Income not subject to tax	(15,158)	(14,786)
Depreciation in excess of capital allowances	78,139	87,480
Losses carried forward and not recognised as a deferred tax asset	178,080	-
Losses utilised in the year	(4,868)	(23,475)
Other reconciling items	(31,897)	(1,752)
Tax (credit)/expense on loss	(11,204)	11,352

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

7 Tangible assets	Land and buildings €	Machinery and furniture €	Motor Vehicles €	Total €
Group				
Cost				
At 1 January 2022	15,753,813	2,157,832	158,215	18,069,860
Additions	1,046,340	107,416	-	1,153,756
At 31 December 2022	16,800,153	2,265,248	158,215	19,223,616
Accumulated depreciation				
At 1 January 2022	4,653,232	1,136,949	103,002	5,893,183
Charge for the year	368,477	216,531	31,643	616,651
At 31 December 2022	5,021,709	1,353,480	134,645	6,509,834
Carrying amount				
At 31 December 2022	11,778,444	911,768	23,570	12,71,782
At 31 December 2021	11,100,581	1,020,883	55,213	12,176,677
Company				
Cost				
At 1 January 2022	15,753,813	2,068,342	158,215	17,980,370
Additions	1,046,340	39,386	-	1,085,726
At 31 December 2022	16,800,153	2,107,728	158,215	19,066,096
Accumulated depreciation				
At 1 January 2022	4,653,232	1,113,470	103,002	5,869,704
Charge for the year	368,477	197,130	31,643	597,250
At 31 December 2022	5,021,709	1,310,600	134,645	5,869,704
Carrying amount				
At 31 December 2022	11,778,444	797,128	23,570	12,599,142
At 31 December 2021	11,100,581	954,872	55,213	12,110,666

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

8 Stallion shares and breeding stock

	2022
	€
Group and Company	
Cost	
At 1 January 2022	7,121,391
Additions	500,623
Transfers from bloodstock	10,000
Disposals	(1,086,533)
At 31 December 2022	6,545,481
Accumulated depreciation	
At 1 January 2022	3,922,265
Charge for the year	890,415
Disposals	(782,609)
At 31 December 2022	4,030,071
Carrying amount	
At 31 December 2022	2,515,410
At 31 December 2021	3,199,126

During the financial year, stallion shares and breeding stock with a carrying value of €303,924 were disposed of. These assets had a cost of €1,086,533 and accumulated depreciation of €782,609. The gain on disposal of these assets was €145,413.

9 Financial assets

	2022	2021
	€	€
Company		
Cost or valuation		
Investment in subsidiary undertaking (note i)	1	1

The cumulative provision for diminution in value of financial assets amounts to €Nil (2021: €Nil).

(i) Investment in subsidiary undertaking
Details of investment in subsidiary undertaking is given below:

INS Commercial Enterprises DAC
The Company owns a 100% interest in INS Commercial Enterprises, a Company incorporated in Ireland, with a registered office at Tully, Kildare, Ireland. INS Commercial Enterprises is responsible for all tourism related activities of the Group.

10 Stocks

	2022	2021
	€	€
Group		
Bloodstock	1,341,353	1,798,675
Consumables	191,818	153,337
	1,533,171	1,952,012
Company		
Bloodstock	1,341,353	1,798,675
Consumables	123,014	126,474
	1,464,367	1,925,149

The replacement cost of inventories does not exceed the statement of financial position amounts.

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

11	Debtors	2022	2021
		€	€
	Group		
	Trade debtors	3,908,197	4,487,077
	Prepayments and accrued income	351,264	552,573
	Corporation tax asset	22,629	-
	VAT receivable	813	-
		4,282,903	5,039,650
	Company		
	Trade debtors	3,856,956	4,475,676
	Amounts due from subsidiary undertakings	374,018	128,256
	Prepayments and accrued income	330,260	531,768
	Corporation tax asset	73	-
	VAT receivable	18	-
		4,561,325	5,135,700

All amounts shown above fall due within one year.

Trade debtors for both the Group and Company are stated after provision for impairment of €1.2m (2021: €1.1m). See note 23 for basis of determination of provision.

Amounts due from subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12	Creditors – amounts falling due within one year	2022	2021
		€	€
	Group		
	Trade creditors and accruals	1,406,837	1,593,200
	Purchase of Bloodstock	405,506	617,925
	PAYE/PRSI	69,774	75,356
	VAT	-	11,610
	Deferred income (note 15)	121,266	118,287
	Withholding tax	21,648	37,922
	Bank loan (note 13)	193,544	198,900
	Corporation tax liability	-	11,804
		2,218,575	2,665,004
	Company		
	Trade creditors and accruals	1,351,849	1,544,531
	Purchase of Bloodstock	405,506	617,925
	PAYE/PRSI	69,773	75,356
	VAT	-	6,646
	Deferred income (note 15)	121,266	118,287
	Withholding tax	19,865	36,284
	Bank loan (note 13)	193,544	198,900
	Corporation tax liability	-	73
		2,161,803	2,598,002

All amounts shown above fall due within one year.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

13 Creditors – amounts falling due after one year

	2022 €	2021 €
Group and Company		
Bank loan	1,652,584	835,847
Less: amount repayable within one year (note 12)	(193,544)	(198,900)
Deferred income (note 15)	1,779,417	1,903,661
Other creditors	-	60,000
	3,238,457	2,600,608
Maturity of bank loan		
In one year or less, or on demand	193,544	198,900
In more than one year but not more than five years	542,069	636,947
In more than five years	916,971	-
	1,652,584	835,847

During 2022 the company refinanced and extended the existing loan facility and obtained an additional loan of €800,258 for the purpose of the expansion of the visitor entrance and shop. The loan was approved by the relevant government departments and carries a variable interest rate of 2.03%.

The loan is repayable in annual installments and is due to be repaid in full in 2032.

14 Called up share capital - presented as equity

	2022 €	2021 €
Equity shares of €1.27 each		
Authorised share capital		
30,000,000 shares (2021: 30,000,000 shares)	38,100,000	38,100,000
Allotted and fully paid - presented as equity		
15,748,032 shares (2021: 10,841,516 shares)	20,000,000	13,768,724

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

During the financial year 4,906,516 shares of €1.27 each were issued generating proceeds of €6,231,276. These shares were allotted to The Minister for Public Expenditure and Reform.

A description of each reserve within equity is outlined below:
Profit and loss account
Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years.

15 Capital grants

	2022 €	2021 €
Group and Company		
At 1 January	2,021,948	2,102,427
Additions	-	37,808
Amortisation	(121,265)	(118,287)
At 31 December	1,900,683	2,021,948

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

16 Note to the Group statement of cash flows

	2022 €	2021 €
Loss for the financial year	(2,159,816)	(672,352)
Tax (credit)/expense on loss	(11,204)	11,352
Net interest expense	75,399	67,524
Operating loss	(2,095,621)	(593,476)
Amortisation of grants	(121,265)	(118,287)
Profit on disposal of assets	(149,413)	(299,142)
Depreciation of tangible fixed assets, stallion and breeding stock	1,507,066	1,456,738
Grant income	(29,780)	-
Post-employment benefit less payments	(57,000)	(57,000)
Working capital movements:		
- Decrease/(increase) in inventories	418,841	(102,224)
- Decrease/(increase) in debtors	779,376	(24,061)
- Decrease/(increase) in creditors	(492,248)	9,025
Cash flow (used in)/generated from operating activities	(240,044)	271,573

17 Events since the end of the financial year

Significant events since the year end are noted in the directors' report.

18 Related party transactions

During the year directors and parties connected with them purchased keep services to a total value of €592 (2021: €5,900).

The Group purchased horse training services in 2022 for one of the four racing club horses with a value of €16,468 (including VAT and refund of outlays incurred) from Rosewell Racing Limited, a company connected to a former director (2021: €Nil).

The group purchased equipment from Mongey Communications following a full procurement process with a value of €21,848 (2021: €Nil), with a balance of €Nil outstanding at year end. This company is a related party by virtue of a member of the Audit and Risk Committee.

19 Commitments

There were no capital commitments at the end of the year (2021: €Nil).

20 Post-employment benefits

The Group operates a defined contribution plan for certain employees and pays fixed contributions into a separate entity. The assets of the plan are held separately from the Group in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

The Group also operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. On 1 March 2012, the scheme was closed to new entrants.

The most recent valuation for funding purposes was carried out by a qualified independent actuary as at 30 September 2020 and is available for inspection by the scheme members but not for public inspection.

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

20 Post-employment benefits - continued

	2022 €'000	2021 €'000
The amount recognised on the balance sheet is as follows:		
Present value of funded liabilities	(3,177)	(4,367)
Fair value of plan assets	3,188	3,868
Surplus/(liability) for post-employment benefits	11	(499)

	2022 €'000	2021 €'000
The amount recognised in the profit and loss account is as follows:		
- Current service cost	9	8
- Net interest expense	6	4
Total expense	15	12

	2022 €'000	2021 €'000
The return on plan assets was as follows:		
- Interest income	42	24
- (Loss)/return on plan assets less interest income	(692)	138
Actuarial (loss)/return on plan assets	(650)	162

The principal assumptions used by the independent qualified actuary to calculate the liabilities under FRS 102 are set out below:

	2022	2021
Expected rate of increase of pensions in payment	1.65%	1.50%
Expected rate of salary increases	n/a	n/a
Discount rate	3.70%	1.10%
Rate of inflation	2.55%	2.15%

The mortality assumptions in 2022 are based on a study on mortality rates and trends for future mortality improvements as prepared by the Society of Actuaries in Ireland.

	2022 Number	2021 Number
Longevity at age 65 for current pensioners:		
- Male	21.9	21.8
- Female	24.3	24.2
Longevity at age 65 for future pensioners:		
- Male	24.2	24.1
- Female	26.3	26.2

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

20 Post-employment benefits - continued

	Plan assets €'000	Defined benefit obligation €'000	Total €'000
At 1 January 2021	3,741	(4,384)	(643)
Benefits paid	(100)	100	-
Employer contributions	65	-	65
Current service cost	-	(8)	(8)
Interest income/(expense)	24	(28)	(4)
Re-measurement gains/(losses):			
Actuarial loss	-	(47)	(47)
Return on plan assets excluding interest income	138	-	138
At 31 December 2021	3,868	(4,367)	(499)
At 1 January 2022	3,868	(4,367)	(499)
Benefits paid	(96)	96	-
Employer contributions	66	-	66
Current service cost	-	(9)	(9)
Interest income/(expense)	42	(48)	(6)
Re-measurement gains/(losses):			
Actuarial loss	-	1,151	1,151
Return on plan assets excluding interest income	(692)	-	(692)
At 31 December 2022	3,188	(3,177)	11

	2022 €'000	2021 €'000
The fair value of the plan assets was:		
Equity instruments	1,282	1,234
Absolute return strategies	-	1,172
Fixed interest	1,727	1,284
Cash	-	-
Property	178	178
	3,868	3,868

21 Contingent liabilities

For the purposes of Section 357 of the Companies Act, 2014, the Company has undertaken to indemnify the creditors of its subsidiary INS Commercial Enterprises DAC, in respect of all amounts shown as liabilities or commitments in the statutory financial statements as referred to in Section 357 (1) (b) of the Companies Act, 2014 for the financial year ending on 31 December 2022 or any amended financial period incorporating the said financial year. All other provisions of Section 357 have been complied with in this regard.

The directors are of the opinion that this guarantee will not result in any loss for the company.

22 Ultimate and controlling parent

The beneficial ownership of all the issued share capital is vested in the Minister for Public Expenditure and Reform.

NOTES TO THE GROUP FINANCIAL STATEMENTS - continued

23 Critical accounting judgements and estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions
The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets. See note 7 and 8 for the carrying amount of the tangible fixed assets, and the accounting policy section for the useful economic lives for each class of tangible fixed asset.

(ii) Stock impairment
The Group considers the recoverability of the cost of stock and the associated impairment required. When calculating the stock impairment, management consider the nature and condition of the stock, as well as applying assumptions around anticipated saleability. See note 10 for the net carrying amount of the stock.

(iii) Impairment of debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience with the debtor. Debtors which are considered doubtful are provided against. Bad debts are not written off until it is clear that no recovery is possible. Management pursue the recovery of all debtors included in the debtors' provision and update their view on the recoverability of balances on a continuous basis. See note 11 for the net carrying amount of the debtors and associated impairment provision.

(iv) Defined benefit pension scheme
The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increase, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

(b) Critical accounting judgements
The directors have not identified any critical accounting judgments affecting the financial statements

24 Approval of financial statements

The directors approved the financial statements on 4 April 2023.