

# FINANCE ACCOUNTS

## Audited Financial Statements of the Exchequer

### For the Financial Year 1st January 2009 to 31st December 2009

Presented to both Houses of the Oireachtas pursuant to Section 4 of the Comptroller and Auditor General (Amendment) Act 1993.

BAILE ÁTHA CLIATH  
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR  
Le ceannach díreach ón  
OIFIG DHÍOLTA FOILSEACHÁN RIALTAIS  
TEACH SUN ALLIANCE, SRÁID THEACH LAIGHEAN, BAILE ÁTHA CLIATH 2,  
nó tríd an bpost ó  
FOILSEACHÁIN RIALTAIS, AN RANNÓG POST-TRÁCHTA,  
51 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2,  
(Teil: 01 - 6476834/35/36/37; Fax: 01 - 6476843)  
nó trí aon díoltóir leabhar.

—  
DUBLIN

PUBLISHED BY THE STATIONERY OFFICE  
To be purchased directly from the  
GOVERNMENT PUBLICATIONS SALE OFFICE,  
SUN ALLIANCE HOUSE, MOLESWORTH STREET, DUBLIN 2.  
or by mail order from  
GOVERNMENT PUBLICATIONS, POSTAL TRADE SECTION,  
51 ST. STEPHEN'S GREEN, DUBLIN 2.  
(Tel: 01 - 6476834/35/36/37; Fax: 01 - 6476843)  
or through any bookseller.

© Copyright Government of Ireland 2009.  
Catalogue Number F/005/0086  
ISBN 978-1-4064-2306-8

<b>Contents</b>		<b>Page</b>
<i>Statement of Accounting Policies and Principles</i>		5
<i>Report of the Comptroller and Auditor General</i>		6
<b>Central Fund Account</b>		8
<b>PART 1</b>	<b>FINANCIAL STATEMENTS OF EXCHEQUER RECEIPTS AND ISSUES AND GUARANTEED LIABILITIES</b>	
<b>Statement 1.1</b>	Tax Revenue	12
<b>Statement 1.2</b>	Non-Tax Revenue	13
<b>Statement 1.3</b>	Issues for Voted Expenditure	16
<b>Statement 1.4</b>	Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.	19
<b>Statement 1.5</b>	Payments to the European Union	20
<b>Statement 1.6</b>	Other Non-Voted Expenditure (Current)	22
<b>Statement 1.7</b>	Loan Transactions	24
<b>Statement 1.8 (A)</b>	Share Capital acquired in Companies	25
<b>Statement 1.8(B)</b>	Investments in International Bodies under International Agreements	30
<b>Statement 1.9</b>	Receipts from the European Union	31
<b>Statement 1.10</b>	Other Non-Voted Expenditure (Capital)	32
<b>Statement 1.11</b>	Guaranteed Liabilities	33
<b>PART 2</b>	<b>FINANCIAL STATEMENTS OF THE NATIONAL DEBT</b>	
	Accounting Policies	36

## **Contents (Contd.)**

<b>Statement 2.1</b>	Service of Debt Statement	38
<b>Statement 2.2</b>	National Debt Statement	39
<b>Statement 2.3</b>	National Debt Cash Flow Statement	41
<b>Statement 2.4</b>	Statement of Movement in National Debt	43
	Notes to the Financial Statements	44

## Statement of Accounting Policies and Principles

1. The Finance Accounts which are prepared under Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993, contain detailed analysis and classification of receipts and issues of the Central Fund as well as details of the National Debt.
2. The maintenance of the Central Fund derives from the Constitutional requirement that "All revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund, and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law".
3. The Central Fund Account is prepared on a receipts and payments basis and its euro banking transactions are effected through the Exchequer Account maintained at the Central Bank & Financial Services Authority of Ireland and foreign currency clearing accounts managed by the National Treasury Management Agency.
4. The Statements relating to the National Debt and its servicing and cash flow have been provided by the National Treasury Management Agency and are presented in Part Two of these accounts.
5. Section 4 of the Comptroller and Auditor General (Amendment) Act 1993 provides for the transmission of the Finance Accounts to the Comptroller and Auditor General not later than 30 June in the year following that to which they relate. The Act provides that following audit, the Comptroller and Auditor General submits the Finance Accounts and a report thereon to the Minister for Finance not later than 31 August in that year. The Accounts are laid before Dáil Éireann not later than 30 September.
6. These Accounts comprise the Central Fund Account, Statements 1.1 to 1.11 and the Financial Accounts of the National Debt including the Accounting Policies.
7. The reporting period is the year ended 31st December 2009.

---

**Kevin Cardiff**  
**Secretary General**  
**Department of Finance**  
**24th June 2010**

## **Report of the Comptroller and Auditor General**

### **FINANCE ACCOUNTS 2009**

I have audited the Finance Accounts for the year ended 31 December 2009 under Section 4 of the Comptroller and Auditor General (Amendment) Act 1993.

The Finance Accounts comprise the Central Fund Account, the Financial Statements of Central Fund Receipts and Issues and Guaranteed Liabilities and the Financial Statements of the National Debt.

#### **Respective Responsibilities of the Minister for Finance and the Comptroller and Auditor General**

Under Section 4 of the Comptroller and Auditor General (Amendment) Act 1993, the Minister specifies the form of the Finance Accounts and is responsible for ensuring that they are kept in the specified form, and are transmitted to me for audit.

My responsibility is to audit the Finance Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the transactions in the Finance Accounts conform to the authorities that govern them; and whether the Finance Accounts properly reflect the payments into and out of the Central Fund, the surplus or deficit for the year, and the capital investment of the Central Fund, and the National Debt outstanding at the end of the year. I also report whether in my opinion proper books of account and records have been kept. In addition, I state whether I have obtained all the information and explanations necessary for the purpose of my audit.

#### **Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the Finance Accounts in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Finance Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Finance Accounts.

## **Opinion**

In my opinion

- the transactions recorded in the Finance Accounts conform to the authorities that govern them
- proper books of account and records have been kept
- the Finance Accounts properly reflect
  - the payments into and out of the Central Fund and the deficit for the year ended 31 December 2009, and
  - the capital investment of the Central Fund at 31 December 2009 and the National Debt outstanding at that date.

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

  
**John Buckley**  
**Comptroller and Auditor General**  
**31 August 2010**

## Central Fund Account

### Account of Receipts and Payments for year ended 31 December 2009

	Statement No.	Page		2008 €000	2009 €000
<b>Current Receipts:</b>					
Tax Revenue	1.1	12		40,777,196	33,043,173
Non-Tax Revenue	1.2	13		<u>846,901</u>	<u>837,810</u>
				41,624,097	33,880,983
<b>Less Current Payments:</b>					
<b>Voted Issues</b>	1.3	16	40,756,518		40,255,879
<b>Non-Voted Issues</b>					
Sinking Fund <sup>1</sup>	2.1 (Note1)	38	487,977		572,950
Other Service of National Debt <sup>2</sup>	2.1 (Note1)	38	1,611,163		2,641,001
Payments to holders of political and Constitutional office etc.	1.4	19	39,750		40,153
Payments to EU Budget	1.5	20	1,586,709		1,486,308
Other non-voted Expenditure	1.6	22	211,343	<u>44,693,460</u>	<u>251,709</u>
				<u>(3,069,363)</u>	<u>45,248,000</u>
			<b>Deficit on Current Account</b>		<b>(11,367,017)</b>
<b>Capital Receipts:</b>					
Gaeltacht Loans Repaid			49		12
Other Loans Repaid <sup>4</sup>	1.7	24	749,249		749,908
EU Receipts <sup>4</sup>	1.9	31	115,754		79,139
Other Receipts <sup>4</sup>	1.2	13	44,652	909,704	60,867
					889,926

Continued Over ....



## Account of Receipts and Payments for year ended 31 December 2009 (contd.)

	Statement No.	Page		2008 €000	2009 €000
<b>Less Capital Payments:</b>					
<b>Voted (Issues for Departmental Capital Expenditure voted by the Dáil)<sup>4</sup></b>	1.3	16	8,556,276		<b>6,907,395</b>
<b>Non-Voted (expenditure charged directly under particular legislation)</b>					
Loans Issued <sup>4</sup>	1.7	24	741,000		<b>790,000</b>
Share Capital acquired in companies <sup>4</sup>	1.8(A)	25	597		<b>4,001,740</b>
Investment in International Bodies <sup>4</sup>	1.8(B)	30	1,830		<b>1,907</b>
EU Payments <sup>4</sup>	1.5	20	-		<b>61</b>
Funding of Superannuation Liabilities <sup>4</sup>	1.10	32	1,690,000		<b>3,000,000</b>
Other Payments <sup>4</sup>	1.10	32	53,092	<u>11,042,795</u>	<b>35,617</b>
				<u>(10,133,091)</u>	<b><u>14,736,720</u></b>
			<b>Deficit on Capital Account</b>		<b><u>(13,846,794)</u></b>
<b>Exchequer Cash Balance</b>				(13,202,454)	<b>(25,213,811)</b>
Sinking Fund <sup>1</sup>	2.1	38		<u>487,977</u>	<b>572,950</b>
<b>Exchequer Surplus/(Deficit)</b>				<u>(12,714,477)</u>	<b><u>(24,640,861)</u></b> 2
<b>Source and Application of Funds</b>					
Net Debt (Borrowing)/Repayment and Other Balances	2.3	41	(30,287,429)		<b>(24,397,006)</b>
Total Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.3 (Note 11)	41 (49)	<u>17,572,952</u>		<b><u>(243,855)</u></b>
			<b>Net Total</b>	<u>(12,714,477)</u>	<b><u>(24,640,861)</u></b> 3

<sup>1</sup> The Sinking Fund provision is a transfer from the current account to the capital account to pay principal and interest due on the National Debt.

<sup>2</sup> The Exchequer Deficit for 2009 as previously reported in the end year 2009 Exchequer Statement has decreased by €110,000 to reflect the normal post year-end reclassification of National Savings Schemes between interest and debt balances of (€102,000) for An Post and €11,000 for Irish Life and Permanent plc. There is also a reclassification of (€868) relating to a Government bond interest payment between interest and debt balances and the inclusion of a current balance (€18,000) in the Capital Services Redemption Account (CSRA). This Exchequer deficit is the traditional domestic budgetary aggregate which measures Central Government's net surplus or borrowing position. It is the difference between total receipts and total expenditure out of the Exchequer Account of the Central Fund. It is to be distinguished from the General Government Balance (GGB) which measures the fiscal performance of all arms of Government, i.e. Central Government, Local Authorities, Vocational Education Committees, and non-commercial State sponsored bodies, as well as funds such as the Social Insurance Fund and the National Pension Reserve Fund (NPRF) which are managed by government agents. The National Debt on the other

continued over ->

hand is a measure of the indebtedness of the Exchequer. It is to be distinguished from the General Government Debt (GGD) which is the standard measure used within the EU. It is a gross measure which does not allow for the netting of cash balances or the assets of the NPRF and includes the National Debt as well as local government debt, along with some minor liabilities of Government.

<sup>3</sup> Differs from NTMA Exchequer deficit as it reflects movement of €18,000 in the Capital Services Redemption Account.

<sup>4</sup> The format of the Finance Account has been changed relative to 2008. The following are the relevant changes:

Statement 1.2 - Non-Tax Revenue now includes capital receipts previously reported in Statement 1.12;

Statement 1.3 now includes Voted Capital Expenditure previously reported in Statement 1.7;

Statement 1.5 now includes capital payments to the European Union previously reported in Statement 1.11;

Statement 1.7 - Loan Transactions was previously Statement 1.8;

Statement 1.8(A) now includes shares in Fastnet Mussels Ltd and Kush Seafarms which were previously reported in Statement 1.9(C). The other shares reported in Statement 1.8(A) were previously reported in Statement 1.9(A).

Statement 1.8(B) - Investments in International Bodies under International Agreements was previously Statement 1.9(B).

Statement 1.9 - Capital Receipts from the European Union was previously Statement 1.10.

Statement 1.10 - Other Non-Voted Expenditure was previously Statement 1.13.

Statement 1.11 - Guaranteed Liabilities was previously Statement 1.14.

# **PART ONE**

**FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES**

**AND GUARANTEED LIABILITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

## STATEMENT 1.1

### Current: Tax Revenue

	2008 €000	2009 €000
Income Tax	13,176,857	11,835,235
Value Added Tax	13,429,602	10,669,652
Excise Duty	5,443,338	4,702,552
Corporation Tax	5,065,894	3,900,306
Stamps	1,650,792	929,510
Customs	248,001	208,598
Training and Employment Levy	1,032	1,213
Capital Acquisitions Tax	331,600	254,258
Capital Gains Tax	<u>1,430,080</u>	<u>541,849</u>
<b>Total</b>	<u>40,777,196</u>	<u>33,043,173</u>

## STATEMENT 1.2

### Non-Tax Revenue - Current and Capital<sup>3</sup>

	Current		Capital	
	2008 €000	2009 €000	2008 €000	2009 €000
Central Bank	222,814	290,055	-	-
Revenue Commissioners Account Balances at Central Bank <sup>3</sup>	1,008	423	-	-
National Lottery Surplus <sup>1</sup>	265,000	275,000	-	-
Royalties	9,611	2,114	-	-
NTMA	2,182	3,734	3,723	53,000
Interest received on loans	9,178	8,521	-	-
Share Dividends	170,908	145,750	-	-
Receipts collected by Government Departments and Offices <sup>2</sup> :				
Arts, Sport and Tourism	627	3	-	33
Agriculture, Fisheries and Food	287	5,654	2,228	-
Communications, Energy and Natural Resources <sup>3</sup>	16,303	-	2,756	-
Community, Rural and Gaeltacht Affairs	631	44	666	240
Education and Science	525	-	-	111
Enterprise, Trade and Employment <sup>3</sup>	3,876	1,697	22,965	6,682
Environment, Heritage and Local Government	358	2,347	143	501

## STATEMENT 1.2

### Non-Tax Revenue - Current and Capital (contd.)

	Current		Capital	
	2008 €000	2009 €000	2008 €000	2009 €000
<b>Receipts collected by Government Departments and Offices<sup>2</sup>: (contd.)</b>				
Finance <sup>3</sup>	179	2	3	-
Health Service Executive	-	-	4,023	-
Houses of the Oireachtas	5	-	-	-
Justice, Equality and Law Reform	48,184	47,451	-	-
Property Registration Authority	66,310	41,512	-	-
Office of the Ombudsman	122	3	-	-
Office of Public Works	-	-	7,100	300
Office of the Revenue Commissioners	1,213	2,005	-	-
President's Establishment	4	-	-	-
Social and Family Affairs	1,900	5	1,045	-
Transport	2,842	-	-	-
<b>Other Receipts:</b>				
Monies received under various Acts	18,539	2,290	-	-
Voluntary salary and pension surrenders	5	1,118	-	-
Pension Levy <sup>4</sup>	-	6,721	-	-

## STATEMENT 1.2

### Non-Tax Revenue - Current and Capital (contd.)

	Current		Capital	
	2008	2009	2008	2009
	€000	€000	€000	€000
<b>Other Receipts: (Contd.)</b>				
Receipts from European Investment Bank	1,076	1,183	-	-
Miscellaneous <sup>3</sup>	<u>3,214</u>	<u>178</u>	=	=
<b>Total</b>	<u>846,901</u>	<u>837,810</u>	<u>44,652</u>	<u>60,867</u>

<sup>1</sup> Details of expenditure, which is part-funded by the National Lottery, are shown in the Estimates for Public Services.

<sup>2</sup> These are receipts that the Department of Finance directs must be credited directly to the Exchequer and cannot be retained by Departments for their own use.

<sup>3</sup> Under this Statement, the format of the Finance Account has been changed relative to 2008. Information previously given at a detailed level has been summarised at the level of the entity from whom the revenue was received or category involved. In addition, Capital receipts of €78,000 in 2008 under the Insurance Acts were incorrectly booked against the Department of Finance instead of the Department of Enterprise, Trade and Employment.

<sup>4</sup> Pension levies received from Central Bank, National Treasury Management Agency, Houses of the Oireachtas and Combat Poverty Agency. The figure also includes deductions from certain salaries paid from the Central Fund.

## STATEMENT 1.3

### Issues For Voted Expenditure - Current and Capital<sup>1</sup>

Vote No.	Service	Current		Capital	
		2008 €000	2009 €000	2008 €000	2009 €000
1	President's Establishment	2,999	2,940	-	-
2	Department of the Taoiseach	34,167	23,630	-	-
3	Office of the Attorney General	18,020	15,638	-	-
4	Central Statistics Office	50,503	48,017	-	-
5	Office of the Comptroller and Auditor General	8,661	6,091	-	-
6	Office of the Minister for Finance	80,826	63,831	5,921	932
7	Superannuation and Retired Allowances	245,343	315,014	-	-
8	Office of the Appeals Commissioner	476	441	-	-
9	Office of the Revenue Commissioners	426,592	383,871	11,308	7,140
10	Office of Public Works	267,679	272,780	303,465	193,142
11	State Laboratory	9,727	8,420	-	-
12	Secret Service	578	622	-	-
13	Chief State Solicitors Office	41,135	33,364	-	-
14	Office of the Director of Public Prosecutions	43,757	45,615	-	-
15	Valuation Office	10,501	9,527	-	-
16	Public Appointments Service	13,740	9,992	-	-



**STATEMENT 1.3****Issues For Voted Expenditure - Current and Capital<sup>1</sup> - contd.**

Vote No.	Service	Current		Capital	
		2008 €000	2009 €000	2008 €000	2009 €000
17	Commission for Public Service Appointments	1,145	952	-	-
18	Office of the Ombudsman	7,953	6,900	-	-
19	Office of the Minister for Justice, Equality and Law Reform	466,678	422,752	8,838	6,042
20	Garda Síochána	1,510,370	1,467,823	54,781	40,137
21	Prisons	359,345	321,054	41,534	37,683
22	Courts Service	63,494	46,120	37,235	27,258
23	Property Registration Authority	40,356	35,623	4,725	4,095
24	Charitable Donations and Bequests	385	367	-	-
25	Environment, Heritage and Local Government	939,282	843,128	2,220,956	1,805,777
26	Office of the Minister for Education and Science	8,201,624	8,028,072	829,892	839,145
27	Community, Rural and Gaeltacht Affairs	356,607	329,820	131,887	111,389
28	Foreign Affairs	198,661	176,597	16,139	10,900
29	International Co-operation	765,905	564,267	1,100	1,042
30	Communications, Energy and Natural Resources	121,162	114,632	143,375	119,963
31	Agriculture, Fisheries and Food	1,007,588	1,015,466	649,908	546,524
32	Transport	542,543	527,816	2,647,016	1,985,082
33	National Gallery	9,777	8,584	2,659	2,000

## STATEMENT 1.3

### Issues For Voted Expenditure - Current and Capital<sup>1</sup> - contd.

Vote No.	Service	Current		Capital	
		2008 €000	2009 €000	2008 €000	2009 €000
34	Enterprise, Trade and Employment	985,489	963,257	466,250	504,268
35	Arts, Sport and Tourism	422,940	387,359	271,000	133,491
36	Defence	837,560	744,204	30,100	17,929
37	Army Pensions	196,722	209,137	-	-
38	Social and Family Affairs	9,386,550	10,530,872	12,548	10,000
39	Health and Children	465,848	406,520	18,774	13,549
40	Health Service Executive	12,074,787	11,480,614	566,720	435,397
41	Office of the Minister for Children	539,043	384,150	80,145	54,510
	<b>Total Exchequer Issues - Voted Current &amp; Capital Expenditure</b>	<u>40,756,518</u>	<u>40,255,879</u>	<u>8,556,276</u>	<u>6,907,395</u>

<sup>1</sup> The figures shown are the amounts issued to fund current and capital expenditure on each Vote. Details of voted and actual expenditure are contained in the Appropriation Accounts.

## STATEMENT 1.4

### Current: Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.<sup>1</sup>

	2008	2009
	€000	€000
Annuities, Pensions etc. for former Constitutional, Ministerial and Judicial Office-holders <sup>2</sup>	11,181	11,301
Salaries and Allowances <sup>3</sup>	891	855
Judicial Salaries <sup>4</sup>	<u>27,678</u>	<u>27,997</u>
<b>Total</b>	<b><u>39,750</u></b>	<b><u>40,153</u></b>

<sup>1</sup> The breakdown of Central Fund charges in respect of salaries, allowances and pensions is available on the Department of Finance website.

<sup>2</sup> Payments under this heading were as follows:-

(a) Pensions to former Presidents of Ireland;

(b) Pensions, retirement lump sums and death gratuities relating to judicial services. Deductions from lump sums to Judges relating to Spouses' and Children's contributions were payable to the Superannuation and Retired Allowances Vote (Vote 7);

(c) Pensions to former Ministers, Parliamentary Secretaries, Ministers of State, Attorneys General, Ceann Comhairlaí, Leas-Ceann Comhairlaí, Cathaoirligh of the Seanad, Leas-Cathaoirligh of the Seanad and to Comptrollers and Auditors General;

(d) Pensions to widows and children of former Presidents, members of the judiciary and of the office holders listed at (c) above;

(e) Severance payments to former office holders. Severance payments are payable to Ministers, Ministers of State and Attorneys General when they cease to hold office: the initial allowance is 75% of the former office holder's salary, declining to zero over a period of at most 2 years;

(f) Retirement lump sums and death gratuities relating to Ministers and to the other office holders listed at (c) above.

<sup>3</sup> Salaries and Allowances relate to the personal remuneration and annual allowance of the President of Ireland and the remuneration of the Comptroller and Auditor General.

<sup>4</sup> Judicial Salaries relate to the remuneration of Judges of the Supreme Court, High Court, Circuit Courts and District Courts.

## STATEMENT 1.5

### Payments to the European Union: Current and Capital

	Current		Capital	
	2008 €000	2009 €000	2008 €000	2009 €000
<b>To European Union Budget</b>				
Customs Duties <sup>1</sup>	200,240	176,598	-	-
Agricultural Levies <sup>2</sup>	1,457	-	-	-
VAT related payments <sup>3</sup>	260,066	163,005	-	-
GNI (Gross National Income) related payments <sup>3</sup>	1,124,946	1,146,705	-	-
<b>Other Payments</b>				
EC Comm Act 1972 (TENS) <sup>4</sup>	=	=	=	<u>61</u>
<b>Total</b>	<u>1,586,709</u>	<u>1,486,308</u>	=	<u>61</u>

<sup>1</sup> Payments to the European Union Budget take into account Agreements which Ireland has made under the Single European Authorisation System. This system allows a company to pay its customs duty in Member State A in respect of goods imported into Member State B. In 2009, the net effect of the Agreements was to increase Ireland's European Budget customs duties payments by over €69 million (€64 million in 2008).

<sup>2</sup> On 7 June 2007, the Council agreed changes to the system of the European Commission Own Resources in accordance with the Financial Framework 2007-2013, agreed at the European Council December 2005. These changes came into effect in March 2009 and applied retroactively to 1 January 2007, following their ratification

## STATEMENT 1.5

---

---

### Payments to the European Union: Current and Capital

---

---

contd.

by all Member States. One of these changes saw the distinction between agricultural levies and custom duties removed. Agricultural levies are included for 2008 as the new Own Resources decision was not yet in force and these were collected under the Council Decision of September 2000 on the system of the European Communities' Own Resources. Agriculture Levies amounting to €0.75 million were collected during 2009 before the new system came into effect. These have been included in the 2009 Customs Duties figures to more accurately reflect the current Own Resources system.

<sup>3</sup> The VAT and GNI related payments are made on the basis of forecast estimates. Adjustments are made in subsequent years as the estimates are revised, leading to a mixture of additional payments and/or refunds relating to several years. In addition to adjustments made in respect of previous years' contributions, a number of adjustments may be made to Member States' payments in the course of the budget year following the adoption of any Supplementary Amending Budgets.

<sup>4</sup> The Trans-European Networks repayment of €60,719.60 in November 2009 followed a decommitment of grant assistance by the Commission arising from the smaller than originally expected eligible cost expenditure (underspend) on the N1 Dundalk to Newry Road project.

## STATEMENT 1.6

### Current: Other Non-Voted Expenditure

	2008	2009
	€000	€000
Houses of the Oireachtas Commission Acts, 2003	119,354	123,157
Annual Allowances to parliamentary leaders of qualifying parties <sup>1</sup>	8,132	8,165
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,550	5,506
Payments to Independents under Section 1 of Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2001	362	306
Returning Officers' Expenses under the Electoral Acts	15,796	32,488
Election Expenses of candidates under the Electoral Acts	665	1,005
Election Postal Charges	11,227	15,020
Payments to International Development Association <sup>2</sup>	24,233	18,000
Payments to Marathon Petroleum Ireland Ltd <sup>3</sup>	11,677	4,743
Payments under National Development Finance Agency Act	1,821	3,957
Bretton Woods Agreements (Amendment) Acts, 1957 - 1999	6,510	100
Development Banks Act, 2005		
Asian Development Fund	5,775	9,240
Council of Europe Development Bank	19	22
Reconciliation of Legacy Issue	222	-

## STATEMENT 1.6

### Current: Other Non-Voted Expenditure (contd.)

	2008	2009
	€000	€000
Central Bank Coin Issue	=	<u>30,000</u>
<b>Total</b>	<u>211,343</u>	<u>251,709</u>

<sup>1</sup> Details of annual allowances to parliamentary leaders of qualifying parties under Section 1 of the Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2001 are available on the Department of Finance website.

<sup>2</sup> Payments were made under the International Development Association Act, 1960 towards the replenishment of the resources of the Association, which is the concessionary lending body of the World Bank Group.

<sup>3</sup> Remittance to Marathon Petroleum Ireland Ltd of a proportion of tax and royalties paid by Marathon to the State in 2007. Partial remittance is provided for under Article X of a 1959 Agreement between Marathon and the State covering the exploration and development of the Kinsale gas field and the Finance Act, 1992.

## STATEMENT 1.7

### Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2008 €000	Loans Issued 2009 €000	Loans Repaid 2009 €000	Outstanding at 31 December 2009 €000
<b>Department of Agriculture, Fisheries and Food</b>				
FEOGA Guarantee	741,000	790,000	741,000	790,000
Bord Iascaigh Mhara	1,085	-	1,085	-
<b>Office of Public Works</b>				
Local Loans Fund	11,451	-	7,823	3,628
<b>Department of Transport</b>				
Coras Iompair Eireann	<u>12,511</u>	=	=	<u>12,511</u>
<b><sup>1</sup>Total</b>	<b><u>766,047</u></b>	<b><u>790,000</u></b>	<b><u>749,908</u></b>	<b><u>806,139</u></b>

<sup>1</sup> The aggregate loans repaid in 2009 excludes the sum of €12,000 repaid in respect of Gaeltacht Loans.



**STATEMENT 1.8(A)****Capital: Share Capital acquired in Companies**

<b>Department/Body</b>	<b>Shareholding at 31 December 2008</b>	<b>Shares acquired 2009</b>	<b>Shares disposed 2009</b>	<b>Shareholding at 31 December 2009</b>	<b>State's Net Assets at 31 December 2009</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Agriculture, Fisheries and Food</b>					
Coillte Teoranta	795,060	-	-	795,060	1,207,484
Irish National Stud Co. Ltd	13,769	-	-	13,769	11,674
Fastnet Mussels Ltd	19	-	-	19	-
Kush Seafarms Ltd	19	-	-	19	-
<b>Communications, Energy and Natural Resources</b>					
An Post <sup>1</sup>	68,239	-	-	68,239	(39,817)
Bord na Móna plc	78,664	-	-	78,664	190,062 <sup>7</sup>
EirGrid	38	-	-	38	90,332 <sup>8</sup>
Irish National Petroleum Corporation	0.003	-	-	0.003	9,976
National Oil Reserve Agency	0.001	-	-	0.001	228,677

**STATEMENT 1.8(A)****Capital: Share Capital acquired in Companies (contd.)**

<b>Department/Body</b>	<b>Shareholding at 31 December 2008</b>	<b>Shares acquired 2009</b>	<b>Shares disposed 2009</b>	<b>Shareholding at 31 December 2009</b>	<b>State's Net Assets at 31 December 2009</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Enterprise, Trade and Employment</b>					
Shannon Free Airport Development Co Ltd.	183,522	-	-	183,522	106,255
<b>Environment, Heritage and Local Government</b>					
Housing Finance Agency plc	39	-	-	39	31,930
National Building Agency Ltd	0.2	-	-	0.2	19,285
<b>Finance</b>					
Anglo Irish Bank Corporation Ltd. <sup>4</sup>	-	4,000,000	-	4,123,000	4,170,000
<b>Transport</b>					
Dublin Airport Authority plc	186,337	-	-	186,337	986,561
Shannon Airport Authority <sup>2</sup>	38	-	-	38	-
Cork Airport Authority <sup>2</sup>	38	-	-	38	-

**STATEMENT 1.8(A)****Capital: Share Capital acquired in Companies (contd.)**

<b>Department/Body</b>	<b>Shareholding at 31 December 2008</b>	<b>Shares acquired 2009</b>	<b>Shares disposed 2009</b>	<b>Shareholding at 31 December 2009</b>	<b>State's Net Assets at 31 December 2009</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Transport (contd.)</b>					
Aer Lingus Group plc <sup>3</sup>	6,705	-	-	6,705	176,899
Irish Aviation Authority	22,675	-	-	22,675	6,299
Drogheda Port <sup>5</sup>	8,227	12	-	8,239	15,476
Dublin Port Company	14,464	-	-	14,464	238,270
Dun Laoghaire Harbour Company	14,540	-	-	14,540	44,733
Galway Harbour Company	8,927	-	-	8,927	11,632
New Ross Port Company	4,672	-	-	4,672	5,210
Port of Cork Company	19,699	-	-	19,699	70,570
Port of Waterford Company <sup>6</sup>	16,939	1,728	-	18,667	29,830
Shannon Foynes Port Company	22,187	-	-	22,187	16,450
Dundalk Port Company	1,884	-	-	1,884	5,377

**STATEMENT 1.8(A)****Capital: Share Capital acquired in Companies (contd.)**

Department/Body	Shareholding at 31 December 2008	Shares acquired 2009	Shares disposed 2009	Shareholding at 31 December 2009	State's Net Assets at 31 December 2009
	€000	€000	€000	€000	€000
<b>Transport (contd.)</b>					
Wicklow Port Company	1,964	=	-	1,964	2,753
		<u>4,001,740</u>	=		

<sup>1</sup> The State has a 20% shareholding in An Post National Lottery Company, a subsidiary of An Post.

<sup>2</sup> In accordance with Section 10(3) of the State Airport Act, 2004, shares were issued to the Minister for Finance on the establishment of the Shannon and Cork Airport Authorities on 16 September, 2004. Under the Act, assets will not be transferred from the Dublin Airport Authority to the Shannon and Cork Airport Authorities until business plans have been approved by the Minister for Transport and the Minister for Finance. Accordingly, the State's net assets figure for the Dublin Airport Authority includes the assets of both Shannon and Cork Airport Authorities. Shannon and Cork Airport Authorities were established as part of the restructuring of the State Airports. Section 10 of the State Airports Act, 2004 provides that the initial share capital for Shannon and Cork Airport Authorities would be €38,106 each. Company law requires 25% of the initial issued share capital to be paid up at incorporation. This amounted to €9,527 for each Authority which was paid by the Department of Transport.

## STATEMENT 1.8(A)

---

---

### Capital: Share Capital acquired in Companies (contd.)

---

---

<sup>3</sup> Aer Lingus was floated on the Irish and UK Stock Exchanges during 2006. The total equity in the Company at 31st December 2009 was €704,497,000 of which €26,702,000 was the total issued share capital. The nominal value of shares in the Company is €0.05 each. The State's percentage shareholding at 31st December 2009 was 25.11% which amounts to a shareholding of €6,704,872 (2008: €6,705,000) and a share of net assets amounting to €176,899,197 (2008: €194,101,000).

<sup>4</sup> Under Section 5 of Anglo Irish Bank Corporation Act 2009 all the shares in Anglo Irish Bank were transferred to the Minister for Finance on the 21st January 2009. In addition, under Section 6(9) of the Credit Institutions (Financial Support) Act 2008 the Minister for Finance purchased shares in Anglo Irish Bank Corporation Limited to the value of €4,000,000,000. On 22nd December 2009 the Bank's sole Shareholder, the Minister for Finance, wrote to the Bank outlining his commitment, subject to EU State Aid approval, to ensure that the Bank had sufficient capital to continue to meet regulatory capital requirements at 31st December, 2009. On 23rd December 2009 the Board of the Bank accepted the Shareholder's binding commitment. The Bank recognised a receivable from the Shareholder on 31st December, 2009 on the basis that it was virtually certain to occur and a corresponding credit to a capital reserve. Subsequently, on 31st March 2010, the Bank received a promissory note to the value of €8.3 billion from the Shareholder in settlement of the receivable.

<sup>5</sup> The Called up Share Capital per the audited accounts of the Drogheda Port Company for 2009 was €8,194,935. However, this does not include Central Fund payments of €43,000 (i.e. €31,000 made in 2007 as part of the Exchequer's contribution to an Interreg IIA grant-in-aid project and €12,000 made in 2009) in respect of which share certificates had not issued by the end of December 2009. The State's Net Assets per these same audited accounts does not include the €43,000 issued from the Central Fund in 2007 and 2009.

<sup>6</sup> The shareholding at 31st December 2009 differs from that on the Consolidated Balance Sheet of the Port of Waterford Company as of the same date due to the fact that the amount paid by the Department of Transport to the port company was €9,000 greater than what it received from the Exchequer.

<sup>7</sup> Taken from Financial Statements for year ended 25th March, 2009.

<sup>8</sup> Taken from Financial Statements for year ended 30th September, 2009.

**STATEMENT 1.8(B)****Capital: Investments in International Bodies under International Agreements**

	Shareholding at 31 December 2008 <sup>1</sup>	Cost of Shares Acquired in 2009	Disposal of Shares in 2009	Shareholding at 31 December 2009 <sup>1</sup>
	€000	€000	€000	€000
Payments under Bretton Woods Agreement Acts, 1957 - 1999 <sup>2 &amp; 3</sup>	26,658	-	-	25,753
Payments under International Finance Corporation Act, 1958 <sup>2</sup>	927	-	-	895
European Bank for Reconstruction and Development	15,623	101	-	15,724
European Investment Bank <sup>4</sup>	46,640	-	-	65,926
International Common Fund for Commodities <sup>2</sup>	529	-	-	529
Multilateral Investment Guarantee Agency <sup>2</sup>	673	-	-	650
Council of Europe Development Bank <sup>2</sup>	13,100	-	-	13,100
Development Banks Act, 2005				
Asian Development Bank	5,489	<u>1,806</u>	=	7,295
<b>Totals</b>	<b><u>109,639</u></b>	<b><u>1,907</u></b>	<b>=</b>	<b><u>129,872</u></b>

<sup>1</sup> All shareholding amounts represent the actual shareholdings at the relevant dates. Shareholdings denominated in US dollars are stated in Euro at the exchange rates prevailing at the relevant dates except in the case of the Asian Development Bank and the International Common Fund for Commodities where any repayment of the shares purchased in US would be made in Euro at the exchange rates prevailing at the time the shares were purchased.

<sup>2</sup> There were no new shares acquired in these institutions in 2009. Any changes in value relate to exchange rate fluctuations.

<sup>3</sup> Correction of typing error in 2008 Statement from €25,658.

<sup>4</sup> Increased from €46,640m to €65,926m on foot of a Capital Increase in 2009 paid from the accumulated reserves of the European Investment Bank.

## STATEMENT 1.9

---

---

### Capital: Receipts from the European Union

---

---

	2008 €000	2009 €000
European Regional Development Fund	113,533	56,668
Cohesion Fund	-	10,700
Trans European Network	2,188	11,735
Turkish Aid Protocol <sup>1</sup>	33	33
EEA/EFTA Financial Mechanism	-	3
<b>Total</b>	<b><u>115,754</u></b>	<b><u>79,139</u></b>

<sup>1</sup>Ireland's share of repayments by Turkey of EU loans under the Association Agreement with that country.

## STATEMENT 1.10

### Capital: Other Non-Voted Expenditure

		2008		2009
	€000	€000	€000	€000
<b>Funding of Superannuation Liabilities<sup>1</sup></b>				
National Pension Reserve Fund <sup>2</sup>		1,690,000		3,000,000 <sup>3</sup>
<b>Payments under other Acts:</b>				
Insurance Acts, 1953 - 1988	16		35	
Convention of Lomé Act 1976	-		62	
Finance Acts, 1978 and 1990	76		-	
Carbon Fund Act 2007	53,000	<u>53,092</u>	35,520	<u>35,617</u>
<b>Total</b>		<u>1,743,092</u>		<u>3,035,617</u>

<sup>1</sup> The estimated accrued liability for occupational pension schemes of public servants is of the order of €116 billion. This figure represents the present value of the expected future pension payments to current staff and to their spouses in respect of services to date along with the full liability for all future payments to current pensioners and to their spouses (see Report of Comptroller and Auditor General on the Accounts of the Public Services 2009.)

<sup>2</sup> At 31 December 2008 the market value of the National Pension Reserve Fund was €16.1 billion. The market value at 31 December 2009 was €22.3 billion.

<sup>3</sup> The increase in 2009 over 2008 reflects the decision by the Government to pre-fund the National Pensions Reserve Fund as part of the cost of recapitalisation of both Allied Irish Banks and Bank of Ireland in 2009.



## STATEMENT 1.11

### Guaranteed Liabilities<sup>1</sup>

At 31 December 2009, the Government had guaranteed the due payment of obligations in respect of liabilities of which the principal or capital value outstanding was €5,113 million. The individual amounts represent capital raised and commitments entered into in accordance with the relevant statutes.

<b>Relevant Department and Nature of Liability</b>	<b>Amounts Outstanding at 31 December 2008</b>	<b>Changes in Guaranteed Liabilities in 2009</b>	<b>Amounts Outstanding at 31 December 2009</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Finance</b>			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976.	7,625	(3,435)	4,190
<b>Transport</b>			
Córas Iompair Éireann	83,600	27,953	111,553
<b>Enterprise, Trade and Employment</b>			
Insurance Acts, 1953 - 1988	325	(11)	314

## STATEMENT 1.11

### Guaranteed Liabilities<sup>1</sup> - contd.

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2008 €000	Changes in Guaranteed Liabilities in 2009 €000	Amounts Outstanding at 31 December 2009 €000
<b>Environment, Heritage and Local Government</b>			
Housing Finance Agency plc	4,892,281	(5,568)	4,886,713
National Building Agency Ltd	140	(23)	117
Securitisation (Proceeds of Certain Mortgages) Act, 1995	25,072	-	25,072
<b>Agriculture, Fisheries and Food</b>			
Irish Intervention Agency	<u>6,826</u>	<u>78,000</u>	<u>84,826</u>
	<u>5,015,869</u>	<u>96,916</u>	<u>5,112,785</u>

<sup>1</sup>The total liabilities under the Bank Guarantee Scheme at 31st December 2009 was €281 billion (€346 billion at 31st December 2008).

Under the Credit Institutions (Financial Support) Scheme 2008 Regulations (S.I. No. 411 of 2008) a credit institution that avails of a guarantee under the Credit Institutions (Financial Support) Scheme is liable to pay a charge for its guarantee. All charges are credited to a designated account at the Central Bank as a reserve for any payments to be made under the Scheme and any credit balance in that account will be transferred to the Central Fund when the Scheme expires. The balance in this Central Bank account at 31st December 2009 was €478,441,096.79.

**PART TWO**

**FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND  
FOR YEAR ENDED 31 DECEMBER 2009**

## **NATIONAL DEBT OF IRELAND**

---

### **ACCOUNTING POLICIES**

---

#### **Background**

The National Treasury Management Agency (NTMA) was established under the National Treasury Management Agency Act, 1990 to perform the borrowing and National Debt Management function on behalf of the Minister for Finance and other such functions as the Government may delegate to it.

The financial statements set out on pages 38 to 43 are for the National Debt of Ireland. The form of the statements has been approved by the Minister for Finance under Section 12 of the National Treasury Management Agency Act, 1990.

#### **Basis of Accounting**

The measurement base adopted is that of historical cost except where otherwise stated. Transactions are recognised using the cash basis of accounting.

The National Debt Statement is a statement of the total amounts of principal borrowed by Ireland not repaid at the end of the year, less liquid assets available for redemption of those liabilities at the same date. The Minister for Finance under various statutes also guarantees borrowings by State and other agencies. These guarantees are not included in these financial statements.

#### **Reporting Period**

The reporting period is for the year ended 31 December 2009.

#### **Reporting Currency**

The reporting currency is the EURO which is denoted by the symbol €.

#### **Receipts and Payments**

Receipts and payments relating to the National Debt through the Exchequer Account, Foreign Currency Clearing Accounts and the Capital Services Redemption Account (CSRA) are recorded at the time the money is received or payment made.

#### **Liability Valuation**

Debt balances are recorded at redeemable par value.

## **NATIONAL DEBT OF IRELAND**

---

### **ACCOUNTING POLICIES - contd.**

---

#### **Derivatives**

Swap agreements and other financial instruments are entered into for hedging purposes as part of the process of managing the National Debt. The results of those hedging activities linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net fund flows arising on hedging activities not linked with specific borrowing transactions are included in debt service costs at the time the funds are received or payment made. Where swaps are terminated and converted into other swap instruments the fund flows impact on debt service in accordance with the terms of the revised instrument.

#### **Foreign Currencies**

Receipts and payments in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the transaction. Liabilities and assets in foreign currencies are translated into Euro at the rates of exchange ruling at the year end dates.

## STATEMENT 2.1 - NATIONAL DEBT OF IRELAND

### Service of Debt Statement<sup>1</sup>

Year ended 31 December 2009

	Notes	2008 Total Cost €000	2009	Total Cost €000
<b>Interest Paid</b>				
Medium / Long Term Debt <sup>2</sup>	2	1,444,354		1,985,747
Short Term Debt <sup>3</sup>	3	254,937		615,760
National Savings Schemes	4, 10	210,658		250,219
Other Movements	5	2,930		2,670
Sinking Fund Payments	6	487,977		572,950
Fees and Expenses	7	32,570		68,606
Expenses of NTMA		34,552		37,345
Interest received on deposits with Central Bank and other banks		(368,432)		(319,346)
<b>Total Service Cost</b>	<b>1</b>	<b><u>2,099,546</u></b>		<b><u>3,213,951</u></b>

<sup>1</sup> The Notes on pages 44 to 53 form part of these financial statements.

<sup>2</sup> Medium / Long Term Debt is debt with an original maturity of more than one year.

<sup>3</sup> Short Term Debt is debt with an original maturity of not more than one year.

## STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

### National Debt Statement<sup>1</sup>

31 December 2009

	Notes	2008 € million	2009 € million
<b>Medium / Long Term Debt<sup>2</sup></b>			
Irish Government Bonds listed on the Irish Stock Exchange		41,863	70,858
Private Placements		-	217
European Investment Bank Loans		29	-
Medium Term Notes		439	422
Miscellaneous Debt		<u>15</u>	<u>31</u>
	8	42,346	71,528
<b>Short Term Debt<sup>3</sup></b>			
Commercial Paper	9	21,783	<b>16,261</b>
Borrowings from Funds under the control of the Minister for Finance	16	<u>2,605</u>	<u>1,783</u> <b>18,044</b>
<b>National Savings Schemes</b>			
Savings Certificates		2,533	<b>3,104</b>
Savings Bonds		1,952	<b>2,761</b>
National Instalment Savings		432	<b>456</b>
Savings Stamps		2	<b>2</b>

## STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

### National Debt Statement<sup>1</sup> (contd.)

31 December 2009

	Notes		2008 € million		2009 € million
<b>National Savings Schemes (contd.)</b>					
Prize Bonds	10	<u>804</u>	<u>5,723</u> 72,457	<u>1,073</u>	<u>7,396</u> 96,968
Less Liquid Assets	11		(22,059)		(21,816)
<b>National Debt</b>	13		<u>50,398</u>		<u>75,152</u>

<sup>1</sup> The Notes on pages 44 to 53 form part of these financial statements.

<sup>2</sup> Medium / Long Term Debt is debt with an original maturity of more than one year.

<sup>3</sup> Short Term Debt is debt with an original maturity of not more than one year.



## STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

### National Debt Cash Flow Statement<sup>1</sup>

	Notes	2008 €000	2009 €000
<b>Movement in Exchequer Balances:</b>			
Opening Balance in Exchequer Account	11	3,996,063	21,269,014
Deposit Activity	17	(300,000)	-
Borrowing Activity (see below)		<u>30,287,429</u>	<u>24,397,006</u>
		33,983,492	45,666,020
Exchequer Surplus / (Deficit)		<u>(12,714,478)</u>	<u>(24,640,879)</u>
Closing Balance in Exchequer Account	11	<u>21,269,014</u>	<u>21,025,141</u>

## STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

### National Debt Cash Flow Statement<sup>1</sup> (contd.)

	2008 Net	2009 Net	2009 Receipts <sup>2</sup>	2009 Payments <sup>2</sup>
<b>Borrowing Activity</b>				
Irish Government Bonds listed on the Irish Stock Exchange	10,845,854	28,896,998	40,498,542	(11,601,544)
Other Irish Government Public Bond Issues	(35,242)	-	-	-
Private Placements	-	212,682	212,682	-
EIB Loans	(74,575)	(34,092)	-	(34,092)
Miscellaneous Debt	(3,892)	(126)	-	(126)
Commercial Paper	18,425,348	(5,528,286)	177,543,574	(183,071,860)
Savings Certificates	310,621	570,192	1,214,287	(644,095)
Savings Bonds	277,285	808,133	1,460,232	(652,099)
National Instalment Savings	23,536	23,846	110,713	(86,867)
Prize Bonds	171,834	269,410	370,272	(100,862)
Borrowings from Ministerial Funds	<u>346,660</u>	<u>(821,751)</u>	<u>56,759,625</u>	<u>(57,581,376)</u>
<b>Total Borrowing Activity</b>	<u>30,287,429</u>	<u>24,397,006</u>	<u>278,169,927</u>	<u>(253,772,921)</u>
<b>Deposit Activity</b>	17 (300,000)	=	<u>210,498,690</u>	<u>(210,498,690)</u>
<b>Total Activity</b>	<u>29,987,429</u>	<u>24,397,006</u>	<u>488,668,617</u>	<u>(464,271,611)</u>
Exchequer Account	23,754,468	25,979,380	471,620,270	(445,640,890)
Foreign Currency Clearing Accounts	15 <u>6,232,961</u>	<u>(1,582,374)</u>	<u>17,048,347</u>	<u>(18,630,721)</u>
	<u>29,987,429</u>	<u>24,397,006</u>	<u>488,668,617</u>	<u>(464,271,611)</u>

<sup>1</sup> The Notes on pages 44 to 53 form part of these financial statements.

<sup>2</sup> Receipts and payments represent the gross value of borrowing activity, including rollover of debt.

## STATEMENT 2.4 - NATIONAL DEBT OF IRELAND

### Statement of Movement in National Debt<sup>1</sup>

Year ended 31 December 2009

	Notes	2008 €'000	2009 €'000
<b>Opening National Debt</b>		37,559,513	<b>50,398,188</b>
Increase / (Decrease) in National Debt (nominal)		<u>12,838,675</u>	<u><b>24,753,609</b></u>
<b>Represented by:</b>			
Exchequer (Surplus)/Deficit		12,714,478	<b>24,640,879</b>
Effect of Foreign Exchange Rate Movements		51,767	<b>10,944</b>
Medium Long Term Loans; net reduction/(excess) of proceeds over nominal liability		-	<b>4,318</b>
Bond Tranching: net reduction (excess) of proceeds over nominal liability		71,814	<b>97,235</b>
Bond Cancellations: net reduction (excess) of cancellation cost over nominal liability		217	<b>251</b>
Movement in CSRA current balance	11	408	<b>(18)</b>
Other nominal movements		(9)	=
		<u>12,838,675</u>	<u><b>24,753,609</b></u>
<b>Closing National Debt</b>		50,398,188	<b>75,151,797</b>

<sup>1</sup> The Notes on pages 44 to 53 form part of these financial statements.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS

#### Note 1 Total Service Cost

	Notes	Charged on Foreign Currency Clearing Accounts €'000	Charged on Central Fund €'000	Charged on CSRA €'000	Total Service Cost 2009 €'000
<b>Interest paid</b>					
Medium / Long Term Debt	2	2,012	741,574	1,242,161	<b>1,985,747</b>
Short Term Debt	3	147,389	162,101	306,270	<b>615,760</b>
National Savings Schemes	4, 10	0	(181,650)	431,869	<b>250,219</b>
Other Movements	5	(1,732,915)	1,667,875	67,710	<b>2,670</b>
Sinking Fund payments	6	0	0	572,950	<b>572,950</b>
Fees and Expenses	7	316	56,290	12,000	<b>68,606</b>
Expenses of NTMA		807	36,538	0	<b>37,345</b>
Interest received on deposits with Central Bank and other banks		<u>0</u>	<u>0</u>	<u>(319,346)</u>	<u><b>(319,346)</b></u>
		(1,582,391)	2,482,728	2,313,614	3,213,951
Inter Account movement		<u>0</u>	<u>2,313,632</u>	<u>(2,313,632)</u>	<u><b>0</b></u>
<b>Net cash paid</b>		<u><b>(1,582,391)</b></u>	<u><b>4,796,360</b></u>	<u><b>(18)</b></u>	<u><b>3,213,951</b></u>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>Note 2 - Interest on Medium / Long Term Debt</b>	<b>Total Cost 2008 €'000</b>	<b>Total Cost 2009 €'000</b>
Irish Government Bonds listed on The Irish Stock Exchange	<b>1,410,587</b>	<b>1,965,997</b>
Other Irish Government Public Bond Issues	<b>4,219</b>	-
Private Placements	-	-
European Investment Bank Loans	<b>8,020</b>	<b>2,011</b>
Medium Term Notes	<b>15,471</b>	<b>17,131</b>
Miscellaneous Debt	<b>6,057</b>	<b>608</b>
	<b><u>1,444,354</u></b>	<b><u>1,985,747</u></b>
<b>Note 3 - Interest on Short Term Debt</b>	<b>Total Cost 2008 €'000</b>	<b>Total Cost 2009 €'000</b>
Commercial Paper	<b>215,224</b>	<b>593,366</b>
Borrowings from Funds under the control of the Minister for Finance	<b>39,713</b>	<b>22,394</b>
	<b><u>254,937</u></b>	<b><u>615,760</u></b>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Note 4 - Interest on National Savings Schemes

	Total Cost 2008 €'000	Total Cost 2009 €'000
Savings Certificates	214,765	398,447
Savings Bonds	55,007	50,065
National Instalments Savings	21,795	16,531
Prizes in respect of Prize Bonds	20,260	27,831
Small Savings Reserve [Note 10]	<u>(101,169)</u>	<u>(242,655)</u>
	<u>210,658</u>	<u>250,219</u>

Payments for Interest on National Savings Schemes in 2009 include transfers to the Dormant Accounts Fund in respect of accumulated capitalised interest on certain accounts deemed dormant by An Post under the Dormant Accounts Act, 2001. The net interest amounts transferred in 2009 were as follows:

	€'000
Savings Certificates	(2,004)
Savings Bonds	(43)
National Instalments Savings	<u>(99)</u>
	<u>(2,146)</u>

#### Note 5 - Other Movements

The NTMA, as part of its remit, engages in a range of debt management transactions including derivatives [See Note 12].

This figure reflects the net cashflows associated with these activities.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Note 6 - Sinking Fund Payments

Under Finance Act 1950 specified amounts were provided for the redemption of debt. The sums provided and applied in 2009 were as follows:

	<b>2009</b>
	<b>€'000</b>
Capital Services Redemption Account [Note 14]	<b><u>572,950</u></b>

#### Note 7 - Fees and Expenses

	Total Cost 2008 €'000	Total Cost 2009 €'000
Expenses of Government Bonds and Other Loans	10,639	<b>38,381</b>
Expenses of Savings Certificates	5,837	<b>7,947</b>
Expenses of Prize Bonds	8,598	<b>12,778</b>
Expenses of Savings Bonds	5,147	<b>7,657</b>
Expenses of National Instalment Savings	1,821	<b>1,843</b>
Expenses of Savings Stamps	528	<b>0</b>
	<b><u>32,570</u></b>	<b><u>68,606</u></b>

#### Note 8 - Medium / Long Term Debt

The maturity profile of the Medium / Long Term Debt, taking into account the treasury management transactions entered into by the Agency, is as follows:-

	As at 31 December 2008 € million	As at 31 December 2009 € million
Debt due for repayment within 1 year	5,101	<b>1,179</b>
Debt due for repayment between 2 and 5 years	11,242	<b>24,891</b>
Debt due for repayment in more than 5 years	<u>26,003</u>	<b><u>45,458</u></b>
	<u>42,346</u>	<b><u>71,528</u></b>

# NATIONAL DEBT OF IRELAND

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Note 9 - Commercial Paper

The NTMA issues short-term commercial paper of maturities up to 1 year to raise short-term funds from the international money markets. The proceeds are used to fund the Exchequer deficit and as bridging finance in the replacement of longer term debt and for other liquidity management purposes. Borrowings may be in a range of currencies, but all non-euro borrowings are immediately swapped back into euro using foreign exchange contracts. The NTMA used the issuance of short-term commercial paper to build up Exchequer cash balances at the end of 2009.

### Note 10 - National Savings Schemes

In 2009 the gross interest payment on the savings schemes was €493m, however when the drawdown from the Small Savings Reserve Fund of €243m was credited against the Central Fund, the net interest cost was €250m.

Amounts shown in respect of Savings Certificates, National Instalment Savings, Savings Bonds and Prize Bonds are net of €20.9 million (2008 : €14.7 million) being cash balances held by An Post, Permanent TSB Bank and the Prize Bond Company. An Post and the Prize Bond Company act as the registrar for the respective schemes.

As these financial statements are prepared on a cash basis, the liabilities do not include the sum of €346 million (2008 : €653 million), being the estimate of the amount of accrued interest at 31 December 2009 in respect of Savings Bonds, Savings Certificates and National Instalment Savings.

Section 160 of the Finance Act 1994 provided for the establishment of a fund to be known as the Small Savings Reserve Fund. It provided for €76 million to be paid into the fund in 1994 and in each year thereafter for such sums, if any, as the Minister for Finance may decide. Where in any calendar year interest payment on encashments of small savings exceed 11 per cent of total interest accrued on such savings at the end of the immediately preceding calendar year, the resources of the fund may be applied towards meeting so much of those interest payments which, as a percentage of the said total interest accrued, exceed 11 per cent. The gross interest cost of the savings schemes for 2009, before the drawdown from the Small Savings Reserve Fund, represented 75.50% of the interest accrued at 31 December 2008 of €653m.

		<b>€ million</b>
Estimated accrued interest at 31 December 2009		<b>346</b>
Balance at 1 January 2009	(243)	
Amount applied during 2009 [Note 4]	243	
Balance at 31 December 2009 [Note 16]		<b>(0)</b>
Estimated accrued interest not provided for at 31 December 2009		<b><u>346</u></b>

The balance in the Fund is transferred to the Exchequer as part of the borrowings from funds under the control of the Minister for Finance.



## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Note 11 - Liquid Assets

	Opening balance at 1 January 2009	Movements during 2009	Closing balance at 31 December 2009
	€'000	€'000	€'000
Exchequer Account	21,269,014	(243,873)	21,025,141
Capital Services Redemption Account			
Current Balance [Note 14]	434	18	452
Commercial Bank Deposits	<u>790,000</u>	<u>0</u>	<u>790,000</u>
	<u>22,059,448</u>	<u>(243,855)</u>	<u>21,815,593</u>

#### Note 12 - Derivatives

The Agency's responsibility for both the issuance of new debt and the repayment of maturing debt, together with the management of the interest rate and currency profile of the total debt portfolio, makes the management of risk a central and critical element of the Agency's business. The principal categories of risk arising from the Agency's activity are liquidity risk, market risk, counterparty credit risk and operational risk. In all of these areas the Agency has comprehensive policies and procedures to measure and control the risk involved.

A major requirement of the Agency is to ensure that future funding needs can readily be met at all times. Ultimately the protection of liquidity is the Agency's most critical task. Risks to the liquidity of the National Debt can arise either from domestic events or, given the high level of linkage between markets, from events outside Ireland. The Agency manages this risk primarily by controlling the amount of liabilities maturing in any period of time. This is reinforced by the Agency's activities in continuing to develop a well informed and diversified international investor base, through maintaining its presence in all major capital markets and by extending the range of debt instruments which it issues.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

Market risk is the risk of a rise in debt service costs and in the total market value of the debt due to changes in market interest or exchange rates. The Agency has to have regard to both medium and short term objectives given its task of controlling not only near term fiscal debt service costs but also the present value of all future payments of principal and interest. Fixed interest rate borrowings are subject to a market valuation risk in the event of a decline in interest rates. While carrying less market valuation risk than fixed rate debt, floating rate borrowings carry a higher risk to the near term fiscal costs of servicing the debt. The balance between fixed and floating rate liabilities has to be managed for both the euro and foreign currency portfolios. The exposure to interest rate and currency risk is controlled through limiting the currency and interest rate concentration of the portfolio. Specific quantitative limits are in place to control market risk; exposures against these limits are reported regularly both to portfolio managers and to senior management. The Agency seeks to achieve the best trade-off between cost and risk over time. As conditions in financial markets change the appropriate interest rate and currency profile of the portfolio is reassessed.

Counterparty credit risk exposures arise from derivatives, deposits and foreign exchange transactions. The level of credit risk is minimised by dealing only with counterparties of high credit standing. Procedures provide for the approval of risk limits for all counterparties and exposures are reported daily to management. A review of all limits is undertaken periodically to take account of changes in the credit standing of counterparties or in economic and political events.

Comprehensive controls have been established to ensure that operational risks are managed in a prudent manner. These controls include the segregation of duties between dealing, processing, payments and reporting.

As part of its risk management strategy the Agency uses a combination of derivatives including interest rate swaps, currency swaps and foreign exchange contracts. The following table shows the nominal value of the instruments used and their present value.

	31 December 2008		31 December 2009	
	Nominal € million	Present Value € million	Nominal € million	Present Value € million
Interest Rate Swaps	280	(10)	195	(11)
Currency Swaps & Foreign Exchange Contracts	<u>7,395</u>	<u>(64)</u>	<u>5,829</u>	<u>114</u>
	<u>7,675</u>	<u>(74)</u>	<u>6,024</u>	<u>103</u>

The Present Value of an instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Note 13 - National Debt

The Agency hedges the foreign currency risk of the National Debt through the use of forward foreign exchange contracts and currency swaps. The currency composition of the National Debt, taking into account the treasury management transactions entered into by the Agency, is as follows :

Currency	As at 31 December 2009	As at 31 December 2008
	€ million	€ million
<b>Debt Instruments</b>		
Euro <sup>1</sup>	69,454	43,129
US€	5,511	5,148
Pounds Sterling	158	768
Japanese Yen	75	313
Swiss Franc	12	875
Swedish Krona	39	44
<b>Foreign Currency &amp; Swap Contract</b>		
Euro	5,706	7,394
US€	(5,518)	(5,243)
Pounds Sterling	(159)	(777)
Japanese Yen	(75)	(316)
Swiss Franc	(12)	(892)
Swedish Krona	(39)	(45)
<b>National Debt</b>	<b>75,152</b>	<b>50,398</b>

<sup>1</sup>This figure is net of liquid assets as at 31 December 2009 of €21,816 million (31 December 2008: €22,059 million).

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### Note 14 - Capital Services Redemption Account

This account is used to record :

- (a) payments of interest and principal out of an annual annuity designed to amortise borrowing for voted capital under section 22(7) of the Finance Act, 1950.
- (b) certain receipts and payments arising out of debt servicing and debt management transactions authorised by section 67(8) of the Finance Act, 1988 and Section 54(7) of the Finance Act, 1970.

#### Note 15 - Foreign Currency Clearing Accounts

€'000

##### Balance at 1 January 2009

-

##### Deposit interest received

Amounts received under Finance Act 1988 [S67 (8)]

18,824,127

Amounts paid under Finance Act 1970 [S54 (7)]

(17,091,212)

**1,732,915**

Foreign Currency Borrowing receipts

17,048,347

Foreign Currency Borrowing payments

(18,630,721)

**(1,582,374)**

Interest paid on Foreign Currency Borrowings [Note 1]

- Medium/Long Term Debt

(2,012)

- Short Term Debt

(147,389)

**(149,401)**

Expenses of Foreign Currency Borrowings [Note 1]

**(316)**

Expenses of NTMA

**(807)**

Expenses of NDFA

**(17)**

**Balance at 31 December 2009**

**NIL**

## NATIONAL DEBT OF IRELAND

---

---

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

---

---

#### Note 16 - Borrowings from Funds under the control of the Minister for Finance

These funds are short term borrowings of the Exchequer drawn down as a "ways and means" of funding Exchequer requirements from a number of funds under the control of the Minister for Finance

	As at 31 December 2008	As at 31 December 2009
	€ million	€ million
Post Office Savings Bank Fund	1,545	1,208
Small Savings Reserve Fund	243	-
Ulysses Securitisation plc	127	127
Deposit Monies Investment Account	<u>690</u>	<u>448</u>
	<u>2,605</u>	<u>1,783</u>

#### Note 17 - Deposit Activity

The NTMA places short-term deposits for maturities of up to 1 year for the purpose of liquidity management.