

FINANCE ACCOUNTS
Audited Financial Statements of the Exchequer
For the Financial Year
1st January 2002
to
31st December 2002

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
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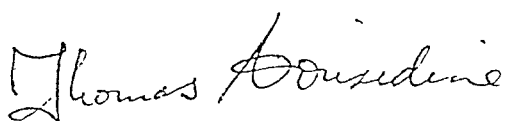
Notes

(a) See also page 24

(b) See also page 15

Foreword

1. The Department of Finance is required under statute to prepare and present to both Houses of the Oireachtas detailed annual accounts of the Central Fund. These accounts, known as the Finance Accounts, contain detailed analysis and classification of receipts and issues of the Central Fund as well as details relating to 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 banking transactions are effected through the Exchequer Account maintained at the Central Bank of Ireland.
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 Exchequer Account, Statements 1.1 to 1.14, Schedule 1 and the Financial Accounts of the National Debt including the Accounting Policies.



THOMAS CONSIDINE

Secretary General

Department of Finance

30 June 2003

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

I have audited the Accounts on pages 7 to 42 in accordance with Section 4(2) of the Comptroller and Auditor General (Amendment) Act, 1993. I have obtained all the information and explanations that I have required.

As the result of my audit it is my opinion that

- (a) the transactions recorded in the Accounts conform to the authorities that govern them
- (b) proper books of account and records have been kept
- (c) the Accounts properly reflect
 - (i) the payments into and out of the Central Fund and the surplus for the year ended 31 December 2002 and
 - (ii) the capital investment of the Central Fund at 31 December 2002 and the National Debt outstanding at that date.



JOHN PURCELL
Comptroller and Auditor General
11 November 2003

EXCHEQUER ACCOUNT

Account of Receipts and Payments for the year ended 31 December 2002

	STATEMENT No.	€ 000	2002 € 000	€ 000	2001 € 000
Current Receipts:					
Tax Revenue	1.1		29,294,109		27,925,364
Non-Tax Revenue	1.2		2,231,159		812,443
			<u>31,525,268</u>		<u>28,737,807</u>
Current Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.3	23,313,765		20,403,652	
Non-Voted (non-discretionary expenditure charged directly on Central Fund)					
Sinking Fund (a)	2.1	475,944		478,017	
Other Service of National Debt (b)	2.1	1,192,966		1,845,702	
Payments to holders of political and Constitutional office etc.	1.4	34,923		25,875	
Payments to EU Budget	1.5	1,045,363		1,219,992	
Other non-voted Expenditure	1.6	62,641	26,125,602	35,771	24,009,009
			<u>5,399,666</u>		<u>4,728,798</u>
Surplus on Current Account					
Capital Receipts:					
Loans repaid	1.8	195,542		81,349	
EU Receipts	1.10	573,854		553,837	
Other Receipts	1.12	315,887	1,085,283	831,234	1,466,420
Capital Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.7	5,509,251		4,903,829	
Non-Voted (expenditure charged directly under particular legislation)					
Loans issued	1.8	309,541		134,044	
Share Capital acquired in State Bodies	1.9 (A)	12,594		8,990	
Investment in International Bodies	1.9 (B)	844		1,031	
EU Payments	1.11	37		-	
Funding of Superannuation Liabilities	1.13	1,034,500		971,984	
Other Payments	1.13	821	6,867,588	587	6,020,465
			<u>(5,782,305)</u>		<u>(4,554,045)</u>
Deficit on Capital Account					
Exchequer Cash Balance					
Sinking Fund (a)	2.1		(382,639)		174,753
			475,944		478,017
Exchequer Surplus					
			93,305		652,770
Source and Application of Funds					
Net Debt Repayments	2.3	179,712		720,697	
Total Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.3	(86,407)	93,305	(67,927)	652,770

Notes:

(a) The Sinking Fund provision is a transfer from the current account to the capital account to reduce capital debt.

(b) The 2002 service of National Debt cost has been increased by €1,505,000 to reflect a reclassification of National Savings Schemes between interest and debt balances.

PART ONE

STATEMENT 1.1

Current: Tax Revenue

	2002	2001
	€000	€000
Income Tax	9,062,906	9,346,872
Value Added Tax	8,884,902	7,920,461
Excise	4,441,077	4,050,006
Corporation Tax	4,803,465	4,156,050
Stamps	1,166,531	1,226,902
Customs	133,097	164,365
Training and Employment Levy	4,372	206
Capital Acquisitions Tax (a)	150,206	168,767
Income Levy	11,695	-
Capital Gains Tax	627,340	880,339
Residential Property Tax	827	1,652
Agricultural Levies	7,691	9,744
Total (b)	29,294,109	27,925,364

Notes:

(a) *The figure for Capital Acquisitions Tax includes any residual amounts in respect of Estate Duty and Wealth Tax.*

(b) *The amounts detailed above represent sums transferred to the Exchequer. In addition, balances held by the Office of the Revenue Commissioners and the Department of Enterprise, Trade & Employment (or their agents) amounted to € 15,873,366 at end 2002 and € 92,980,226 at end 2001.*

STATEMENT 1.2

Current: Non-Tax Revenue

	2002 €000	2001 €000
Central Bank Surplus Income	530,639	451,303
National Lottery Surplus (a)	216,995	172,684
Royalties from Marathon Petroleum Ireland Ltd	7,306	8,180
NTMA / Social Insurance Fund Transfer to Exchequer	635,000	-
Central Bank - Accrued public moneys arising from the issue of coins.	360,000	-
Central Bank - Proceeds from Banknote Receipts re. Euro Changeover.	240,000	-
Interest received on loans :		
Aer Lingus Shannon Ltd. (formerly Aerlínte Éireann Teoranta)	127	254
Bord Iascaigh Mhara	197	218
Dept. of Agriculture & Food in its capacity as Intervention Agency FEOGA Guarantee	490	74
Dept. of Communications, Marine and Natural Resources FEOGA Guarantee	107	192
Local Loans Fund	<u>11,250</u>	<u>12,697</u>
	12,171	13,435
Share Dividends :		
ACC Bank plc	2,537	-
Bord Gáis Éireann	21,735	50,580
Irish Aviation Authority	1,071	1,161
Telecom Éireann	-	251
Vodafone Group /Eircell 2000	47	46
Electricity Supply Board	<u>19,000</u>	<u>-</u>
	44,390	52,038
Receipts collected by Government Departments and Offices : (b)		
Chief State Solicitor's Office:		
Payment of instalment of debt	-	19
Defence :		
Re-imbursment by the UN of claims in respect of Defence Forces personnel who died or were injured while serving with UNIFIL	2	232
Enterprise, Trade and Employment:		
Receipt from Forfas in respect of lease income	-	100
Receipt from IDA Ireland in respect of rental income	-	335
Receipt from Forfas Superannuation Scheme Staff Contributions 1998-2000	-	630
Receipt from ET&E in respect of interest on Bank Account for World Exposition, Hanover 2000	-	3
Receipt from Dissolution of Kilkenny Design Workshops Limited	4	-
Reclaimed VAT payments re. World Exposition, Hanover 2000.	1,033	-
Foreign Affairs :		
Passport and Consular Fees	28,904	21,475
Justice, Equality and Law Reform :		
Court Fees	23,673	13,670
Citizenship Certificates	871	199
Court Percentages	-	107
Motoring Fines	32,671	25,368
Courts Vote	182	-
Land Registry and Registry of Deeds :		
Land Registration Fees	44,238	43,235
Registry of Deeds Fees	2,428	2,247
Ground Rent Fees	82	99
Social and Family Affairs :		
Interest on Advance to An Post re. Euro Changeover	514	-

Current: Non-Tax Revenue - continued

	2002 €000	2001 €000
Communications, Marine and Natural Resources :		
Coast Guard Charges	-	29
Expenses re. Pollution clean - up.	26	-
Interest on Sale of State Property.	4	-
Refunds of Pollution Costs re. Irish Coast Guard.	76	-
Office of the Ombudsman :		
Legal Costs to Information Commissioner.	25	-
Office of the Revenue Commissioners :		
Fee Stamps credited by the Revenue Commissioners	835	792
Transport :		
Aviation Indemnity Charges.	<u>3,915</u>	<u>-</u>
	139,483	108,540
Other Receipts :		
Conscience money	18	55
Income from Irish Life policy placed by Dublin District Milk Board	22	23
Refund of salary from Chairman, Dublin Docklands Development Authority	20	10
State Property Act, 1954 (Sections 28 & 31)	13	77
Receipts from the European Investment Bank	1,017	902
Interest on Revenue accounts with the Central Bank	837	1,154
State witness expenses	9	8
Proceeds from Companies Liquidation Account	182	34
Criminal Justice Act, 1994 (Section 39)	27	649
Receipts from Agency for Personal Service Overseas	29	23
Office of the Director of Telecommunications Regulation annual surplus	8,858	3,328
E.U. refund	34,123	-
Receipts from Liquidation of Pigs and Bacon Committee.	7	-
Interest on Sale of A.C.C. Bank.	<u>13</u>	<u>-</u>
	45,175	6,263
PAYMENTS INTO EXCHEQUER	<u>2,231,159</u>	<u>812,443</u>

Notes:

(a) Details of expenditure allocations under the National Lottery are shown in the Estimates for Public Services.

(b) These are receipts which, with the agreement of the Dáil, are paid into the Exchequer Account of the Central Fund, rather than being voted towards offsetting Departmental expenditure as Appropriations-in-Aid.

STATEMENT 1.3

Issues for Current Voted Expenditure (a)

Vote		2002 €000	2001 €000
No.	Service		
1	President's Establishment	1,679	1,611
2	Houses of the Oireachtas and the European Parliament	74,367	62,926
3	Department of the Taoiseach	24,525	19,424
4	Ordnance Survey Ireland	1,107	676
5	Central Statistics Office	53,443	35,907
6	Office of the Minister for Finance	83,888	91,880
7	Superannuation and Retired allowances	167,118	148,443
8	Office of the Comptroller and Auditor General	5,316	4,562
9	Office of the Revenue Commissioners	259,618	240,733
10	Office of Public Works	165,482	130,168
11	State Laboratory	5,804	4,980
12	Secret Service	472	347
13	Office of the Attorney General	10,270	8,634
14	Office of the Director of Public Prosecutions	23,642	16,316
15	Valuation Office	4,423	7,583
16	Civil Service Commission	10,434	11,150
17	Office of the Ombudsman	4,696	3,398
18	Chief State Solicitor's Office	27,252	26,052
19	Office of the Minister for Justice, Equality and Law Reform	207,217	140,946
20	Garda Síochána	910,139	875,327
21	Prisons	282,561	265,470
22	Courts	56,350	55,476
23	Land Registry and Registry of Deeds	28,221	26,254
24	Charitable Donations and Bequests	335	315
*	25 Environment and Local Government	720,243	729,660
	26 Office of the Minister for Education and Science	273,396	225,107
	27 First-Level Education	1,468,320	1,290,648
	28 Second-Level and Further Education	1,636,840	1,491,329
	29 Third-Level and Further Education	1,217,031	1,092,118
*	30 Communications, Marine and Natural Resources	127,244	92,897
*	31 Agriculture and Food	827,898	967,549
*	32 Transport	345,211	280,145
	33 Health and Children	6,664,078	5,617,414
	34 Enterprise, Trade and Employment	851,820	819,964
*	35 Arts, Sport and Tourism	206,057	180,521
	36 Defence	664,248	663,597
	37 Army Pensions	131,964	122,558
	38 Foreign Affairs	147,316	134,007
	39 International Co-operation	337,099	237,857
*	40 Social and Family Affairs	5,050,564	4,076,686
	41 An Chomhairle Ealaíon	42,990	43,068
*	42 Community, Rural and Gaeltacht Affairs	187,097	154,400
	43 National Gallery	5,990	5,549
	44 Flood Relief	-	-
	Total Exchequer Payments towards Voted Expenditure	23,313,765	20,403,652

Notes:

(a) *The figures shown are the amounts issued to fund current expenditure on each Vote. Details of voted and actual expenditure are contained in the Estimates for Public Expenditure and in the Appropriation Accounts, respectively.*

** The above Votes reflect the names and functional allocations at present i.e. after the transfers of functions agreed in June/July 2002 and as such the 2001 figures may not be strictly comparable.*

STATEMENT 1.4

Current: Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.

	2002	2001
	€000	€000
Annuities, Pensions etc. for former Constitutional, Ministerial and Judicial Office-holders	8,731	6,315
Salaries and Allowances	11,454	6,916
Judicial Salaries	<u>14,738</u>	<u>12,644</u>
Total	34,923	25,875

Note :

A detailed breakdown of the 2002 payments under these headings is contained in Schedule 1. A similar breakdown of the 2001 payments is available in the corresponding Schedule in the 2001 Finance Accounts.

STATEMENT 1.5

Current: Payments to the European Union Budget

	2002	2001
	€000	€000
Customs Duties	104,893	151,361
Agricultural (including Sugar) Levies	5,753	8,785
VAT related payments (a)	396,251	578,260
GNP related payments (a)	538,466	481,586
Total (b)	<u>1,045,363</u>	<u>1,219,992</u>

Note:

(a) The VAT and GNP 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. Refunds, where they occur, are received into the Exchequer as Non-tax Revenue. 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 and Amending Budgets.

(b) This figure of € 1,045,363m represents the gross payments to the EU Budget for 2002. Refunds of € 34,123m were received from the EU as non-tax revenue (as per Statement 1.2). Net Payments to the EU Budget in 2002 therefore are € 1,011,240m.

STATEMENT 1.6

Current: Other Non-Voted Expenditure

	2002	2001
	€000	€000
Returning Officers' Expenses under the Electoral Acts	25,715	7,252
Payments to International Development Association (a)	8,399	8,770
Election Postal charges	13,730	2,349
Payments to An Post and Telecom Éireann Superannuation Funds	-	157
Payments to Marathon Petroleum Ireland Ltd (b)	13,752	16,198
Bretton Woods Agreements (Amendment) Acts, 1957-1999	1,045	1,045
	<u>62,641</u>	<u>35,771</u>

Notes:

(a) These are payments 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.

(b) Recoupment to Marathon Petroleum Ireland Ltd in respect of Preliminary Tax paid for previous year under the Finance Act 1992.

STATEMENT 1.7

Issues for Capital Voted Expenditure (a)

Vote No	Service	2002 €000	2001 €000
1	President's Establishment	-	-
2	Houses of the Oireachtas and the European Parliament	-	-
3	Department of the Taoiseach	2,850	9,077
4	Ordnance Survey Ireland	-	3,320
5	Central Statistics Office	727	2,792
6	Office of the Minister for Finance	12,577	2,515
7	Superannuation and Retired Allowances	-	-
8	Office of the Comptroller and Auditor General	-	-
9	Office of the Revenue Commissioners	16,000	17,649
10	Office of Public Works	206,445	246,944
11	State Laboratory	-	-
12	Secret Service	-	-
13	Office of the Attorney General	-	-
14	Office of the Director of Public Prosecutions	-	-
15	Valuation Office	-	-
16	Civil Service Commission	485	-
17	Office of the Ombudsman	-	-
18	Chief State Solicitor's Office	-	-
19	Office of the Minister for Justice, Equality and Law Reform	25,446	15,271
20	Garda Síochána	15,422	20,275
21	Prisons	47,106	33,679
22	Courts	28,367	25,095
23	Land Registry and Registry of Deeds	1,905	899
24	Charitable Donations and Bequests	-	-
*	25 Environment and Local Government	2,052,964	2,405,368
26	Office of the Minister for Education and Science	38,303	37,774
27	First-Level Education	180,120	150,710
28	Second-Level and Further Education	171,229	179,858
29	Third-Level and Further Education	183,955	198,206
*	30 Communications, Marine and Natural Resources	162,456	119,382
*	31 Agriculture and Food	59,000	97,770
*	32 Transport	1,178,085	435,520
33	Health and Children	507,115	373,621
34	Enterprise, Trade and Employment	264,584	222,625
*	35 Arts, Sport and Tourism	150,680	88,769
36	Defence	42,628	56,310
37	Army Pensions	-	-
38	Foreign Affairs	12,489	3,927
39	International Co-operation	3,033	-
*	40 Social and Family Affairs	9,328	9,079
41	An Chomhairle Ealaíon	4,679	5,079
*	42 Community, Rural and Gaeltacht Affairs	114,247	131,170
43	National Gallery	3,481	8,900
44	Flood Relief	13,545	2,245
Total Exchequer Payments towards Voted Expenditure		5,509,251	4,903,829

Note:

(a) *The figures shown are the amounts issued to fund capital expenditure on each Vote. Details of voted and actual expenditure are contained in the Estimates for Public Expenditure and in the Appropriation Accounts, respectively.*

** The above Votes reflect the names and functional allocations at present i.e. after the transfers of functions agreed in June/July 2002 and as such the 2001 figures may not be strictly comparable.*

STATEMENT 1.8

Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2001	Loans issued 2002	Loans repaid 2002	Outstanding at 31 December 2002
	€000	€000	€000	€000
Aer Lingus Shannon Ltd (formerly Aerlínte Éireann Teoranta)	6,349	-	-	6,349
Bord Iascaigh Mhara	4,668	201	1,049	3,820
Bula Ltd (in receivership) (a)	1,214	-	-	1,214
Córas Iompar Éireann	12,511	-	-	12,511
Department of Agriculture and Food :				
- FEOGA (Guarantee)	114,276	280,000	114,276	280,000
Department of Communications, Marine and Natural Resources :				
- FEOGA (Guarantee)	3,686	28,990	25,934	6,742
Insurance Compensation Fund	40,632	-	40,632	-
Local Loans Fund	165,494	-	13,355	152,139
Nitriigin Eireann Teoranta	-	350	-	350
Shannon Free Airport Development Co Ltd	11,414	-	296	11,118
Total	360,244	309,541	195,542	474,243

Notes:

(a) Four loans, totalling £956,297 (€1.214 million) were advanced between 1983 and 1986 to Bula Limited. Interest due to 31 December 2002 was £28,998,557.42 (€ 36,820,826.52), i.e. *pari passu* with loans made to the Company via Bula Holdings Ltd. by the private shareholders of Bula.

STATEMENT 1.9 (A)

Capital: Share Capital acquired in State-sponsored Bodies

Body	Shareholding	Shares	Shares	Shareholding	State's	Accounts
	31 December 2001 €000	acquired 2002 €000	disposed 2002 €000	31 December 2002 €000	Net Assets €000	period ending
ACC Bank plc	63,421	-	63,421	-	-	31-Dec-02
Aer Rianta Teoranta	186,337	-	-	186,337	403,275	31-Dec-02
Aer Lingus Group plc (a)	304,519	-	-	304,519	243,436	31-Dec-02
An Post (b)	56,418	-	-	56,418	188,158	31-Dec-02
Arramara Teoranta (c)	50	640	-	690	256	31-Dec-02
Bord na Móna plc	78,663	-	-	78,663	146,431	28-Mar-03
Coillte Teoranta	795,060	-	-	795,060	1,097,079	31-Dec-02
Housing Finance Agency plc	39	-	-	39	34,521	31-Dec-02
Irish Aviation Authority	22,675	-	-	22,675	56,788	31-Dec-02
Irish National Stud Co Ltd	12,666	-	-	12,666	12,876	31-Dec-02
Kilkenny Design Workshops Ltd (d)	1,270	-	-	-	-	Liquidated
Nítrigin Eireann Teoranta	126,974	-	-	126,974	(326)	31-Dec-02
Shannon Free Airport Development Co Ltd	183,396	63	-	183,459	171,914	31-Dec-02
Temple Bar Properties (e)	0.006	-	0.006	-	-	31-Dec-02
Irish National Petroleum Corporation	0.003	-	-	0.003	72,739	31-Dec-02
National Building Agency Ltd	0.127	-	-	0.2	12,082	31-Dec-02
Drogheda Port Company	7,136	-	-	7,051	12,067	31-Dec-02
Dublin Port Company	7,529	4,636	-	12,165	66,339	31-Dec-02
Dun Laoghaire Harbour Company	14,540	-	-	14,540	26,523	31-Dec-02
Galway Harbour Company	8,717	142	-	8,859	9,249	31-Dec-02
New Ross Port Company	4,652	-	-	4,652	5,082	31-Dec-02
Port of Cork Company	16,929	1,029	-	17,958	42,150	31-Dec-02
Port of Waterford Company	10,582	1,706	-	12,288	6,950	31-Dec-02
Shannon Foynes Port Company (f)	3,809	18,378	-	22,187	22,429	31-Dec-02
Dundalk Port Company (g)	-	58	-	58	864	31-Dec-02
Wicklow Port Company (g)	-	0.004	-	0.004	2,238	31-Dec-02

Notes:

(a) The State has a 95.24% shareholding in this company.

(b) The State has a 20% shareholding in An Post National Lottery Company, a subsidiary of An Post.

(c) The net assets figure relates to the State's shareholding of 70% of this company.

(d) The liquidation of Kilkenny Design Workshops Ltd was completed during 2002 and the proceeds of €3,546 were lodged to the Exchequer.

(e) In 2001 the Government decided to transfer responsibility for, and ownership of, Temple Bar Properties Ltd. to Dublin Corporation. The transfer took effect from 1 January 2002.

(f) In 2002 €4.320 million was advanced from the Exchequer to the Shannon Foynes Port Company in respect of a once off equity injection to the Company. In respect of the balance of shares issued during 2002, the legislation provides that the authorised share capital shall not exceed the total on vesting day of the value of property transferred plus working capital. This amount in respect of Shannon Foynes Port Company was determined by the Minister for Communications, Marine and Natural Resources with the consent of the Minister for Finance to be €14,058 million and the Company was required to issue shares in this amount. The Company issued these shares during 2002.

(g) Dundalk Port and Wicklow Port were corporatised as commercial State port companies on 9 and 10 May, 2002 respectively.

(h) During the year, in accordance with the Economic and Monetary Union Act 1998, the share capital of a number of these bodies was renominialized.

STATEMENT 1.9 (B)

Capital: Investments in International Bodies under International Agreements

Body	Shareholding at 31 December 2001(a) €000	Cost of shares acquired 2002(a) €000	Disposal of shares 2002 €000	Shareholding at 31 December 2002 €000
Payments under Bretton Woods Agreement Acts, 1957-1999	27,007	-	-	27,007
Payments under International Finance Corporation Act, 1958	936	-	-	936
European Bank for Reconstruction and Development	11,335	844	-	12,179
European Coal and Steel Community	41	-	41	-
European Investment Bank (b)	29,562	-	-	29,562
International Common Fund for Commodities	288	-	-	288
Multilateral Investment Guarantee Agency	965	-	-	965

Notes:

(a) The shareholdings are valued at the euro equivalent at exchange rates pertaining to the time of acquisition.

(b) These figures represent the historic cost of the shares at the time of acquisition. The current value of Ireland's paid in capital (including the value of EIB shares allocated from EIB reserves) amounted to € 37.2million at end - 2002

STATEMENT 1.9 (C)

Capital: Investments - Shares of Sundry Undertakings

Body	Shareholding at 31 December 2001 €000	Cost of shares acquired 2002 €000	Disposal of shares 2002 €000	Shareholding at 31 December 2002 €000
Bula Ltd (in receivership):				
"A" £1 Shares (Fully Paid)	305	-	-	305
"D" £1 Shares (Fully Paid)	317	-	-	317
Fastnet Mussels Ltd	19	-	-	19
Kush Seafarms Ltd	19	-	-	19
Bantry Bay Seafoods Ltd (formerly Bantry Bay Mussels Ltd)	83	-	-	83

Note:

The shareholding of the Minister for Finance in the National Theatre Society Ltd. is less than €1,270.

STATEMENT 1.10

Capital: Receipts from the European Union

	2002	2001
	€000	€000
European Regional Development Fund	387,872	256,307
Cohesion Fund	172,549	294,579
EIB-EEA Financial Mechanism	7,201	2,918
TransEuropean Network	6,199	-
Turkish Aid Protocol (a)	<u>33</u>	<u>33</u>
Total	573,854	553,837

Note:

(a) Ireland's share of repayments of EU loans to Turkey under the Association Agreement with that country.

STATEMENT 1.11

Capital: Payments to the European Union

	2002	2001
	€000	€000
Reimbursement of ERDF overpayments	<u>37</u>	<u>-</u>
Total	37	-

STATEMENT 1.12

Capital: Other Receipts

	2002 €000	2001 €000
Sale of ACC Bank	142,414	-
Sale of ACC Bank (Employee Share Ownership Trust)	12,189	-
Sale of Irish National Petroleum Corporation	20,000	-
Sale of Telephony Licences	103,087	27,142
Sale of ICC Investment Bank	-	322,275
Sale of TSB	-	408,350
Sale of Eircom Valentia Shareholding	-	11,219
Sale of State property	13,964	20,036
Sale of FAS Assets	-	255
Receipt from IDA Ireland of surplus grant receipts	-	6,603
Receipt from IDA Ireland of an excess of its annual grant refunds target	11,515	1,183
Receipt from IDA Ireland of excess own resources income	508	-
Receipt from OPW in respect of Digital Media Developments Ltd	-	19,319
Receipt from Enterprise Ireland of income from the sale of assets	-	10,444
Receipt from Enterprise Ireland of excess own resources income	3,715	2,385
Receipt from Enterprise Ireland of an excess of its annual grant refunds target	-	2,005
Receipt from Dept. of Communications, Marine and Natural Resources in respect of Programme for Peace and Prosperity 1995-1999	841	-
Receipt from Dept. of Environment and Local Government in respect of a grant refund	1,271	-
Receipts under the following Acts:		
International Development Association Acts 1960-1997	19	18
Finance Acts, 1978 and 1990 (a)	339	-
Insurance Acts, 1953-1988	6,025	-
Total	<u>315,887</u>	<u>831,234</u>

Notes:

(a) Refunds of Guarantee payments from EIB in respect of Third World countries repaying on guaranteed loans.

STATEMENT 1.13

Capital: Other Payments

	2002 €000	2001 €000
Funding of Superannuation Liabilities:		
National Pensions Reserve Fund	1,034,500	971,984
Payments under other Acts:		
Insurance Acts, 1953 - 1988	621	112
Finance Acts, 1978 and 1990 (a)	163	255
Securitisation (Proceeds of Certain Mortgages) Act, 1995	37	220
Total	<u>1,035,321</u>	<u>972,571</u>

Note:

(a) Guarantee payments by Ireland to EIB in respect of Third World countries defaulting on guaranteed loans.

STATEMENT 1.14

Guaranteed Liabilities

At 31 December 2002, the Government had guaranteed the due payment of obligations in respect of liabilities of which the principal or capital value outstanding was €3,087 million. The individual amounts represent capital raised and commitments entered into in accordance with relevant statutes.

	Amount Outstanding at 31 December 2002		Amount Outstanding at 31 December 2002
Nature of Liability	€000	Nature of Liability	€000
ACC Bank plc (a)	90,122	Insurance Acts, 1953-1988	533
Aer Rianta	10,268	Irish Intervention Agency	134,826
Bord Gáis Éireann	50,726	Irish Telecommunications Investments plc	21,357
Córas Iompair Éireann	199,600	National Building Agency Ltd	322
Cork Opera House Co Ltd	23	Securitisation (Proceeds of Certain Mortgages) Act, 1995	63,106
Dun Laoghaire Harbour Company	3,467	Port of Waterford Co	7,075
Electricity Supply Board	99,100	ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act 1976.	8,452
Housing Finance Agency plc	2,364,400		
ICC Bank plc (b)	33,984		
		Total	<u><u>3,087,361</u></u>

Note :

(a) ACC Bank was sold to Rabobank, of the Netherlands in February 2002. Section 6 of the ACC Bank Act, 2001 provided that the State guarantees in place on the day of sale would continue in force until matured. The purchaser provided the Minister for Finance with a counter-indemnity for the outstanding guarantees. The Act also ensures that no new guarantees can be given.

(b) ICC Bank was sold to Bank of Scotland in February 2001. Section 5 of the ICC Bank Act, 2000 provided that the State guarantees in place on the day of sale would continue in force until matured. The purchaser provided the Minister for Finance with a counter-indemnity for the outstanding guarantees. The Act also ensures that no new guarantees can be given.

**SCHEDULE 1 : Further Breakdown of Payments charged to Central Fund in
respect of Salaries, Allowances, Pensions etc.**

Annuities, Pensions, etc.

To whom payable	€	€
Mrs. Rita Childers, widow of the late Erskine H. Childers	55,582	
Dr. Patrick J. Hillery, former President of Ireland	111,164	
Mrs. Mary Robinson, former President of Ireland	111,164	277,910

**Pensions, retirement lump sums and death gratuities
relating to judicial services :-** 4,944,715

Pensions for former Ministers and other office holders:-

To whom payable

Bernard Allen	4,456	Jackie Fahy	13,339
Lorcan Allen	8,440	Pádraig Faulkner	40,485
David Andrews	33,745	Nuala Fennell	13,075
Liam Aylward	1,249	Garrett Fitzgerald	74,794
Sylvester Barrett	11,398	Gene Fitzgerald	28,807
Sean Barrett	23,730	Eithne Fitzgerald	12,542
Peter Barry	46,873	Tom Fitzpatrick	40,485
Richard Barry	7,693	Thomas Fitzpatrick	11,296
Michael Begley	14,446	Chris Flood	10,153
George Bermingham	13,075	Pádraig Flynn	36,778
Niamh Breathnach	26,990	Maire Geoghegan-Quinn	51,378
Vincent Brady	15,361	Dermot Gleeson	36,085
John Bruton	78,770	Charles J Haughey	79,780
Raphael Burke	41,492	A. J. Hederman	46,065
Richard Burke	25,101	Paddy Hegarty	13,075
Joan Burton	8,794	Michael D. Higgins	14,359
David Byrne	32,314	Dr. Patrick J. Hillery	31,542
Seán Calleary	17,516	Jim Higgins	6,892
Donal Carey	6,952	Tras Honan	17,189
Mark Clinton	1,285	Gemma Hussey	26,954
Edward Collins	13,532	Thomas Hussey	12,594
Gerard Collins	40,485	Liam Hyland	4,275
Paul Connaughton	13,075	Liam Kavanagh	28,969
Ger Connolly	18,544	Justin Keating	27,224
Patrick Cooney	40,485	Enda Kenny	11,405
Declan Costello	47,338	Seamus Kirk	14,434
Donal Creed	12,413	Patrick J. Lalor	39,369
Austin Currie	7,116	Terry Leyden	15,774
Conor Cruise O' Brien	27,224	Denis Lyons	14,434
Brendan Daly	33,297	Liam Mac Cosgair	59,835
Michael D' Arcy	12,413	Seán G. Mac Gearailt	38,355
Austin Deasy	26,954	Seán McCarthy	8,556
Jimmy Deenihan	3,798	Charles McDonald	8,533
Barry Desmond	27,719	P. L. Mc Donnell	86,352
Proinsias De Rossa	14,321	Liz McManus	4,456
Seán Doherty	15,509	Ray McSharry	29,707
John F. Donnellan	13,075	Jim Mitchell	29,205
Avril Doyle	7,612	Gay Mitchell	4,350
Alan Dukes	31,485	Robert Molloy	34,093
Bernard Durkan	4,456	John L. Murray	51,746

SCHEDULE 1 : Further Breakdown of Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.

Annuities, Pensions, etc. - continued.

To whom payable

Ted Nealon	14,438	Patrick Power	19,450
Michael J. Noonan	32,334	Ruairi Quinn	30,884
Michael Noonan	23,208	Pat Rabbitte	4,468
Fergus O' Brien	14,438	Albert Reynolds	78,703
John O'Connell	19,720	Patrick J. Reynolds	12,495
Tom O' Donnell	27,224	John Rogers	47,319
Martin O' Donoghue	22,555	John Ryan	12,818
Thos. F. O'Higgins	21,592	Richie Ryan	27,224
Jim O' Keeffe	14,438	Dick Spring	50,382
Ned O'Keeffe	450	Emmet Stagg	6,269
Michael O' Kennedy	42,925	Peter Sutherland	51,950
Michael O' Leary	34,394	Mervyn Taylor	28,717
Desmond O' Malley	40,485	Pat the Cope Gallagher	9,777
Mary O'Rourke	22,213	Sean Treacy	53,980
Brian O' Shea	6,269	Jim Tunney	1,754
Toddy O' Sullivan	10,754	Harry Whelehan	40,830
Paddy O' Toole	29,455	John Wilson	55,828
Nora Owen	16,318	Pearse Wyse	8,018

Total 2,893,346

Pensions for widows and children of former

Ministers and other office holders:-

Total 479,486

Severance payments for former Ministers and other office holders:-

David Andrews	2,444	Brian Mullooly	7,402
Hugh Byrne	15,589	Liz O'Donnell	16,069
Donie Cassidy	6,579	Ned O'Keeffe	15,852
Liam Cosgrave	4,074	Eoin Ryan	15,589
Noel Davern	15,589	Dan Wallace	15,589
Chris Flood	705	Mary Wallace	15,589
Joe Jacob	15,589	Michael Woods	35,723
Tom Moffat	15,589		

Total 197,971

Total 8,793,428

Notes:

The above total of the gross payments differs from the actual charge on the Central Fund in 2002, shown in Statement 1.4, because of the normal lag in the payover of tax deductions, and receipts refunds received in 2002.

"Other office holders" relates to those who held office as : Parliamentary Secretary, Minister of State, Attorney General, Ceann Comhairle, Leas-Ceann Comhairle, Cathaoirleach of the Senate or Leas-Cathaoirleach of the Senate or Comptroller and Auditor General.

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 Ministerial salary, declining to zero over a period of at most 2 years

Deductions from lump sums to Judges relating to Spouses' and Children's contributions are payable to the Superannuation Vote.

**SCHEDULE 1 : Further Breakdown of Payments charged to Central Fund in
respect of Salaries, Allowances, Pensions etc.**

Salaries and Allowances

To whom payable

President of Ireland	€	€
Mary McAleese		
Personal Remuneration	223,667	
Annual Allowance	317,434	541,101
 Allowances for Expenses to Leaders of Government and Opposition Parties		
Fianna Fáil	2,094,432	
Fine Gael	1,826,964	
Labour	1,052,611	
Progressive Democrats	331,620	
Green Party	232,629	
Sinn Féin	182,323	
Socialist Party	<u>50,305</u>	5,770,884
 Allowances for Expenses to Independents		
		419,047
 Payments to Political Parties under Electoral Act 1997		
		4,349,544
 Payments under Electoral Act 1997 Expenses of candidates for Dáil elections		
		189,170
 Comptroller and Auditor General:		
John Purcell		172,699
 Compensation for loss of right to free copies of books		
Kings Inns Library	550	
Marsh's Library	<u>38</u>	588
 Sundry Allowances		
Lord Mayor and Citizens of Dublin		<u>907</u>
Total		11,443,940

Note:

The total shown above for Salaries and Allowances differs from the figure in Statement 1.4, because of the normal lag in the payover of tax deductions, a sum of €9,635.58 paid in 2001 but not covered from the Central Fund until 2002, and receipts / refunds received in 2002.

SCHEDULE 1 : Further Breakdown of Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.

Judiciary

To whom payable

	€	€
Supreme Court		
Chief Justice	203,330	
7 Judges (1 appointment, 1 retirement)	<u>1,233,172</u>	1,436,502
High Court		
President	189,251	
26 Judges (5 appointments, 1 to SC, 2 retirements)	<u>4,232,382</u>	4,421,633
Circuit Court		
President	170,362	
30 Judges (6 appointments, 3 retirements)	<u>3,551,395</u>	3,721,757
District Court		
President	126,506	
52 Judges (5 appointments, 2 retirements)	<u>5,100,673</u>	<u>5,227,179</u>
Total		<u><u>14,807,071</u></u>

Note :

The total shown above for Courts of Justice differs from the figure in Statement 1.4 by € 69,000. This difference arises because of the normal lag in the payover of tax deductions and also because of advances made from the Central Fund in 2002 but recouped in 2003.

PART TWO

Financial Statements of the National Debt of Ireland for the year ended
31 December 2002

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 32 to 42 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 2002.

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.

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 upon 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**

Year ended 31 December 2002

		2002 Total Cost	2001 Total Cost
	Notes	€'000	€'000
Interest paid			
Medium / Long Term Debt*	2	1,183,025	1,379,629
Short Term Debt**	3	150,188	117,724
National Savings Schemes	4, 9	381,659	403,012
Other Movements	5	15,350	68,934
Sinking Fund payments	6	475,944	478,017
Fees and Expenses	7	19,435	17,280
Expenses of NTMA		13,568	9,018
Interest received on deposits with Central Bank and other banks		(70,376)	(94,215)
Total Service Cost	1	2,168,793	2,379,399

* Medium / Long Term Debt is Debt with an original maturity of more than one year

** Short Term Debt is Debt with an original maturity of not more than one year

The notes on pages 36 to 42 form part of these accounts.

STATEMENT 2.2**NATIONAL DEBT OF IRELAND****NATIONAL DEBT STATEMENT****31 December 2002**

		2002	2001
	Notes	€million	€million
Medium / Long Term Debt *			
Irish Government Bonds listed on			
The Irish Stock Exchange	22,323	19,632	
Other Irish Government Public Bond Issues	1,112	2,056	
Private Placements	705	1,639	
European Investment Bank Loans	274	454	
Medium Term Notes	743	943	
Miscellaneous Debt	131	(312)	
	<u>8</u>	<u>25,288</u>	<u>24,412</u>
Short Term Debt **			
Commercial Paper	5,753	7,002	
Borrowings from Funds under the control of the Minister for Finance	16 <u>2,900</u>	<u>2,808</u>	
		<u>8,653</u>	<u>9,810</u>
National Savings Schemes			
Savings Certificates	2,351	2,491	
Savings Bonds	1,045	1,052	
National Instalment Savings	427	451	
Savings Stamps	2	2	
Prize Bonds	375	332	
	<u>9</u>	<u>4,200</u>	<u>4,328</u>
		<u>38,141</u>	<u>38,550</u>
Less Liquid Assets	10	(1,780)	(2,367)
National Debt	12	36,361	36,183

* Medium / Long Term Debt is Debt with an original maturity of more than one year

** Short Term Debt is Debt with an original maturity of not more than one year

The notes on pages 36 to 42 form part of these accounts.

STATEMENT 2.3
NATIONAL DEBT OF IRELAND
NATIONAL DEBT CASH FLOW STATEMENT
Year ended 31 December 2002

	2002		2001	
	€'000		€'000	
Movement in Exchequer balances:				
Opening Balance in Exchequer Account (note 10)		1,615,943		1,433,870
Commercial Deposits (note 10)		-		250,000
Borrowing Activity (see below)		<u>(179,712)</u>		<u>(720,697)</u>
		1,436,231		963,173
Exchequer Surplus /(Deficit)		93,305		652,770
Closing Balance in Exchequer Account (note 10)		1,529,536		1,615,943
			2002	2001
	Receipts	Payments	Net	Net
	€'000	€'000	€'000	€'000
Borrowing Activity				
Irish Government Bonds listed on				
The Irish Stock Exchange	22,272,168	(19,413,717)	2,858,451	(2,154,449)
Other Irish Government Public Bond Issues	-	(773,356)	(773,356)	(745,348)
Private Placements	-	(920,107)	(920,107)	(471,157)
European Investment Bank Loans	-	(168,705)	(168,705)	(99,461)
Medium Term Notes	-	(95,191)	(95,191)	(26,241)
Miscellaneous Debt	1,275,910	(1,291,602)	(15,692)	110,470
Commercial Paper	78,863,430	(79,891,166)	(1,027,736)	3,935,951
Savings Certificates	224,054	(363,614)	(139,560)	(214,996)
Savings Bonds	263,050	(271,841)	(8,791)	(110,861)
National Instalment Savings	63,379	(87,531)	(24,152)	(4,498)
Prize Bonds	86,072	(42,670)	43,402	34,348
Borrowings from Ministerial Funds	42,363,312	(42,271,587)	91,725	(974,455)
Total Borrowing Activity	<u>145,411,375</u>	<u>(145,591,087)</u>	<u>(179,712)</u>	<u>(720,697)</u>
Commercial Deposit Activity	43,275,219	(43,275,219)	-	250,000
Total Activity			2002	2001
	Receipts	Payments	Net	Net
	€'000	€'000	€'000	€'000
Exchequer Account	172,980,493	(170,836,979)	2,143,514	(4,730,997)
Foreign Currency Clearing Accounts (Note 14)	<u>16,080,067</u>	<u>(18,403,293)</u>	<u>(2,323,226)</u>	<u>4,260,300</u>
	189,060,560	(189,240,272)	(179,712)	(470,697)

The notes on pages 36 to 42 form part of these accounts.

STATEMENT 2.4**NATIONAL DEBT OF IRELAND****STATEMENT of MOVEMENT in NATIONAL DEBT**

Year ended 31 December 2002

	2002 €'000	2001 €'000
Opening National Debt	36,182,763	36,511,322
Increase / (Decrease) in National Debt (nominal)	177,770	(328,559)
Represented by:		
Exchequer (Surplus)/Deficit (Note 15)	(93,305)	(652,770)
Effect of Foreign Exchange Rate Movements	(71,937)	13,161
Bond Tranching: net excess of proceeds over nominal liability	238,131	6,703
Bond Cancellations: net excess of cancellation cost over nominal liability	(405,000)	7,927
Movement in CSRA current balance (Note 10)	499,881	55,680
Nitriren Eireann Teoranta Borrowings (Note 15)	10,000	240,686
Other nominal movements	-	54
	177,770	(328,559)
Closing National Debt	36,360,533	36,182,763

The notes on pages 36 to 42 form part of these accounts.

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS

1 Total Service Cost

		Charged on Foreign Currency Notes Clearing Account €'000	Charged on Central Fund €'000	Charged on CSRA €'000	Total Service Cost 2002 €'000
Interest paid					
Medium / Long Term Debt	2	93,007	25,296	1,064,722	1,183,025
Short Term Debt	3	67,374	32,748	50,066	150,188
National Savings Schemes	4	-	13,530	368,129	381,659
Other Movements	5	(2,486,503)	2,046,981	454,872	15,350
Sinking Fund payments	6	-	-	475,944	475,944
Fees and Expenses	7	1,958	17,434	43	19,435
Expenses of NTMA		952	12,616	-	13,568
Interest received on deposits with Central Bank and other banks		(14)	-	(70,362)	(70,376)
		(2,323,226)	2,148,605	2,343,414	2,168,793
Inter Account movement		-	1,843,533	(1,843,533)	-
Net cash paid		(2,323,226)	3,992,138	499,881	2,168,793

The total charged on the Foreign Currency Clearing Account and on Central Fund, €1,668,912,000 represents the charge on the Exchequer for the Service of National Debt, corresponding with these entries on the Exchequer Account (page 7) :

Sinking Fund	€475,944,000
Other Service of National Debt	€1,192,968,000

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Interest on Medium / Long Term Debt

	Total Cost 2002 €'000	Total Cost 2001 €'000
Irish Government Bonds listed on The Irish Stock Exchange	842,207	923,033
Other Irish Government Public Bond Issues	114,047	155,719
Private Placements	104,671	144,743
European Investment Bank Loans	23,687	37,232
Medium Term Notes	40,432	46,500
Miscellaneous Debt	57,981	72,402
	<hr/> 1,183,025	<hr/> 1,379,629
	<hr/> <hr/>	<hr/> <hr/>

3 Interest on Short Term Debt

	Total Cost 2002 €'000	Total Cost 2001 €'000
Commercial Paper	132,625	101,641
Borrowings from Funds under the control of the Minister for Finance	17,563	16,083
	<hr/> 150,188	<hr/> 117,724
	<hr/> <hr/>	<hr/> <hr/>

4 Interest on National Savings Schemes

	Total Cost 2002 €'000	Total Cost 2001 €'000
Savings Certificates	250,687	231,487
Savings Bonds	60,013	118,050
National Instalments Savings	64,319	54,371
Prizes in respect of Prize Bonds	9,342	8,361
Small Savings Reserve (Note 9)	(2,702)	(9,257)
	<hr/> 381,659	<hr/> 403,012
	<hr/> <hr/>	<hr/> <hr/>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other Movements

The NTMA, as part of its remit, engages in a range of debt management transactions including derivatives (See Note 11). This figure reflects the net cashflows associated with these activities.

6 Sinking Fund Payments

Under Finance Act 1950 and under the prospectus covering the issue of certain loans specified amounts were provided for the redemption of debt. The sums provided and applied in 2002 were as follows:

	€'000
Capital Services Redemption Account (Note 13)	475,944
	<u>475,944</u>

7 Fees and Expenses

	Total Cost 2002 €'000	Total Cost 2001 €'000
Expenses of Irish Government Bonds	1,611	-
Expenses of Savings Certificates	3,791	4,376
Expenses of Prize Bonds	5,533	4,975
Expenses of Savings Bonds	1,855	2,105
Expenses of National Instalment Savings	2,749	2,635
Expenses of Savings Stamps	1,042	1,046
Expenses of Foreign Loans	2,854	2,143
	<u>19,435</u>	<u>17,280</u>

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 2002 €millions	As at 31 December 2001 €millions
Debt due for repayment within 1 year	2,126	4,850
Debt due for repayment between 2 and 5 years	3,112	8,874
Debt due for repayment in more than 5 years	20,050	10,688
	<u>25,288</u>	<u>24,412</u>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 National Savings Schemes

Amounts shown in respect of Savings Certificates, National Instalment Savings, Savings Bonds and Prize Bonds are net of €5.7 million (2001 : €10.6 million) being cash balances held by An Post, TSB Bank and the Prize Bond Company. An Post and the Prize Bond Company acts 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 €2,208 million (2001 : €2,303 million), being the estimate of the amount of accrued interest at 31 December 2002 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 actual interest cost for 2002 was 16.58 per cent of the interest accrued at the 31 December 2001 of €2,302m. The Minister decided that €2.7m would be drawn down in 2002 from the fund to meet the excess over 11 per cent.

	€ millions
Estimated accrued interest at 31 December 2002	2,208
Small Savings Reserve Fund	
Balance at 1 January 2002	(1,111)
Amount provided during 2002	3
Balance at 31 December 2002 (Note 16)	(1,108)
Estimated accrued interest not provided for at 31 December 2002	<u>1,100</u>

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.

10 Liquid Assets

	Opening balance at 1 January 2002 €'000	Movements during 2002 €'000	Closing balance at 31 December 2002 €'000
Exchequer Account	1,615,943	(86,407)	1,529,536
Capital Services Redemption Account			
Current Balance (Note 13)	<u>750,568</u>	<u>(499,881)</u>	<u>250,687</u>
	<u>2,366,511</u>	<u>(586,288)</u>	<u>1,780,223</u>

* These deposits were placed in compliance with ECB guidelines on liquidity management of Governmental balances held at the Central Bank.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 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 activities 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 particular 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.

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 cost of servicing the debt. The balance between fixed and floating rate liabilities has to be managed for both the domestic 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 2002		31 December 2001	
	Nominal €millions	Present Value €millions	Nominal €millions	Present Value €millions
Interest Rate Swaps	2,389	(31)	3,324	(11)
Currency Swaps & Foreign Exchange Contracts	6,868	(59)	9,915	421
	<u>9,257</u>	<u>(90)</u>	<u>13,239</u>	<u>410</u>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

12 National Debt

The currency composition of the National Debt, taking into account the treasury management transactions entered into by the Agency, is as follows:-

	As at 31 December 2002 €millions	As at 31 December 2001 €millions
Euro Basket Currencies *	35,627	34,110
Sterling	758	2,106
US Dollar	(17)	(33)
Swiss Franc	(4)	-
Japanese Yen	(2)	-
Hong Kong Dollar	(1)	-
	<u>36,361</u>	<u>36,183</u>

* This figure is net of liquid assets as at 31 December 2002 €1,780m (31 December 2001 €2,367m)

13 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 service and debt management transactions authorised by section 67(8) of the Finance Act, 1988 and section 54(7) of the Finance Act, 1970.

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Foreign Currency Clearing Accounts		€'000
Balance at 1 January 2002		-
Deposit interest received		14
Amounts received under Finance Act 1988 [S67 (8)]	20,978,784	
Amounts paid under Finance Act 1970 [S54 (7)]	<u>(18,492,281)</u>	2,486,503
Foreign Currency Borrowing receipts	16,080,067	
Foreign Currency Borrowing payments	<u>(18,403,293)</u>	(2,323,226)
Interest paid on Foreign Currency Borrowings (Note 1)		
- Medium/Long Term Debt	(93,007)	
- Short Term Debt	<u>(67,374)</u>	(160,381)
Expenses of Foreign Currency Borrowings (Note 1)		(1,958)
Expenses of NTMA		(952)
Balance at 31 December 2002		-

15 Nitriren Eireann Teoranta Borrowings

In implementation of the provisions of the Nitriren Eireann Teoranta Act 2001 the Minister for Finance took over the debt in 2001 which increased the National Debt by €10m (2001 €241m). The Minister for Finance delegated to the Agency the function of discharging the borrowings. The Agency discharged the borrowings during 2001 and 2002.

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 2002 €millions	As at 31 December 2001 €millions
Post Office Savings Bank Fund	782	26
Small Savings Reserve Fund	1,108	1111
Ulysses Securitisation plc	242	220
Deposit Monies Investment Account	768	1,451
	2,900	2,808