

FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year 1st January 2011 to 31st December 2011

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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## 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 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 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 31 December 2011.



John Moran  
Secretary General  
Department of Finance  
29 June 2012



## **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Finance Accounts**

I have audited the Finance Accounts for the year ended 31 December 2011 under the Comptroller and Auditor General (Amendment) Act 1993. The Accounts, which have been prepared under the accounting policies set out therein, comprise the Central Fund Account, the financial statements of Exchequer receipts and issues and guaranteed liabilities and the financial statements of the national debt. The financial reporting framework that has been applied in their preparation is the format specified by the Minister for Finance in accordance with Section 4 of the Comptroller and Auditor General (Amendment) Act 1993.

#### **Responsibilities of the Department of Finance**

The Department of Finance is responsible for the preparation of the Accounts.

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

My responsibility is to audit the Accounts and report on them in accordance with applicable law. My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of Audit of the Accounts**

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

- the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the Accounts and
- the overall presentation of the Accounts.

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

## Opinion on the Accounts

In my opinion, the Accounts properly reflect

- the payments into and out of the Central Fund and the deficit for the year ended 31 December 2011, and
- the capital investment of the Central Fund at 31 December 2011 and the national debt outstanding at that date.


In my opinion, proper books of account have been kept by the Department of Finance. The Accounts are in agreement with the books of account.

## Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- I find there are other material matters relating to the manner in which public business has been conducted.

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



Seamus McCarthy  
Comptroller and Auditor General  
30 August 2012

## Central Fund Account

### Account of Receipts and Payments for year ended 31 December 2011

	Statement No.	Page	2010 €000	2011 €000
<b>Current Receipts:</b>				
Tax Revenue	1.1	11	31,752,669	34,027,229
Non-Tax Revenue	1.2	12	<u>2,687,448</u>	<u>2,773,952</u>
			34,440,117	36,801,181
<b>Less Current Payments:</b>				
<b>Voted Issues</b>	1.3	15	40,516,550	41,419,069
<b>Non-Voted Issues</b>				
Sinking Fund <sup>1</sup>	2.1 (Note 1)	37	617,229	638,409
Other Service of National Debt	2.1 (Note 1)	37	3,618,877	4,736,322
Transfer to/(from) Capital Services Redemption Account	2.4	42	599,999	(600,046)
Payments to holders of political and Constitutional office etc.	1.4	18	40,661	43,469
Payments to EU Budget	1.5	19	1,352,369	1,349,700
Other non-voted Expenditure	1.6	21	274,246	<u>47,019,931</u>
				439,355
			<u>(12,579,814)</u>	<u>48,026,278</u>
				<u>(11,225,097)</u>
<b>Deficit on Current Account</b>				
<b>Capital Receipts:</b>				
Gaeltacht Loans Repaid			23	-
Other Loans Repaid	1.7	23	1,043,467	731,567
EU Receipts	1.9	30	67,590	56,193
Other Receipts	1.2	12	70,468	1,181,548
				1,077,857
				1,865,617

<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.



## Central Fund Account

### Account of Receipts and Payments for year ended 31 December 2011 (Contd.)

	Statement No.	Page		2010 €000		2011 €000
<b>Less Capital Payments:</b>						
<b>Voted (Issues for Departmental Capital Expenditure voted by the Dáil)</b>						
<b>Non-Voted (expenditure charged directly under particular legislation)</b>						
Loans Issued	1.7	23	1,317,702		<b>1,000,000</b>	
Share Capital acquired in companies	1.8(A)	24	725,000		<b>2,300,000</b>	
Investment in International Bodies	1.8(B)	29	293		<b>805</b>	
EU Payments	1.5	19	467		<b>-</b>	
Other Payments	1.10	31	2,054	<u>7,963,172</u>	<b>8,605,068</b>	<b><u>16,197,409</u></b>
			<b>Deficit on Capital Account</b>	<u>(6,781,624)</u>		<b><u>(14,331,792)</u></b>
<b>Exchequer Surplus/(Deficit)</b>				(19,361,438)		<b>(25,556,889)</b>
Sinking Fund <sup>2</sup>				<u>617,229</u>		<b><u>638,409</u></b>
				<u>(18,744,209)</u>		<b><u>(24,918,480)</u></b>
<b>Source and Application of Funds</b>						
Net Debt/ (Borrowing) Repayment and Other Balances	2.3	40	<b>(12,492,883)</b>		<b>(27,046,402)</b>	
	2.3 (Note					
	11)	46	<b>(6,251,326)</b>		<b><u>2,127,922</u></b>	
Total Increase/(Decrease) in Exchequer Balances and Commercial Deposits				<u>(18,744,209)</u>		<b><u>(24,918,480)</u></b>
<b>Net Total</b>						

<sup>2</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.

PART ONE  
FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES  
AND GUARANTEED LIABILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2011

## STATEMENT 1.1

### Current: Tax Revenue

	2010	2011
	€000	€000
Income Tax	11,276,092	13,797,532
Value Added Tax	10,101,284	9,740,525
Excise Duty	4,677,969	4,677,600
Corporation Tax	3,923,637	3,520,193
Stamps	960,091	1,391,289
Customs	228,521	240,258
Training and Employment Levy	596	351
Capital Acquisitions Tax	237,769	243,507
Capital Gains Tax	346,711	415,974
Unallocated Tax Receipts <sup>1</sup>	(1)	=
<b>Total</b>	<b><u>31,752,669</u></b>	<b><u>34,027,229</u></b>

<sup>1</sup> This represented an excess transfer in 2010 which was adjusted in 2011.

## STATEMENT 1.2

### Non-Tax Revenue - Current and Capital

	Current		Capital	
	2010	2011	2010	2011
	€000	€000	€000	€000
Central Bank	704,866	691,687	-	-
Revenue Commissioners Account Balances at Central Bank	234	478	-	-
National Lottery Surplus <sup>1</sup>	250,000	230,000	-	-
Royalties	2,572	3,904	-	-
NTMA	130,891	2,505	36,147	1,406
Income from Credit Institutions <sup>2</sup>	1,333,346	1,239,215	-	-
Interest received on loans	9,518	23,808	-	-
Share Dividends	128,765	137,507	-	-

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

<sup>2</sup> The Credit Institutions (Financial Support) Scheme was an instrument of Government policy for stabilising the banking sector. The Scheme provided a State guarantee, for the period 30 September 2008 to 29 September 2010 covering all deposits (retail, commercial, institutional and inter-bank), covered bonds, and debts (senior debt and dated subordinated debt (lower tier II)) of seven, systemically important, Irish credit institutions. A CIFS Account was opened in the Central Bank to hold fees payable by the Covered Institutions under the terms of the Scheme until the Scheme ended when fees were paid into the Exchequer. This Scheme has been replaced by the Eligible Liabilities Guarantee Scheme (ELG) which was approved by the Oireachtas on 9 December 2009 and came into effect in January/February of 2010 after the participating institutions signed up to the terms of the Scheme. Following a decision by the EU Commission, the issuance period has been extended to 31 December 2012. Pricing of ELG fees is decided at EU level and is subject to change as the authorities see fit.

## STATEMENT 1.2

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

	Current		Capital	
	2010	2011	2010	2011
	€000	€000	€000	€000
<b>Receipts collected by Government Departments and Offices<sup>3</sup></b>				
Agriculture, Fisheries and Food	33	<b>1,152</b>	-	-
Arts, Heritage and the Gaeltacht	344	-	-	-
Charitable Donations and Bequests	-	<b>11</b>	-	-
Communications, Energy and Natural Resources	33,664	<b>33,529</b>	17,700	<b>24,000</b>
Community, Equality and Gaeltacht Affairs	507	<b>282</b>	183	<b>68</b>
Defence	3,800	-	-	-
Education and Skills	302	<b>17,259</b>	330	<b>22</b>
Environment, Heritage and Local Government	41	<b>65</b>	102	<b>898</b>
Finance	10	<b>2</b>	-	-
Foreign Affairs	-	-	607	-
Health Service Executive	-	-	309	-
Jobs, Enterprise and Innovation	2,191	<b>6,311</b>	10,090	<b>33,954</b>
Justice and Equality	35,569	<b>33,488</b>	-	-
Property Registration Authority	30,298	<b>24,858</b>	-	-
Office of the Ombudsman	38	<b>7</b>	-	-
Office of Public Works	-	-	5,000	-
Office of the Revenue Commissioners	2,819	<b>1,115</b>	-	-

<sup>3</sup> These are receipts that must be credited directly to the Exchequer and cannot be retained by Departments for their own use.

## STATEMENT 1.2

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

	Current		Capital	
	2010	2011	2010	2011
	€000	€000	€000	€000
<b>Receipts collected by Government Departments and Offices<sup>4</sup></b>				
Public Expenditure and Reform	-	698	-	-
Social Protection	67	-	-	-
Transport	35	24	-	3
Valuation Office	-	30	-	-
<b>Other Receipts:</b>				
Monies received under various Acts	5,256	6,946	-	-
Voluntary salary and pension surrenders	1,023	1,590	-	-
Pension Levy <sup>5</sup>	9,719	11,396	-	-
NTMA Public Service Pension	-	98	-	-
Receipts from European Investment Bank	905	547	-	-
Nursing Home Support Scheme	-	1,436	-	-
Bank Recapitalisation Fees	-	46,250	-	-
Sale of NPRFC Shares in Bank of Ireland	-	-	-	1,017,506
Recovery of Social Insurance Fund Advances	-	254,495	-	-
Miscellaneous	635	3,259	-	-
<b>Total</b>	<b><u>2,687,448</u></b>	<b><u>2,773,952</u></b>	<b><u>70,468</u></b>	<b><u>1,077,857</u></b>

<sup>4</sup> These are receipts that must be credited directly to the Exchequer and cannot be retained by Departments for their own use.

<sup>5</sup> Pension levies received from Central Bank, National Treasury Management Agency, National Asset Management Agency and Houses of the Oireachtas. 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	
		2010 €000	2011 €000	2010 €000	2011 €000
1	President's Establishment	2,562	2,892	-	-
2	Department of the Taoiseach	19,163	17,618	-	-
3	Office of the Attorney General	13,745	13,257	-	-
4	Central Statistics Office	51,085	71,541	-	-
5	Office of the Comptroller and Auditor General	4,392	4,880	-	-
6	Office of the Minister for Finance	61,649	22,571	277	-
7	Superannuation and Retired Allowances	364,006	338,839	-	-
8	Office of the Appeal Commissioners	419	428	-	-
9	Office of the Revenue Commissioners	324,095	312,158	5,288	5,432
10	Office of Public Works	246,653	258,161	158,112	119,000
11	State Laboratory	8,382	7,510	-	-
12	Secret Service	640	328	-	-
13	Chief State Solicitor's Office	31,577	28,555	-	-
14	Office of the Director of Public Prosecutions	41,185	36,694	-	-
15	Valuation Office	6,872	6,668	-	-
16	Public Appointments Service	7,156	6,830	-	-

<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 1.3

### Issues For Voted Expenditure - Current and Capital (Contd.)

Vote No.	Service	Current		Capital	
		2010 €000	2011 €000	2010 €000	2011 €000
17	Office of the Commission for Public Service Appointments	595	482	-	-
18	Office of the Ombudsman	6,564	6,497	-	-
19	Office of the Minister for Justice and Equality	360,288	350,367	6,026	752
20	Garda Síochána	1,360,406	1,409,934	36,676	27,970
21	Prisons	298,272	296,358	18,100	33,831
22	Courts Service	55,077	51,473	43,022	11,195
23	Property Registration Authority	32,717	31,095	2,458	155
24	Charitable Donations and Bequests	349	115	-	-
25	Office of the Minister for Environment, Community and Local Government	612,076	565,190	1,463,817	1,017,128
26	Office of the Minister for Education and Skills	7,931,296	7,700,817	704,535	556,109
27	Community, Equality and Gaeltacht Affairs	316,626	96,325	83,573	7,370
28	Foreign Affairs and Trade	176,692	164,381	6,900	2,820
29	International Co-operation	522,169	517,686	1,200	200
30	Office of the Minister for Communications, Energy and Natural Resources	86,447	85,249	148,902	132,384
31	Office of the Minister for Agriculture, Fisheries and Food	814,279	843,722	483,378	226,726
32	Office of the Minister for Transport, Tourism and Sport	537,423	691,537	1,759,743	1,228,972
33	National Gallery	8,008	8,743	574	523



### STATEMENT 1.3

#### Issues For Voted Expenditure - Current and Capital (Contd.)

Vote No.	Service	Current		Capital	
		2010 €000	2011 €000	2010 €000	2011 €000
34	Office of the Minister for Jobs, Enterprise and Innovation	593,340	<b>302,140</b>	468,589	<b>505,132</b>
35	Office of the Minister for Arts, Heritage and the Gaeltacht	334,011	<b>208,075</b>	120,859	<b>54,567</b>
36	Office of the Minister for Defence	682,854	<b>649,436</b>	11,409	<b>11,900</b>
37	Army Pensions	211,975	<b>217,446</b>	-	-
38	Office of the Minister for Social Protection	13,198,554	<b>13,299,611</b>	9,000	<b>7,355</b>
39	Office of the Minister for Health	304,746	<b>271,577</b>	11,028	<b>9,090</b>
40	Health Service Executive	10,582,166	<b>12,120,163</b>	347,992	<b>322,250</b>
41	Office of the Minister for Children and Youth Affairs	306,039	<b>168,894</b>	26,198	<b>5,050</b>
42	Office of the Minister for Public Expenditure and Reform	-	<b>29,795</b>	-	<b>382</b>
43	Children and Youth Affairs	-	<b><u>203,031</u></b>	-	<b><u>5,243</u></b>
<b>Total Exchequer Issues - Voted Current &amp; Capital Expenditure</b>		<b><u>40,516,550</u></b>	<b><u>41,419,069</u></b>	<b><u>5,917,656</u></b>	<b><u>4,291,536</u></b>

## STATEMENT 1.4

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

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	2010	2011
	€000	€000
Annuities, Pensions, etc. of former Constitutional, Ministerial and Judicial Office-holders <sup>2</sup>	11,991	<b>15,263</b>
Salaries and Allowances <sup>3</sup>	859	<b>857</b>
Judicial Salaries <sup>4</sup>	<u>27,811</u>	<u><b>27,349</b></u>
<b>Total</b>	<u><b>40,661</b></u>	<u><b>43,469</b></u>

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<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 sum payments 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, Ministers of State, Attorneys General, Ceann Comhairlaí, Leas-Ceann Comhairlaí, Cathaoirligh of the Seanad, Leas-Cathaoirligh of the Seanad and Comptrollers and Auditors General; (d) Pensions to widows and children of former Presidents, members of the judiciary and to 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	
	2010	2011	2010	2011
	€000	€000	€000	€000
<b>To European Union Budget</b>				
Customs Duties <sup>1</sup>	185,644	199,987	-	-
VAT related payments <sup>2</sup>	193,781	193,514	-	-
GNI (Gross National Income) related payments <sup>2</sup>	972,944	956,199	-	-
<b>Other Payments</b>				
EC Comm Act 1972 - 1998 (BTL ERDF) <sup>3</sup>	=	=	467	=
<b>Total</b>	<u>1,352,369</u>	<u>1,349,700</u>	<u>467</u>	<u>=</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 2011, the net effect of the Agreements was to increase Ireland's European Budget customs duties payments by approximately €80 million (€71 million in 2010).

<sup>2</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>3</sup> Two ERDF repayments totaling €467,110 were made in January 2010. They related to the finalisation of two closure audits undertaken by D/G Regio on the 1994-99 programming period. The first was for €366,451 on foot of the Commission's audit of the Urban Community Initiative 1994 – 1999. The second was for €100,659 on foot of the Commission's audit of the Tourism Operational Programme Objective 1, 1994–1999.

## STATEMENT 1.6

### Current: Other Non-Voted Expenditure

	2010	2011
	€000	€000
Houses of the Oireachtas Commission Acts, 2003	102,653	130,134
Annual Allowances to parliamentary leaders of qualifying parties <sup>1</sup>	8,042	7,211
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,439	5,449
Payments to Independents under Section 1 of Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2001	305	714
Returning Officers' Expenses under the Electoral Acts	1,038	32,447
Election Expenses of candidates under the Electoral Acts	64	3,038
Election Postal Charges	231	27,802
Payments to International Development Association <sup>2</sup>	18,000	18,000
Payments to PSE Kinsale Energy Ltd <sup>3</sup>	6,330	2,868
Payments under National Development Finance Agency Act	3,906	2,563
Bretton Woods Agreements (Amendment) Acts, 1957 - 1999	100	-

<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 PSE Kinsale Energy Ltd of a proportion of tax and royalties paid to the State. Partial remittance is provided for under Article X of a 1959 Agreement between Marathon Petroleum and the State covering the exploration and development of the Kinsale gas field and the Finance Act, 1992. PSE Kinsale Energy Ltd is a subsidiary of Petronas who acquired Marathon Petroleum Ireland Ltd in 2009.

## STATEMENT 1.6

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

	2010	2011
	€000	€000
Development Banks Act, 2005		
Asian Development Fund	9,240	9,520
Council of Europe Development Bank	19	18
Finance Act 2003 (Section 166)	-	6
Payments in respect of prevesting day pensions for Eircom and An Post	-	722
Sugar Levies <sup>4</sup>	94	-
Central Bank Coin Issue	8,500	-
Suspense Account for Social Insurance Fund <sup>5</sup>	<u>110,285</u>	<u>198,863</u>
<b>Total</b>	<u>274,246</u>	<u>439,355</u>

<sup>4</sup> The European Commission changed the method of calculating the levies from the 2002/2003 marketing years onwards by excluding sugar exports without refunds (i.e. processed products containing sugar). The Commission's changed methodology had over-estimated the losses resulting from surplus production and so the levies had been set too high. The amount of levies to be refunded to Greencore was calculated at €93,744. This refund is funded 75% by the EU and 25% by Member States.

<sup>5</sup> The advance provided cashflow to the Social Insurance Fund to fund its payments arising ahead of the receipt of PRSI revenue which is normally towards month end. These advances were repaid by the Social Insurance Fund - See Statement 1.2 "Other Receipts" which includes repayment of advance made in 2010.

## STATEMENT 1.7

### Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2010 €000	Loans Issued 2011 €000	Loans Repaid 2011 €000	Outstanding at 31 December 2011 €000
<b>Department of Agriculture, Fisheries and Food</b>				
FEOGA Guarantee	673,000	720,000	673,000	720,000
Bord Iascaigh Mhara	-	-	-	-
<b>Department of Finance</b>				
EU Stability Support to Greece <sup>1</sup>	345,702	-	-	345,702
NAMA <sup>2</sup>	49,000	-	49,000	-
Insurance Compensation Fund	-	280,000	-	280,000
<b>Office of Public Works</b>				
Local Loans Fund <sup>3</sup>	161	-	9,567	(9,406)
<b>Department of Transport</b>				
Coras Iompair Eireann	12,511	=	=	12,511
<b>Total</b>	<b><u>1,080,374</u></b>	<b><u>1,000,000</u></b>	<b><u>731,567</u></b>	<b><u>1,348,807</u></b>

<sup>1</sup> Ireland's contribution to the bilateral loan facility for Greece which was put in place in May 2010. Ireland ceased to participate in the facility when the EU/IMF Programme of Financial Support for Ireland was put in place at the end of 2010.

<sup>2</sup> NAMA was established in December 2009. As an interim measure, while longer term funding programmes were being set up, the NAMA Board requested that the Minister for Finance provide €250m funding under Section 46(2) of the National Asset Management Agency Act 2009. The Minister approved that an initial minimum cash balance threshold or "liquidity buffer" of €250m should be held by NAMA given the continued transfer of assets and uncertainty surrounding the amount and timing of working capital demands. The funding was provided on a repayable basis at 6-month Euribor rate with interest accruing daily from the advance date to the date of repayment. The advance was issued on 27th May 2010 and repaid to the Exchequer, along with an interest payment of €1.06 million, by NAMA on 27 October 2010. The purchase and management of loans by NAMA was delegated to a separately created company, National Asset Management Agency Investment Ltd jointly owned by private investors (51%) and NAMA (49%). As NAMA was not in a position to fund this investment, the NAMA Board requested that funding under Section 46(2) be made available. This contribution was advanced to NAMA on 26 March 2010 on a repayable basis at 6-month Euribor. It was repaid to the Exchequer, along with an interest payment of €473,489, by NAMA on 25 February 2011.

<sup>3</sup> Ulysses Plc, the securitisation vehicle in relation to local loans, was dissolved on 27 January 2012. Ulysses had €25.0728m of securitised loans which were part of the original transfers from the Local Loans Fund when the securitisation arrangement commenced. The reversal of that consequent to the dissolution of Ulysses will be reflected in the accounts for 2012 and will have an impact of €25.0728m on the outstanding loan balance. The securitised loans are also included in Statement 1.11, Guaranteed Liabilities.

## STATEMENT 1.8(A)

### Capital: Share Capital acquired in Companies

Department/Body	Shareholding at 31 December 2010 €000	Shares acquired 2011 €000	Shares disposed 2011 €000	Shareholding at 31 December 2011 €000	State's Net Assets at 31 December 2011 €000
<b>Agriculture, Food and the Marine</b>					
Coillte Teoranta	795,060	-	-	795,060	1,200,925
Irish National Stud Company Ltd	13,769	-	-	13,769	10,332
Fastnet Mussels Ltd	19	-	-	19	-
Kush Seafarms Ltd	19	-	-	19	1
<b>Communications, Energy and Natural Resources</b>					
An Post <sup>1</sup>	68,239	-	-	68,239	(158,472)
Bord na Móna plc <sup>2</sup>	78,664	-	-	78,664	231,390
EirGrid <sup>3</sup>	38	-	-	38	88,025
Irish National Petroleum Corporation	0.003	-	-	0.003	10,634
National Oil Reserves Agency	0.001	-	-	0.001	511,788
<b>Jobs, Enterprise and Innovation</b>					
Shannon Free Airport Development Company Ltd	183,522	-	-	183,522	77,764

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

<sup>2</sup> Taken from Financial Statements for year ended 31 March 2011.

<sup>3</sup> Taken from Financial Statements for year ended 30 September, 2011.

## STATEMENT 1.8(A)

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

Department/Body	Shareholding at 31 December 2010	Shares acquired 2011	Shares disposed 2011	Shareholding at 31 December 2011	State's Net Assets at 31 December 2011
	€000	€000	€000	€000	€000
<b>Environment, Community and Local Government</b>					
Housing Finance Agency plc	39	-	-	39	59,161
National Building Agency Ltd	0.2	-	-	0.2	3,931
<b>Finance</b>					
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) <sup>4</sup>	4,123,000	-	-	4,123,000	3,238,000
Irish Nationwide Building Society <sup>4</sup>	100,000	-	100,000	-	-
EBS Ltd <sup>5</sup>	625,000	-	625,000	-	-
Irish Life and Permanent <sup>6</sup>	-	2,300,000	-	2,300,000	3,517,000

<sup>4</sup> On 29 June 2011 the European Commission approved the joint restructuring and work-out plan for Anglo Irish Bank and the INBS. The merger of both institutions was effected on 1 July 2011. The figures in the 2011 accounts represent the position of the merged entity which has been renamed Irish Bank Resolution Corporation Ltd. ("IBRC"). The Minister for Finance has provided IBRC, including INBS, with a capital contribution to the value of €30.6bn. These capital contributions were provided in four tranches with the consideration for this capital being promissory notes. Each tranche of the promissory notes pays a market based fixed rate of interest which was set at the date of issue and is appropriate to the maturity date and cash flows of the tranche. The promissory note pays 10% of the initial principal amount of each tranche annually. The Bank received the first instalment payment of €3.06bn on 31 March 2011. This pay down resulted in the promissory note having a revised principal amount of €28.1bn from 31 March 2011. In December 2010, at the request of the Minister for Finance, a change was made to the legal terms of the promissory notes allowing for a zero coupon rate in 2011 and 2012, with a higher coupon rate thereafter. The full value of the capital contribution was included in the 2010 General Government Debt, while the National Debt is impacted at the point of discharge of the instalment.

<sup>5</sup> The special investment shares that had been invested in EBS Building Society by the Irish Government converted into €625 million of ordinary shares held by the Minister for Finance. The entire issued share was transferred to AIB on 1 July 2011 for €1.

<sup>6</sup> The Minister invested €2.3 billion in Irish Life and Permanent in July 2011 in return for 36,249,014,972 Ordinary Shares (issue price of €0.06345 per share). The State shareholding in Irish Life and Permanent stands at 99.24%



## STATEMENT 1.8(A)

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

Department/Body	Shareholding at 31 December 2010	Shares acquired 2011	Shares disposed 2011	Shareholding at 31 December 2011	State's Net Assets at 31 December 2011
	€000	€000	€000	€000	€000
<b>Transport, Tourism and Sport</b>					
Dublin Airport Authority plc	186,337	-	-	186,337	1,055,938
Shannon Airport Authority <sup>7</sup>	38	-	-	38	-
Cork Airport Authority <sup>7</sup>	38	-	-	38	-
Aer Lingus Group plc <sup>8</sup>	6,705	-	-	6,705	210,101
Irish Aviation Authority	22,675	-	-	22,675	24,914
Drogheda Port	8,237	-	-	8,237	16,398
Dublin Port Company	14,464	-	-	14,464	268,218
Dun Laoghaire Harbour Company	14,540	-	-	14,540	45,313
Galway Harbour Company	8,927	-	-	8,927	13,402
New Ross Port Company	4,672	-	-	4,672	4,969
Port of Cork Company	19,699	-	-	19,699	64,689
Port of Waterford Company	18,676	-	-	18,676	28,139
Shannon Foynes Port Company	22,187	-	-	22,187	22,720

<sup>7</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 (as amended), 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 Public Expenditure and Reform. 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's 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.

<sup>8</sup> Aer Lingus was floated on the Irish and UK Stock Exchanges during 2006. The total equity in the Company at 31 December 2011 was €836,721,000 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 31 December 2011 was 25.11% which amounts to a shareholding of €6,704,872 (2010: €6,704,872) and a share of net assets amounting to €210,100,643 (2010: €201,484,649).

STATEMENT 1.8(A)

**Capital: Share Capital acquired in Companies (Contd.)**

Department/Body	Shareholding at 31 December 2010	Shares acquired 2011	Shares disposed 2011	Shareholding at 31 December 2011	State's Net Assets at 31 December 2011
	€000	€000	€000	€000	€000
<b>Transport, Tourism and Sport (contd.)</b>					
Dundalk Port Company <sup>9</sup>	1,884	-	-	-	-
Wicklow Port Company	<u>1,964</u>	=	=	<u>1,964</u>	<u>2,461</u>
<b>Total</b>	<b><u>6,318,412</u></b>	<b><u>2,300,000</u></b>	<b><u>725,000</u></b>	<b><u>7,891,528</u></b>	<b><u>10,547,921</u></b>

<sup>9</sup> The Dundalk Port company ceased trading in 2011. Its functions were transferred to the Dublin Port Company with effect from 12 July 2011.

## STATEMENT 1.8(B)

### Capital: Investments in International Bodies under International Agreements

	Shareholding at 31 December 2010 <sup>1</sup>	Cost of Shares Acquired in 2011	Disposal of Shares in 2011	Shareholding at 31 December 2011 <sup>1</sup>
	€000	€000	€000	€000
Payments under Bretton Woods Agreement Acts, 1957 - 1999 <sup>2</sup>	27,765	-	-	28,673
Payments under International Finance Corporation Act, 1958 <sup>2</sup>	965	-	-	997
European Bank for Reconstruction and Development <sup>2</sup>	18,780	-	-	18,780
European Investment Bank <sup>2</sup>	65,926	-	-	65,926
International Common Fund for Commodities <sup>2</sup>	529	-	-	529
Multilateral Investment Guarantee Agency <sup>2</sup>	700	-	-	723
European Financial Stability Facility <sup>3</sup>	293	159	-	452
Council of Europe Development Bank <sup>2</sup>	13,100	-	-	13,100
Development Banks Act, 2005 - Asian Development Bank <sup>4</sup>	7,295	646	-	7,941
<b>Totals</b>	<b><u>135,353</u></b>	<b><u>805</u></b>	<b>=</b>	<b><u>137,121</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 Dollars 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 2011. Any changes in value relate to exchange rate fluctuations.

<sup>3</sup> The European Financial Stability Facility (EFSF) was set up as an entity incorporated in Luxembourg to issue bonds to Member States which require assistance. The facility was set up in such a way as to have a top credit rating and thus be able to borrow on the markets at the best possible rates. Section 3 of the European Financial Stability Act, 2010 provides for the payment from the Central Fund of sums not exceeding €7.5 billion in aggregate for the purpose of enabling the State to fulfill its obligations under the EFSF Agreement between Eurozone Member States, including contributions to the capital and other costs of the EFSF and any other expenses incurred in relation to the Agreement. In 2011 Ireland paid an additional €159,000 towards its allocation of the EFSF's share capital and this is reflected in the above Statement. In November 2010, Ireland became a borrower from the EFSF as part of the EU-IMF Programme and under the terms of the Agreement stepped out of the Facility.

<sup>4</sup> 4 In June 2011, Ireland subscribed to the Fifth General Capital Increase of the Asian Development Bank (ADB) which will cost approximately €8.3m and will be paid over a ten-year period. The subscription is being made in five equal annual installments each of which consists of a cash payment and a promissory note. A payment of €646,475 and a promissory note for €969,712 were issued to the ADB in October 2011. The promissory notes will be encashed sequentially on an annual basis in the period 2016-2020 following the final cash payment in 2015. The note issued to the ADB in 2011 is due for encashment in 2016.

## STATEMENT 1.9

### Capital: Receipts from the European Union

	2010	2011
	€000	€000
European Regional Development Fund	66,269	<b>33,050</b>
Cohesion Fund	-	<b>8,934</b>
Trans European Network	1,288	<b>1,154</b>
Turkish Aid Protocol <sup>1</sup>	33	<b>33</b>
EU Solidarity Fund Contribution	=	<b><u>13,022</u></b>
<b>Total</b>	<b><u>67,590</u></b>	<b><u>56,193</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 <sup>1, 2</sup>

	2010		2011	
	€000	€000	€000	€000
<b>Payments under other Acts</b>				
Insurance Acts, 1953-1988	5		9	
Central Bank and Credit Institutions (Resolution) Act 2011	-		250,000	
Convention of Lomé Act 1976	17		9	
Finance Acts, 1978 and 1990	-		-	
Carbon Fund Act 2007	<u>2,032</u>	2,054	<u>1,903</u>	251,921
<b>Promissory Notes</b>				
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank)	-		3,060,000	
AIB/EBS	=	-	<u>25,000</u>	3,085,000
<b>Contingent Capital</b>				
AIB/EBS	-		1,600,000	
Irish Life and Permanent	-		400,000	
Bank of Ireland <sup>3</sup>	=	-	<u>985,000</u>	2,985,000
<b>Capital Contribution</b>				
AIB/EBS	=	=	<u>2,283,147</u>	<u>2,283,147</u>
<b>Total</b>		<u>2,054</u>		<u>8,605,068</u>

<sup>1</sup> The market value of the National Pensions Reserve Fund at 31 December 2011 was €13.4 billion. The Discretionary Portfolio was valued at €5.4 billion and the Directed Portfolio was valued at €8 billion. At 31 December 2010 the market value of the Fund was €22.7 billion, comprising the Discretionary Portfolio which was valued at €15.1 billion and the Directed Portfolio which was valued at €7.6 billion. The asset allocation strategy for the Discretionary Portfolio is based on a diversified portfolio of equities and other real assets. The change in the breakdown within the Fund between the Discretionary and Directed Portfolios reflects the Fund's contribution to the EU/IMF Programme of Financial Support for Ireland through further investment of €10 billion, directed by the Minister for Finance, into Allied Irish Banks and Bank of Ireland. The asset disposals that were necessary to fund this directed investment resulted in a significant reduction in the size of the Discretionary Portfolio. The reduction in the value of the total Fund reflects the reduction in valuation of investments in the Directed Portfolio.

<sup>2</sup> It was estimated in 2009 that the accrued liability for occupational pension schemes of public servants was 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 service 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). There were no payments from the Exchequer to the National Pensions Reserve Fund in 2010 or 2011.

<sup>3</sup> The State charged a 1.5% fee (€15m) on the purchase of a €1,000m Contingent Capital Note in Bank of Ireland. This fee was offset against the purchase price paid by the State. The State also charged a fee to IL&P in respect of the €400m Contingent Capital Note. This fee of 1.5% (€6m) was paid directly to the Exchequer in July 2011 is included under Bank Recapitalisation Fees in Statement 1.2.

## STATEMENT 1.11

### Guaranteed Liabilities

At 31 December 2011, the Government had guaranteed, under specific legislation, the due payment of obligations in respect of liabilities of which the principal or capital value outstanding was €146.568 billion. The individual amounts represent capital raised and commitments entered into in accordance with the relevant statutes.

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2010 €000	Changes in Guaranteed Liabilities in 2011 €000	Amounts Outstanding at 31 December 2011 €000
<b>Finance</b>			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976	4,682	39	4,721
Credit Institutions (Financial Support) Act 2008 Eligible Liabilities Guarantee <sup>1</sup>	113,132,000	<b>(11,593,000)</b>	<b>101,539,000</b>
Exceptional Liquidity Assistance <sup>2</sup>	14,640,000	<b>(3,160,000)</b>	<b>11,480,000</b>
National Asset Management Agency <sup>3</sup>	28,650,000	<b>456,000</b>	<b>29,106,000</b>
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) <sup>4</sup>	558,000	<b>(514,000)</b>	<b>44,000</b>

<sup>1</sup> The total liability under the Bank Guarantee Scheme at 31 December 2011 was €102 billion. Under Section 6 of the Credit Institutions (Financial Support) Act, 2008 all financial support arising under the Scheme is, as far as possible, recouped from the credit institutions to which support is provided. The Act does, however, provide (Section 4) that expenditure not met under Section 6 will be met from the Central Fund. Under the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (S.I. 490 of 2009), a credit institution that avails of the guarantee is liable to pay a charge for the guarantee which is credited to the Central Fund (see Statement 1.2).

<sup>2</sup> In addition to liquidity provision within the Eurosystem monetary policy operations, the Central Bank of Ireland also provides Exceptional Liquidity Assistance (ELA) to credit institutions where it is required for financial stability purposes. This is distinct and separate from regular funding operations which are carried out for monetary policy implementation purposes through the European Central Bank (ECB). A loan provided to a credit institution under ELA is granted against suitable collateral, where suitability is in line with criteria defined by the Bank. As with procedures for ECB eligible collateral, appropriate haircuts/discounts are applied with a view to ensuring that the Bank would not suffer any loss in the event of default on the loan assistance. The amount above represents the cash drawn against Ministerial Guarantees used as collateral.

<sup>3</sup> The securities are Floating Rate Notes denominated in Euro, which were issued and used by NAMA as consideration (95%) for the loan portfolios acquired from each of the Participating Institutions.

<sup>4</sup> This guarantee was provided in respect of IBRC's exposure to counterparties arising from foreign exchange exposures and other derivatives, clearing transactions, repo arrangements and commercial paper paying agency arrangements. The net contingent exposure takes into account the range of exposures covered and reflects the value of collateral posted to the counterparties by IBRC as at 31 December 2011. The main component of the 2010 exposure related to an uncollateralised intra-group position. The intra-group position was unwound prior to 31 December 2011.

## STATEMENT 1.11

### Guaranteed Liabilities (Contd.)

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2010	Changes in Guaranteed Liabilities in 2011	Amounts Outstanding at 31 December 2011
	€000	€000	€000
<b>Transport, Tourism and Sport</b>			
Córas Iompair Éireann	17,250	(3,484)	13,766
<b>Jobs, Enterprise and Innovation</b>			
Insurance Acts, 1953-1988	339	11	350
<b>Environment, Community and Local Government</b>			
Housing Finance Agency plc <sup>5</sup>	4,470,353	(102,421)	4,367,932
National Building Agency Ltd	101	(101)	-
Securitisation (Proceeds of Certain Mortgages) Act, 1995	25,072	(25,072)	-
<b>Agriculture, Food and the Marine</b>			
Irish Intervention Agency	<u>48,320</u>	<u>(35,564)</u>	<u>12,756</u>
	<u>161,546,117</u>	<u>(14,977,592)</u>	<u>146,568,525</u>

<sup>5</sup> Housing Finance Agency guaranteed debt held by the NTMA is included in the Financial Statements of the National Debt - Note 11, page 46.

PART TWO

FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND  
FOR YEAR ENDED 31 DECEMBER 2011



## **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 functions on behalf of the Minister for Finance and other such functions as the Government may delegate to it.

Pages 35 to 51 set out the financial statements of 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 basis 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 and less other financial assets. 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 2011.

#### **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 that are linked with specific borrowing transactions are recognised in accordance with the underlying transactions. The net fund flows arising on hedging activities that are 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 or converted into other swap instruments the net fund flows affect debt services 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 date.

#### **Maturity Profile**

Medium/Long Term Debt is debt with an original maturity of more than one year and Short Term Debt is debt with an original maturity of not more than one year.

## STATEMENT 2.1 - NATIONAL DEBT OF IRELAND

Service of Debt Statement <sup>1</sup>		Year Ended 31 December 2011	
	Notes <sup>1</sup>	2010 Total Cost €000	2011 Total Cost €000
Interest Paid			
Medium / Long Term Debt <sup>2</sup>	2	3,193,472	4,350,509
Short Term Debt <sup>3</sup>	3	197,136	215,889
State Savings Schemes	4, 10	199,315	209,232
Other Movements	5	4,304	4,473
Sinking Fund Payments	6	617,229	638,409
Fees and Expenses	7	84,627	147,183
Expenses of NTMA		42,546	41,126
Interest received on deposits, Treasury Bills and Short Term Notes		<u>(102,523)</u>	<u>(232,090)</u>
<b>Total Debt Service Cost</b>	<b>1</b>	<u><b>4,236,106</b></u>	<u><b>5,374,731</b></u>

<sup>1</sup> The notes on pages 41 to 51 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 2011	
	Notes	2010 € million	2011 € million
<b>Medium / Long Term Debt <sup>2</sup></b>			
Irish Government Bonds listed on the Irish Stock Exchange		90,102	85,310
Private Placements		602	602
Medium Term Notes		66	66
EU/IMF Programme Funding	8 (b)	0	34,629
Miscellaneous Debt		5	5
	8 (a)	90,775	120,612
<b>Short Term Debt <sup>3</sup></b>			
Commercial Paper	9	6,972	2,920
Borrowings from Funds under the control of the Minister for Finance	17	<u>1,524</u>	8,496
			<u>1,696</u>
<b>State Savings Schemes</b>			
Savings Certificates		3,957	4,233
National Solidarity Bonds		342	607
Savings Bonds		4,239	4,782
Instalment Savings		468	473
Savings Stamps		2	2

<sup>1</sup> The Notes on pages 41 to 51 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 <sup>4</sup>

<b>National Debt Statement (Contd.)</b>		<b>31 December 2011</b>			
	Notes		2010 € million		2011 € million
<b>State Savings Schemes (contd.)</b>					
Prize Bonds	10	1,330	10,338	1,449	11,546
			109,609		136,774
Less cash and other financial assets	11		(16,164)		(17,692)
<b>National Debt</b>	14		<u>93,445</u>		<u>119,082</u>

<sup>4</sup> The Notes on pages 41 to 51 form part of these financial statements.

## STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

<b>National Debt Cash Flow Statement <sup>1</sup></b>		<b>Year ended 31 December 2011</b>	
	<b>Notes</b>	<b>2010</b>	<b>2011</b>
		€000	€000
<b>Movement in Exchequer Balances:</b>			
<b>Opening Balance in Exchequer Account</b>	<b>11</b>	21,025,141	<b>11,398,948</b>
Deposits, Treasury Bills and Short Term Notes	<b>18</b>	(3,374,868)	<b>(428,349)</b>
Borrowing Activity (see page 41)		<u>12,492,883</u>	<u><b>27,046,402</b></u>
		30,143,156	<b>38,017,001</b>
Exchequer Surplus / (Deficit)		<u>(18,744,208)</u>	<u><b>(24,918,480)</b></u>
<b>Closing Balance in Exchequer Account</b>	<b>11</b>	<u>11,398,948</u>	<u><b>13,098,521</b></u>

<sup>1</sup> The Notes on pages 41 to 51 form part of these financial statements.

## STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

<b>National Debt Cash Flow Statement <sup>2</sup> (Contd.)</b>		<b>Year ended 31 December 2011</b>			
		2010 Net	2011 Net	2011 Receipts <sup>3</sup>	2011 Payments <sup>3</sup>
		€000	€000	€000	€000
<b>Borrowing Activity</b>					
Irish Government Bonds listed on the Irish Stock Exchange		19,102,292	(4,791,698)	10,576,146	(15,367,844)
EU/IMF Programme Funding		-	34,510,074	43,967,401	(9,457,327)
Medium Term Notes		(382,351)	-	-	-
Private Placements		379,185	-	-	-
Miscellaneous Debt		(126)	(126)	-	(126)
Commercial Paper		(9,290,401)	(4,052,034)	16,959,777	(21,011,811)
Savings Certificates		853,883	276,113	820,566	(544,453)
Savings Bonds		1,478,480	543,017	1,398,206	(855,189)
National Solidarity Bond		341,837	265,030	293,921	(28,891)
Instalment Savings		12,827	4,747	99,186	(94,439)
Prize Bonds		256,743	118,639	311,197	(192,558)
Borrowings from Ministerial Funds		<u>(259,486)</u>	<u>172,640</u>	<u>26,772,708</u>	<u>(26,600,068)</u>
<b>Total Borrowing Activity</b>		12,492,883	27,046,402	101,199,108	(74,152,706)
<b>Deposits, Treasury Bills and Short Term Notes</b>	18	<u>(3,374,868)</u>	<u>(428,349)</u>	<u>326,548,252</u>	<u>(326,976,601)</u>
<b>Total Cash Flow Activity</b>		<u>9,118,015</u>	<u>26,618,053</u>	<u>427,747,360</u>	<u>(401,129,307)</u>
Exchequer Account		13,828,135	24,437,936	413,385,112	(388,947,176)
Foreign Currency Clearing Accounts	16	<u>(4,710,120)</u>	<u>2,180,117</u>	<u>14,362,248</u>	<u>(12,182,131)</u>
		<u>9,118,015</u>	<u>26,618,053</u>	<u>427,747,360</u>	<u>(401,129,307)</u>

<sup>2</sup> The Notes on pages 41 to 51 form part of these financial statements.

<sup>3</sup> Receipts and payments represent the gross value of borrowing activity, including rollover of debt and related hedging transactions.

## STATEMENT 2.4 - NATIONAL DEBT OF IRELAND

Statement of Movement in National Debt <sup>1</sup>	Year ended 31 December 2011		
	Notes	2010 €'000	2011 €'000
<b>Opening National Debt</b>		75,151,797	93,444,660
Increase in National Debt (nominal)		<u>18,292,863</u>	<u>25,637,367</u>
<b>Closing National Debt</b>		93,444,660	119,082,027
<b>Increase in National Debt (nominal) represented by</b>			
Exchequer (Surplus)/Deficit		18,744,208	24,918,480
Effect of Foreign Exchange Rate Movements		821	20,888
Medium Long Term Loans: net reduction of proceeds over nominal liability		5,815	98,933
Bond Tranching: net reduction (excess) of proceeds over nominal liability		139,720	(970)
Bond Cancellations: net reduction (excess) of cancellation cost over nominal liability		2,298	(10)
Movement in CSRA current balance	11	<u>(599,999)</u>	<u>600,046</u>
		<u>18,292,863</u>	<u>25,637,367</u>

<sup>1</sup> The notes on pages 41 to 51 form part of these financial statements.



## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Total Debt Service Cost	Notes	Charged on Foreign Currency Clearing Accounts €'000	Charged on Central Fund €'000	Charged on CSRA €'000	Total Service Cost 2011 €'000
Interest paid					
Medium / Long Term Debt	2	(48,215)	1,997,319	2,401,405	4,350,509
Short Term Debt	3	7,949	207,726	214	215,889
State Savings Schemes	4, 10	-	203,107	6,125	209,232
Other Movements	5	2,204,429	(2,588,975)	389,019	4,473
Sinking Fund payments	6	-	-	638,409	638,409
Fees and Expenses	7	632	143,622	2,929	147,183
Expenses of NTMA		15,323	25,803	-	41,126
Interest received on deposits, Treasury Bills and Short Term Notes		=	=	(232,090)	(232,090)
		2,180,118	(11,398)	3,206,011	5,374,731
Inter Account movement		=	2,605,965	(2,605,965)	=
<b>Total Debt Service Cost</b>		<b><u>2,180,118</u></b>	<b><u>2,594,567</u></b>	<b><u>600,046</u></b>	<b><u>5,374,731</u></b>
<b>Note 2 - Interest on Medium / Long Term Debt</b>				Total Cost 2010 €'000	Total Cost 2011 €'000
Irish Government Bonds listed on the Irish Stock Exchange				3,175,026	4,105,621
EU/IMF Programme Funding				-	207,068
Private Placements				12,478	34,693
Medium Term Notes				5,949	3,132
Miscellaneous Debt				19	(5)
				<u>3,193,472</u>	<u>4,350,509</u>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

<b>Note 3 - Interest on Short Term Debt</b>	Total Cost 2010 €'000	Total Cost 2011 €'000
Commercial Paper	87,462	91,455
Borrowings from Funds under the control of the Minister for Finance	<u>109,674</u>	<u>124,434</u>
	<u>197,136</u>	<u>215,889</u>
<b>Note 4 - Interest on National Savings Schemes</b>	Total Cost 2010 €'000	Total Cost 2011 €'000
Savings Certificates	93,493	73,044
Savings Bonds	52,428	72,552
Instalment Savings	18,963	19,242
Prizes in respect of Prize Bonds	34,431	41,924
National Solidarity Bond	=	2,470
Small Savings Reserve [Note 10]	=	=
	<u>199,315</u>	<u>209,232</u>
<p>Payments for Interest on State Savings Schemes in 2011 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 were as follows:</p>		
	2010 €'000	2011 €'000
Savings Certificates	(662)	(294)
Savings Bonds	(245)	(25)
Instalment Savings	(4)	58
	<u>((911))</u>	<u>(261)</u>

### Note 5 - Other Movements

The NTMA, as part of its remit, engages in a range of debt management transactions including derivatives [See Note 13]. This figure reflects net cashflows associated with these activities.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 6 - Sinking Fund Payments

Under the Finance Act 1950, Section 22, as amended, specified amounts were provided for the redemption of debt. The sums provided and applied were as follows:

	2010	2011
	€'000	€'000
Capital Services Redemption Account [Note 15]	<u>617,229</u>	<u>638,409</u>

#### Note 7 - Fees and Expenses

	Total Cost	Total Cost
	2010	2011
	€'000	€'000
EU/IMF Programme Funding	41,166	113,759
Government Bonds and Other Loans	10,066	848
Savings Certificates	8,730	8,567
National Solidarity Bonds	943	1,435
Prize Bonds	11,505	10,305
Savings Bonds	10,453	10,926
Instalment Savings	<u>1,764</u>	<u>1,343</u>
	<u>84,627</u>	<u>147,183</u>

#### Note 8 (a) - Medium / Long Term Debt

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

	As at 31 December 2010	As at 31 December 2011
	€ million	€ million
Debt due for repayment within 1 year	4,585	6,537
Debt due for repayment between 2 and 5 years	23,779	39,538
Debt due for repayment in more than 5 years	<u>62,411</u>	<u>74,537</u>
	<u>90,775</u>	<u>120,612</u>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 8 (b) - EU/IMF Programme Funding

The liabilities outstanding under the programme at end 2011 included in 8 (a) above, which are stated net of currency hedging transactions, are as follows:-

<b>Lender</b>	<b>€Million</b>	<b>Weighted Average Term Years</b>
International Monetary Fund	12,598	7.5 Years
European Financial Stability Facility	7,650	6.6 Years
European financial Stabilisation Mechanism	13,900	8 Years
United Kingdom Treasury	<u>481</u>	7.5 Years
<b>Total</b>	<b>34,629</b>	

The first drawdown from the EFSF amounted to €4,194 million and took place in February 2011. A prepaid interest margin of €350 million was deducted from the drawdown and the net amount received amounted to €3,664 million. This net amount is included in the EFSF liability outstanding. Subsequently the terms of the loan were amended and the interest margin no longer applies. The prepaid margin will be refunded to Ireland when the debt matures in 2016 leaving a net liability of €3,664 million to be repaid at that date. The net cost of servicing this loan is charged on the original amount drawn down of €4,194 million. EFSF debt includes interim funding of €986 million maturing in 2012 which is due to be replaced by longer term funding under the Programme.

#### Note 9 - Commercial Paper

The NTMA issues short-term commercial paper of maturities of up to 1 year to raise short-term funds from the international capital 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.

#### Note 10 - State Savings Schemes

Amounts shown in respect of Savings Certificates, Instalment Savings, Savings Bonds and Prize Bonds are net of €9.3 million (2010: €14.3 million) cash balances held by An Post, Permanent TSB and As these financial statements are prepared on a cash basis, the liabilities do not include the sum of €465 million (2010: €368 million), being the estimate of the amount of accrued interest at 31 December 2011 in respect of Savings Bonds, Savings Certificates and Instalment Savings.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 10 (Contd.)

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 2011 was €209 million which represented 57 per cent of the interest accrued at 31 December 2010 of €368 million. No resources were applied from the Fund towards meeting interest payments during 2011.

		€ million
Estimated accrued interest at 31 December 2011		465
Balance of Small Savings Reserve Fund at 1 January 2011	NIL	
Amount applied during 2011 [Note 4]	NIL	
Balance of Small Savings Reserve Fund at 31 December 2011		<u>NIL</u>
Estimated accrued interest not provided for at 31 December 2011		<u>465</u>

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

#### Note 11 - Cash and other Financial Assets

	Opening balance at 1 January 2011 €'000	Movements during 2011 €'000	Closing balance at 31 December 2011 €'000
Exchequer Account	11,398,948	1,699,573	13,098,521
Capital Services Redemption Account (Note 15)	600,451	(600,046)	405
Housing Finance Agency Guaranteed Notes	3,584,868	263,082	3,847,950
Deposits and Treasury Bills	580,000	(549,846)	30,154
CSA Collateral Funding (Note 13)	=	<u>715,113</u>	<u>715,113</u>
	<u>16,164,267</u>	<u>1,527,876</u>	<u>17,692,143</u>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 11 (Contd.)

The Housing Finance Agency Guaranteed Notes may not be readily realisable dependent on market conditions. CSA Collateral funding arises from the requirement to post cash collateral under Credit Support Annexes associated with certain derivative transactions. These balances, and access to the related cash collateral, change on a daily basis and are dependent on the market value of these derivatives.

#### Note 12 - Risk Management

The NTMA'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 NTMA's business. The principal categories of risk arising from the NTMA's activities are liquidity, market, counterparty credit and operational risk. In all of these areas the NTMA has comprehensive policies and procedures to measure and control the risk involved.

A key objective of the NTMA is to ensure that the Exchequer has sufficient cash to meet all obligations as they fall due. Ultimately the protection of liquidity is the NTMA's most critical task. Liquidity risks related to the National Debt can arise either from domestic events or, given the high level of linkage between markets, from events outside Ireland. The NTMA manages this risk primarily by controlling the amount of liabilities maturing in any particular period of time and matching the timing and volume of funding. This is reinforced by the NTMA's activities in continuing to enhance 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 can be issued.

On 28 November 2010, the Government agreed to a three year €85 billion financial support programme for Ireland by members of the EU and the IMF. The State's contribution to the programme is set at €17.5 billion while the external contribution will amount to €67.5 billion. The terms of the programme include loans of varying maturities. The staggered maturities are important from a risk management perspective in order to avoid a situation whereby Ireland is faced with a "funding wall" on conclusion of the programme. The NTMA seeks to ensure that disbursements under the EU/IMF programme are scheduled in such a way as to provide adequate liquidity while minimising the cost of carry to the State.

Market risk is the risk that movements in market interest or exchange rates or other prices adversely impact on debt service costs or the total market value of the debt. The NTMA must have regard both to the short-term and long-term implications of its transactions given its task of controlling not only the immediate fiscal debt service costs but also the present value of all future payments of principal and interest. The exposure to interest rate and currency risk is controlled by managing the interest rate and currency composition of the portfolio in accordance with Ministerial Guidelines. 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. As conditions in financial markets change, the appropriate interest rate and currency profile of the portfolio is reassessed. The NTMA seeks to achieve the best trade-off between cost and risk over time and has in place a hedging programme to manage interest rate and exchange rate risks and to protect the Exchequer from potential volatility in future years. More information on the use of derivatives is set out in Note 13 - Derivatives.

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. In order to mitigate the Exchequer's exposure to market counterparties while at the same time ensuring that Ireland has efficient market access for its hedging activities, the NTMA may enter into credit support arrangements with the market participants with which it wishes to trade - this involves the receipt and posting of collateral to offset the market value of exposures. More information on the use of credit support arrangements is set out in note 13 – Derivatives.

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.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 13 - Derivatives

As part of its risk management strategy the NTMA uses a combination of derivatives including interest rate swaps, currency swaps and foreign exchange contracts. The following table shows the nominal value, and present value, of the instruments related to the National Debt outstanding at year end. The present value of each instrument is determined by using an appropriate rate of interest to discount all its future cashflows to their present value.

	31 December 2010		31 December 2011	
	Nominal € million	Present Value € million	Nominal € million	Present Value € million
Interest Rate Swaps	195	(9)	<b>9,094</b>	<b>(814)</b>
Currency Swaps & Foreign Exchange Contracts	<u>637</u>	<u>22</u>	<b><u>9,009</u></b>	<b><u>400</u></b>
	<u>832</u>	<u>13</u>	<b><u>18,103</u></b>	<b><u>(414)</u></b>

The NTMA provides treasury services to NAMA under Section 52 of the National Asset Management Agency Act, 2010. Accordingly it may enter into derivative transactions with NAMA. Any such transactions are offset by matching transactions with market counterparties. As a result there is no net effect on the National Debt accounts. The nominal value of interest rate swaps transacted with NAMA outstanding at end 2011 was €22.8 billion (2010: €15.8 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2011 was €8.6 billion (2010: €10.3 billion).

In order to mitigate the risks arising from derivative transactions, the NTMA enters into credit support arrangements with its market counterparties. Derivative contracts are drawn up in accordance with Master Agreements of the International Swaps and Derivatives Association (ISDA). A credit Support ANNEX (CSA) is a legal document which may be attached to an ISDA Master Agreement to regulate credit support (in this case, cash collateral) for derivative transactions and it defines the circumstances under which counterparties are required to post collateral. Under the CSAs, the posting of cash constitutes an outright transfer of ownership. However, the transfer is subject to an obligation to return equivalent collateral in line with changes in market values or under certain circumstances such as a Termination Event or an Event of Default. The provider of collateral is entitled to deposit interest on cash balances posted.

The NTMA established a Credit Support Account in the Central Bank of Ireland in 2010 to facilitate these transactions. Derivative contracts are valued daily. When collateral is required from a counterparty it is paid into the Credit Support Account. When the NTMA is required to post collateral with a counterparty, it uses funds in the Credit Support Account to fund the collateral payment. If there are insufficient funds in the Credit Support Account, the Account is funded from the Exchequer.

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 13 (Contd.)

##### Credit Support Annexes - Receipts and Payments

	2010 € million	2011 € million
Balance at 1 January 2011 - Net Collateral posted by counterparties	-	11
Margin transfers received from counterparties	113	2,709
Margin transfers paid to counterparties	(102)	(3,435)
Exchequer Funding at 31 December	=	<u>715</u>
Balance at 31 December	<u>11</u>	<u>NIL</u>

Collateral transfers funded from the Exchequer as at 31 December 2011 differed from the net present value of the derivatives outstanding at that date mainly because not all trades were covered by CSAs. At end 2011, the NTMA was in the process of negotiating CSAs with a number of counterparties including the National Asset Management Agency (NAMA). At 31 December 2011, collateral posted by the NTMA included collateral covering NAMA-related derivatives with a net present value of €386 million. In March 2012, the NTMA entered into a Collateral Posting Agreement with NAMA under which it is required to post collateral to the NTMA when required to do so by the NTMA. In June 2012, NAMA made its first collateral posting under this agreement.



## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 14 - National Debt - Currency Composition

The NTMA 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, and related hedges, are as follows:-

Currency	As at 31 December 2011 € million	As at 31 December 2010 € million
<b>Debt Instruments</b>		
Euro <sup>1</sup>	110,563	92,838
US Dollar	5,659	470
Pounds Sterling	1,979	23
Japanese Yen	1,430	92
Swiss Franc	-	20
Swedish Krona	=	<u>17</u>
	<u>119,631</u>	<u>93,460</u>
<b>Foreign Currency &amp; Swap Contract</b>		
Euro	8,459	611
US Dollar	(5,610)	(474)
Pounds Sterling	(1,976)	(23)
Japanese Yen	(1,422)	(92)
Swiss Franc	-	(20)
Swedish Krona	=	<u>(17)</u>
	<u>(549)</u>	<u>(15)</u>
<b>National Debt <sup>1</sup></b>	<b>119,082</b>	<b>93,445</b>

<sup>1</sup> This figure is net of cash and other financial assets as at 31 December 2011 of €17.692 million (31 December 2010: €16.164 million).

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 15 - 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.

<b>Note 16 - Foreign Currency Clearing Accounts</b>	<b>€'000</b>	<b>€'000</b>
Balance at 1 January 2011		<b>NIL</b>
Amounts received under Finance Act 1988 [S67 (8)]	55,827,790	
Amounts paid under Finance Act 1970 [S54 (7)]	<u>(58,032,219)</u>	<b>(2,204,429)</b>
Foreign Currency Borrowing receipts	14,362,248	
Foreign Currency Borrowing payments	<u>(12,182,131)</u>	<b>2,180,117</b>
Interest paid on Foreign Currency Borrowings [Note 1]		
Medium/Long Term Debt	48,215	
Short Term Debt	<u>(7,949)</u>	<b>40,266</b>
Expenses of Foreign Currency Borrowings [Note 1]		<b>(631)</b>
Expenses of NTMA		<b>(15,323)</b>
<b>Balance at 31 December 2011</b>		<b><u>NIL</u></b>

## NATIONAL DEBT OF IRELAND

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Note 17 - 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 2010 € million	As at 31 December 2011 € million
Post Office Savings Bank Fund	1,208	1,440
Deposit Monies Investment Account	<u>316</u>	<u>256</u>
	<u>1,524</u>	<u>1,696</u>

#### Note 18 - Deposits, Treasury Bills and Short Term Notes Activity

The NTMA places short-term deposits and buys Treasury Bills and Short Term notes for maturities of up to one year for the purpose of liquidity management.

#### Note 19 - Change in accounting policy - National Debt

Heretofore, the National Debt Statement was a Statement of the total amounts of principal borrowed by Ireland not repaid and the end of the year, less liquid assets available for redemption of those liabilities at the same date. For 2011, it 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 and less other financial assets. This revised accounting policy clarifies that certain assets which may not be readily realisable in cash are taken into account in the Statement including CSA Collateral Funding which, while not readily realisable, will be realised with changes in the market value of related derivatives or as the derivative matures.