

FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year 1st January 2012 to 31st December 2012

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

BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
Le ceannach díreach ó
FOILSEACHÁIN RIALTAIS,
52 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2
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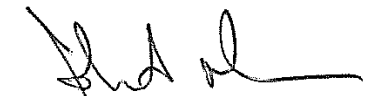
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Statement of Accounting Policies and Principles

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 the payments into and out of the Central Fund as well as details of the National Debt. They also contain certain other statements and footnoted information. The Finance Accounts have a statutorily specified purpose in relation to providing an annual statement of the transactions, recorded on a cash basis, of the Exchequer Current Account of the Central Fund. The Finance Accounts do not purport to be a comprehensive financial statement for the State, its assets and liabilities.
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 information contained in the notes is not specified by legislation, but is provided in order to give further details regarding certain transactions on the Central Fund, or other matters. Loans provided by and repaid to the Central Fund are recorded on a cash basis in Statement 1.7. Share capital acquired in companies is recorded at historical cost, or historical valuation in the case of non-cash capitalisation, as at the date of acquisition. Investments in International Bodies are recorded at historical cost. Shareholdings denominated in U.S. 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 U.S. Dollars would be made in Euro at the exchange rates prevailing at the time the shares were purchased. Statement 1.11 only records the amounts the Government has guaranteed under specific legislation.
5. The Statements relating to the National Debt and its servicing and cash flow provided by the National Treasury Management Agency are presented in Part Two of these accounts.
6. 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.
7. 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.

8. The reporting period is the year ended 31 December 2012.



John Moran
Secretary General
Department of Finance
27th June 2013



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 2012 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 in the specified format.

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 2012, and
- the capital investment of the Central Fund at 31 December 2012 and the national debt outstanding at that date.

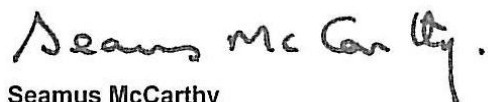
In my opinion, proper books of account have been kept by the Department of Finance. The Accounts are in agreement with the books of account.

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
31 August 2013

CENTRAL FUND ACCOUNT

Account of Receipts and Payments for year ended 31 December 2012

	Statement No.	Page	€000	2011 €000	€000	2012 €000
Current Receipts:						
Tax Revenue	1.1	12		34,027,229		36,646,132
Non-Tax Revenue	1.2	13		<u>2,773,952</u>		<u>2,819,388</u>
				36,801,181		39,465,520
Less Current Payments:						
Voted Issues	1.3	16	41,419,069		41,460,662	
Non-Voted Issues						
Sinking Fund ¹	2.1 (Note 1)	37	638,409		645,681	
Other Service of National Debt	2.1 (Note 1)	37	4,736,322		5,822,745	
Transfer to/(from) Capital Services Redemption Account	2.4	42	(600,046)		(45)	
Payments to holders of political and Constitutional office etc.	1.4	19	43,469		40,157	
Payments to EU Budget	1.5	20	1,349,700		1,393,208	
Other non-voted Expenditure	1.6	21	439,355	<u>48,026,278</u>	202,570	<u>49,564,978</u>
Deficit on Current Account				<u>(11,225,097)</u>		<u>(10,099,458)</u>
Capital Receipts:						
Loans Repaid	1.7	23	731,567		1,022,461	
EU Receipts	1.9	30	56,193		82,628	
Other Receipts	1.2	13	1,077,857	1,865,617	517,419	1,622,508

¹ 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 2012 (Contd.)

	Statement No.	Page	€000	2011 €000	€000	2012 €000
Less Capital Payments:						
Voted (Issues for Departmental Capital Expenditure voted by the Dáil)	1.3	16	4,291,536		3,489,365	
Non-Voted (expenditure charged directly under particular legislation)						
Loans Issued	1.7	23	1,000,000		1,485,500	
Share Capital acquired in companies	1.8(A)	24	2,300,000		1,300,000	
Investment in International Bodies	1.8(B)	28	805		510,201	
Other Payments	1.10	31	8,605,068	16,197,409	275,393	7,060,459
Deficit on Capital Account				<u>(14,331,792)</u>		<u>(5,437,951)</u>
				(25,556,889)		(15,537,409)
Sinking Fund ²				638,409		645,681
Exchequer Surplus/(Deficit)				<u>(24,918,480)</u>		<u>(14,891,728)</u>
Source and Application of Funds						
Net Debt/ (Borrowing) Repayment and Other Balances	2.3	40	(27,046,402)		(24,110,031)	
Increase in Exchequer Balances and Commercial Deposits	2.3 (Note 11)	47	2,127,922		6,158,303	
2012 Payment under Promissory Note Issued to IBRC ³			=		3,060,000	
Net Total				<u>(24,918,480)</u>		<u>(14,891,728)</u>

² 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.

³ The cash payment made under the arrangements that applied in 2011 is shown in Statement 1.10.

PART ONE
FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES AND
GUARANTEED LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT 1.1

Current: Tax Revenue

	2011	2012
	€000	€000
Income Tax	13,797,532	15,175,819
Value Added Tax	9,740,525	10,170,770
Excise Duty	4,677,600	4,660,518
Corporation Tax	3,520,193	4,215,671
Stamps	1,391,289	1,428,740
Customs	240,258	250,384
Capital Acquisitions Tax	243,507	282,928
Capital Gains Tax	415,974	414,490
Training and Employment Levy	351	312
Motor Tax Receipts ¹	=	46,500
Total	<u>34,027,229</u>	<u>36,646,132</u>

¹ These receipts were received from the Local Government Fund pursuant to Section 6 of the Motor Vehicle (Duties and Licences) Act 2012.

STATEMENT 1.2

Non-Tax Revenue - Current and Capital

	Current		Capital	
	2011 €000	2012 €000	2011 €000	2012 €000
Central Bank Surplus Income	691,687	958,343	-	-
Revenue Commissioners Account Balances at Central Bank	478	189	-	-
National Lottery Surplus¹	230,000	220,000	-	-
Royalties	3,904	3,955	-	-
NTMA	2,505	955	1,406	1,903
Income from Credit Institutions²	1,239,215	1,024,786	-	-
Interest received on loans	23,808	8,403	-	-
Share Dividends	137,507	111,612	-	-
Receipts collected by Government Departments and Offices³				
Agriculture, Fisheries and Food	1,152	1,691	-	255
Arts, Heritage and the Gaeltacht	-	21	-	-
Charitable Donations and Bequests	11	-	-	-
Children and Youth Affairs	-	111	-	-
Communications, Energy and Natural Resources	33,529	622	24,000	10
Community, Equality and Gaeltacht Affairs	282	-	68	-

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

² 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 was extended to 30 June 2013. The ELG scheme was ended for new liabilities from 28 March 2013. Pricing of ELG fees is decided at EU level and is subject to change as the authorities see fit.

³ 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	
	2011 €000	2012 €000	2011 €000	2012 €000
Receipts collected by Government Departments and Offices⁴				
Education and Skills	17,259	1,821	22	1
Environment, Heritage and Local Government	65	47	898	464
Finance Group	2	134	-	-
Foreign Affairs	-	-	-	2,134
Jobs, Enterprise and Innovation	6,311	10,183	33,954	26,859
Justice and Equality	33,488	17,766	-	-
Property Registration Authority	24,858	26,933	-	-
Office of the Ombudsman	7	-	-	-
Office of Public Works	-	-	-	140
Office of the Revenue Commissioners	1,115	1,784	-	-
Public Expenditure and Reform	698	30	-	-
Social Protection	-	131	-	-
Transport	24	1,021	3	633
Valuation Office	30	-	-	-
Other Receipts:				
Monies received under various Acts	6,946	6,922	-	20
Voluntary salary and pension surrenders	1,590	1,108	-	-
Pension Related Deductions ⁵	11,396	14,849	-	-
NTMA Public Service Pension	98	128	-	-

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

⁵ 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 1.2

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

	Current		Capital	
	2011 €000	2012 €000	2011 €000	2012 €000
Other Receipts (contd.)				
Receipts from European Investment Bank	547	864	-	-
Nursing Home Support Scheme	1,436	4,448	-	-
Bank Recapitalisation Fees	46,250	-	-	-
Sale of NPRF Shares in Bank of Ireland	-	-	1,017,506	-
Sale of Mobile Telephony Licences	-	-	-	450,000
Pension Insolvency Scheme Receipts ⁶	-	-	-	35,000
Medical Defence Union Receipts ⁷	-	45,000	-	-
Interest on Contingent Capital Notes in banks	-	300,273	-	-
Recovery of Social Insurance Fund Advances	254,495	54,653	-	-
Miscellaneous	3,259	605	=	=
Total	<u>2,773,952</u>	<u>2,819,388</u>	<u>1,077,857</u>	<u>517,419</u>

⁶The Waterford Crystal Staff and Factory Pension Schemes entered the Pensions Insolvency Payments Scheme (PIPS) on 31 August 2012 under Section 22 of the Social Welfare and Pensions Act 2009. Under the terms of their entry, the Trustees of the two schemes paid over monies to the Exchequer and the Exchequer will pay the pensions of retired members of the scheme. A further €5 million was paid to the Exchequer in 2013. A liability of €40.7 million corresponding to the amounts received was taken on by the Exchequer. The associated payments are recorded in Statement 1.6. See www.per.gov.ie for further details.

⁷ This receipt arose from a settlement agreement between the Minister for Health and Children and the UK based Medical Defence Union (MDU).

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital ¹

Vote No.	Service	Current		Capital	
		2011 €000	2012 €000	2011 €000	2012 €000
1	President's Establishment	2,892	2,904	-	-
2	Department of the Taoiseach	17,618	20,995	-	-
3	Office of the Attorney General	13,257	13,166	-	-
4	Central Statistics Office	71,541	38,142	-	-
5	Director of Public Prosecution	36,694	38,815	-	-
6	Office of the Chief State Solicitor	28,555	30,096	-	-
7	Office of the Minister for Finance	22,571	24,382	-	150
8	Office of the Comptroller and Auditor General	4,880	5,111	-	-
9	Office of the Revenue Commissioners	312,158	302,673	5,432	4,848
10	Office of the Appeals Commissioner	428	449	-	-
11	Office of the Minister for Public Expenditure and Reform	29,795	36,756	382	452
12	Superannuation and Retired Allowances	338,839	439,597	-	-
13	Office of Public Works	258,161	247,135	119,000	110,867
14	State Laboratory	7,510	7,357	-	-
15	Secret Service	328	568	-	-
16	Valuation Office	6,668	7,321	-	-

¹ 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	
		2011 €000	2012 €000	2011 €000	2012 €000
17	Public Appointments Service	6,830	5,947	-	-
18	Commission for Public Service Appointments	482	472	-	-
19	Office of the Ombudsman	6,497	5,811	-	-
20	Garda Síochána	1,409,934	1,309,849	27,970	21,817
21	Prison Service	296,358	292,602	33,831	24,080
22	Courts Service	51,473	51,637	11,195	7,460
23	Property Registration Authority	31,095	30,756	155	161
24	Office of the Minister for Justice and Equality	350,367	304,857	752	657
25	Office of the Minister for Environment, Community and Local Government	565,190	427,380	1,017,128	764,154
26	Office of the Minister for Education and Skills	7,700,817	7,612,240	556,109	427,420
27	International Co-operation	517,686	504,937	200	230
28	Office of the Minister for Foreign Affairs and Trade	164,381	150,846	2,820	1,724
29	Office of the Minister for Communications, Energy and Natural Resources	85,249	86,707	132,384	101,528
30	Office of the Minister for Agriculture, Food and the Marine	843,722	715,585	226,726	164,130
31	Office of the Minister for Transport, Tourism and Sport	691,537	664,420	1,228,972	932,853
32	Office of the Minister for Jobs, Enterprise and Innovation	302,140	298,140	505,132	507,158
33	Office of the Minister for Arts, Heritage and the Gaeltacht	208,075	208,172	54,567	42,793

STATEMENT 1.3

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

Vote No.	Service	Current		Capital	
		2011 €000	2012 €000	2011 €000	2012 €000
34	National Gallery of Ireland	8,743	8,409	523	99
35	Army Pensions	217,446	237,701	-	-
36	Office of the Minister for Defence	649,436	600,182	11,900	8,750
37	Office of the Minister for Social Protection	13,299,611	13,933,699	7,355	10,443
38	Office of the Minister for Health	271,577	232,113	9,090	8,716
39	Health Service Executive	12,120,163	12,159,202	322,250	340,525
40	Office of the Minister for Children and Youth Affairs ²	371,925	403,531	10,293	8,350
-	Charitable Donations and Bequests	115	-	-	-
-	Office of the Minister for Community, Equality and Gaeltacht Affairs	<u>96,325</u>	=	<u>7,370</u>	=
Total Exchequer Issues - Voted Current & Capital Expenditure		<u>41,419,069</u>	<u>41,460,662</u>	<u>4,291,536</u>	<u>3,489,365</u>

² Office of the Minister for Children and Youth Affairs comprehends the two half votes for 2011.

STATEMENT 1.4

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

	2011	2012
	€000	€000
Annuities, Pensions, etc. of former Constitutional, Ministerial and Judicial Office-holders ²	15,263	15,634
Salaries and Allowances ³	857	797
Judicial Salaries ⁴	<u>27,349</u>	<u>23,726</u>
Total	<u>43,469</u>	<u>40,157</u>

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

² 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 Comhairlí, Leas-Cheann Comhairlí, Cathaoirligh of the Seanad, Leaschathaoirligh of the Seanad and Comptrollers and Auditors General; (d) Pensions to surviving spouses 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.

³ 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.

⁴ 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	
	2011	2012	2011	2012
	€000	€000	€000	€000
To European Union Budget				
Customs Duties ¹	199,987	203,295	-	-
VAT related payments ²	193,514	191,108	-	-
GNI (Gross National Income) related payments ²	<u>956,199</u>	<u>998,805</u>	=	=
Total	<u>1,349,700</u>	<u>1,393,208</u>	=	=

¹ 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 2012, the net effect of the Agreements was to increase Ireland's European Budget customs duties payments by approximately €87 million (€80 million in 2011).

² 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. Contained within the GNI related figure are payments towards rebates for certain member states.

STATEMENT 1.6

Current: Other Non-Voted Expenditure

	2011	2012
	€000	€000
Houses of the Oireachtas Commission Acts, 2003	130,134	105,247
Annual Allowances to parliamentary leaders of qualifying parties ¹	7,211	7,507
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,449	5,456
Payments to Independents under Section 1 of Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act, 2001	714	928
Returning Officers' Expenses under the Electoral/Referendum Acts (1992 - 2001)	32,447	24,237
Election Expenses of candidates under the Electoral Act, 1997	3,038	473
Election Postal Charges	27,802	3,015
Payments to International Development Association ²	18,000	23,400
Payments to PSE Kinsale Energy Ltd ³	2,868	2,603
Payments under National Development Finance Agency Act, 2002	2,563	1,407

¹ 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.

² 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.

³ 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.)

	2011	2012
	€000	€000
Development Banks Act, 2005		
Asian Development Fund	9,520	-
Council of Europe Development Bank	18	18
Finance Act 2003 (Section 166)	6	-
Payments in respect of prevesting day pensions for Eircom and An Post	722	158
Pension Insolvency Payments Scheme (PIPS) ⁴	-	1,412
Central Bank Coin Issue ⁵	-	26,709
Suspense Account for Social Insurance Fund ⁶	<u>198,863</u>	-
Total	<u>439,355</u>	<u>202,570</u>

⁴ The first payments to pensioners who were accepted into the Pension Insolvency Payments Scheme under Section 22 of the Social Welfare and Pensions Act, 2009. An associated capital receipt in 2012 is recorded in Statement 1.2. See www.per.gov.ie for further details.

⁵ The Central Bank produces coins to meet demands of public and businesses. Section 14 (A) of the Economic and Monetary Union Act, 1998 requires that, should the proceeds of the issue of coin be less than the cost of producing it, the Minister for Finance must make up the deficit from the Exchequer.

⁶ 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 2011.

STATEMENT 1.7

Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2011 €000	Loans Issued 2012 €000	Loans Repaid 2012 €000	Outstanding at 31 December 2012 €000
Department of Agriculture, Fisheries and Food				
FEOGA Guarantee	720,000	730,000	720,000	730,000
Department of Finance				
EU Stability Support to Greece ¹	345,702	-	-	345,702
Insurance Compensation Fund ²	280,000	455,500	-	735,500
Office of Public Works				
Local Loans Fund ³	19,192	-	2,461	16,731
Department of Social Protection				
Social Insurance Fund ⁴	-	300,000	300,000	-
Department of Transport				
Coras Iompair Eireann	<u>12,511</u>	=	=	<u>12,511</u>
Total	<u>1,377,405</u>	<u>1,485,500</u>	<u>1,022,461</u>	<u>1,840,444</u>

¹ This represents 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.

² The purpose of the Insurance Compensation Fund is to provide a certain minimum level of protection for insurance policy holders should an insurance company go into liquidation. The Fund also allows administrators to apply to the High Court for funding where necessary in order to enable them to meet their financial obligations as they arise. The Central Bank has responsibility under Section 6 of the Insurance Act, 1964 to carry out an annual assessment of the needs of the Fund and where it is of the opinion that the state of the Fund is such that financial support should be provided for it, it is allowed determine an appropriate contribution to be paid to the Fund by each insurer, or insurer authorised in another Member State in relation to insured risks in the State. However, because it is not pre-funded, Section 5 of the Insurance Act, 1964 allows the Minister for Finance to provide the necessary monies in the form of a repayable loan where there are insufficient funds available to enable payments out of the Fund to be made expeditiously.

³ The figure at 31 December 2011 has been restated having regard to the dissolution of Ulysses Plc., the securitisation vehicle in relation to local loans, on 27 January 2012. Assets and liabilities of Ulysses on its dissolution were transferred to the Exchequer. Accordingly, amounts previously owing in respect of Ulysses are owed to the Central Fund.

⁴ An advance of €300 million was made from the Central Fund to the Social Insurance Fund in December 2012 under Section 18 of the Social Welfare and Pensions Act, 2012. This was to assist with cash flow of the Fund during the month of December due to the mismatch between the timing of expenditure from the Fund and the receipt of PRSI income to the fund. The sum of €300 million was repaid in full by the Social Insurance Fund on 28 December 2012 upon the receipt of sufficient PRSI income by the Fund.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies

Department/Body	Shareholding at 31 December 2011 €000	Shares acquired 2012 €000	Shares disposed 2012 €000	Shareholding at 31 December 2012 €000	State's Net Assets at 31 December 2012 €000
Agriculture, Food and the Marine					
Coillte Teoranta	795,060	-	-	795,060	1,188,758
Irish National Stud Company Ltd	13,769	-	-	13,769	9,994
Fastnet Mussels Ltd	19	-	-	19	-
Kush Seafarms Ltd	19	-	-	19	1
Communications, Energy and Natural Resources					
An Post ¹	68,239	-	-	68,239	12,706
Bord na Móna plc ²	78,664	-	-	78,664	173,054
EirGrid ³	38	-	-	38	75,305
Irish National Petroleum Corporation	0.003	-	-	0.003	10,980
National Oil Reserves Agency	0.001	-	-	0.001	596,903
Jobs, Enterprise and Innovation					
Shannon Free Airport Development Company Ltd	183,522	-	-	183,522	63,728

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

² Taken from Financial Statements for year ended 31 March 2012.

³ Taken from Financial Statements for year ended 30 September, 2012.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31 December 2011	Shares acquired 2012	Shares disposed 2012	Shareholding at 31 December 2012	State's Net Assets at 31 December 2012
	€000	€000	€000	€000	€000
Environment, Community and Local Government					
Housing Finance Agency plc	39	-	-	39	72,884
National Building Agency Ltd	0.2	-	-	0.2	2,922
Finance					
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) ⁴	4,123,000	-	-	4,123,000	3,229,000
Irish Life and Permanent ⁵	2,300,000	-	-	2,300,000	2,834,000
Irish Life Limited ⁶	-	1,300,000	-	1,300,000	1,065,000

⁴ S.I. 36/2013 of 7 February 2013, pursuant to Section 4 of the Irish Bank Resolution Corporation Act, 2013 provided for the winding up of Irish Bank Resolution Corporation Limited (IBRC). Mr. Kieran Wallace and Mr. Eamonn Richardson of KPMG were appointed joint special liquidators of IBRC. Because of the liquidation, no audited Financial Statements were prepared for the year ended 31 December 2012 and as a result, the net assets position at 31 December 2012 shown above is taken from the unaudited December 2012 management accounts.

⁵ 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 stood at 99.24% on 31 December 2012.

⁶ The State's interest in Irish Life Limited's net assets are as shown in the Irish Life Group Limited financial statements for 2012. On 19 February 2013 Irish Life Group Limited was sold to Great-West Lifeco subject to receipt of regulatory approvals. Completion of the deal is expected in July 2013.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31	Shares acquired	Shares disposed	Shareholding at 31	State's Net Assets
	December 2011	2012	2012	December 2012	at 31 December 2012
	€000	€000	€000	€000	€000
Transport, Tourism and Sport					
Dublin Airport Authority plc	186,337	-	-	186,337	951,656
Shannon Airport Authority ⁷	38	-	-	38	35,038
Cork Airport Authority ⁷	38	-	-	38	-
Aer Lingus Group plc ⁸	6,705	-	-	6,705	209,596
Irish Aviation Authority	22,675	-	-	22,675	49,763
Drogheda Port	8,237	-	-	8,237	16,562
Dublin Port Company	14,464	-	-	14,464	265,751
Dun Laoghaire Harbour Company	14,540	-	-	14,540	42,142
Galway Harbour Company	8,927	-	-	8,927	12,598
New Ross Port Company	4,672	-	-	4,672	4,508
Port of Cork Company	19,699	-	-	19,699	62,304
Port of Waterford Company	18,676	-	-	18,676	27,460
Shannon Foynes Port Company	22,187	-	-	22,187	25,147

⁷ In accordance with Section 10(3) of the State Airports 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 would not be transferred from the Dublin Airport Authority to the Shannon and Cork Airport Authorities until business plans had been approved by the Minister for Transport and the Minister for Public Expenditure and Reform. S.I. 571/2012 nominated the appointment day for the Shannon Airport Authority as being 31 December 2012. Accordingly, the State's net assets figure for the Dublin Airport Authority includes the assets of Cork Airport Authority. 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.

⁸ Aer Lingus was floated on the Irish and UK Stock Exchanges during 2006. The total equity in the Company at 31 December 2012 was €834,711,000 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 2012 was 25.11% which amounts to a shareholding of €6,704,872 (2011: €6,704,872) and a share of net assets amounting to €209,595,932 (2011: €201,100,643).

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31 December 2011	Shares acquired 2012	Shares disposed 2012	Shareholding at 31 December 2012	State's Net Assets at 31 December 2012
	€000	€000	€000	€000	€000
Transport, Tourism and Sport (contd.)					
Wicklow Port Company	1,964	-	-	1,964	2,364
Total	<u>7,891,528</u>	<u>1,300,000</u>	=	<u>9,191,528</u>	<u>11,040,124</u>

STATEMENT 1.8(B)

Capital: Investments in International Bodies under International Agreements

	Shareholding at 31 December 2011 ¹	Cost of Shares Acquired in 2012	Disposal of Shares in 2012	Shareholding at 31 December 2012 ¹
	€000	€000	€000	€000
Payments under Bretton Woods Agreement Acts, 1957 – 1999 ²	28,673	-	-	28,119
Payments under International Finance Corporation Act, 1958 ²	997	-	-	978
European Bank for Reconstruction and Development ²	18,780	-	-	18,780
European Investment Bank ²	65,926	-	-	65,926
International Common Fund for Commodities ²	529	-	-	529
Multilateral Investment Guarantee Agency ²	723	-	-	709
European Financial Stability Facility ^{2,3}	453	-	-	453
European Stability Mechanism ⁴	-	509,504	-	509,504
Council of Europe Development Bank ^{2,5}	13,100	-	-	15,261

¹ 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.

² There were no new shares acquired in these institutions in 2012. Any changes in value relate to exchange rate fluctuations.

³ The European Financial Stability Facility (EFSF) was set up as an entity incorporated in Luxembourg to issue bonds to Member States which require assistance. 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 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.

⁴ The European Stability Mechanism (ESM) has an authorised capital of €80 billion. Ireland's share of this authorised capital amounts to €1.27376 billion in total. This sum is based on an agreed contribution key, based on the ECB capital contribution key. For Ireland the key is 1.5922% of the authorised capital. This contribution is to be paid in five equal tranches. The payment of €509.504 million, which was made in October 2012, represents the first two of these tranches.

⁵ In the context of the 2011 capital increase of the Council of Europe Development Bank, there was an increase in 2012 of €2.161m in Ireland's shareholding at the Bank. As the increase in members' shareholding was achieved by the incorporation of Bank reserves, no Exchequer contribution is involved.

STATEMENT 1.8(B)

Capital: Investments in International Bodies under International Agreements (Contd.)

	Shareholding at 31 December 2011	Cost of Shares Acquired in 2012	Disposal of Shares in 2012	Shareholding at 31 December 2012
	€000	€000	€000	€000
Development Banks Act, 2005 - Asian Development Bank ⁶	<u>7,941</u>	<u>697</u>	=	<u>8,638</u>
Totals	<u>137,122</u>	<u>510,201</u>	=	<u>648,897</u>

⁶ 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 €696,465 and a promissory note for €1,046,197 were issued to the ADB in 2012. 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

	2011	2012
	€000	€000
European Regional Development Fund	33,050	80,284
Cohesion Fund	8,934	2,208
Trans European Network	1,154	103
Turkish Aid Protocol ¹	33	33
EU Solidarity Fund Contribution	<u>13,022</u>	=
Total	<u>56,193</u>	<u>82,628</u>

¹ Ireland's share of repayments of EU loans under the Association Agreement with that country.

STATEMENT 1.10

Capital: Other Non-Voted Expenditure ^{1, 2}

	2011		2012	
	€000	€000	€000	€000
Promissory Notes				
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank)	3,060,000		-	
AIB/EBS	<u>25,000</u>	3,085,000	<u>25,000</u>	<u>25,000</u>
Contingent Capital				
AIB/EBS	1,600,000		-	
Irish Life and Permanent	400,000		-	
Bank of Ireland ³	<u>985,000</u>	2,985,000	=	-
Capital Contribution				
AIB/EBS	<u>2,283,147</u>	2,283,147	=	-
Payments under other Acts				
Insurance Acts, 1953-1988	9		17	
Central Bank and Credit Institutions (Resolution) Act 2011	250,000		-	
Credit Union and Co-operation with Overseas Regulators Act 2012	-		250,000	
Convention of Lomé Act 1976	9		5	
Carbon Fund Act 2007	<u>1,903</u>	<u>251,921</u>	<u>371</u>	<u>250,393</u>
Total		<u>8,605,068</u>		<u>275,393</u>

¹ There were no payments from the Exchequer to the National Pensions Reserve Fund in 2011 or 2012.

Year	Market Value of National Pensions Reserve Fund	Discretionary Folio*	Directed Portfolio
2011	€13.4 bn	€5.4 bn	€8.0 bn
2012	€14.7 bn	€6.1 bn	€8.6 bn

* The asset allocation strategy for the Discretionary Portfolio is based on a diversified portfolio of equities and other real assets.

² 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).

³ 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 and is included under Bank Recapitalisation Fees in Statement 1.2.

STATEMENT 1.11

Guaranteed Liabilities

At 31 December 2012, 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 €118.719 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 2011 €000	Changes in Guaranteed Liabilities in 2012 €000	Amounts Outstanding at 31 December 2012 €000
Finance			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976	4,721	9	4,730
Credit Institutions (Financial Support) Act 2008 Eligible Liabilities Guarantee ¹	101,539,000	(28,771,000)	72,768,000
Exceptional Liquidity Assistance ²	11,480,000	4,552,000	16,032,000
National Asset Management Agency ³	29,106,000	(3,666,000)	25,440,000
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) ⁴	44,000	(42,000)	2,000

¹ The total liability under the Bank Guarantee Scheme at 31 December 2012 was €73 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). Following a Government decision on 26 February 2013, the Minister announced the ending of the ELG Scheme for new liabilities from 28 March 2013.

² 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.

³ 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.

⁴ 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 2012.

STATEMENT 1.11

Guaranteed Liabilities (Contd.)

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2011 €000	Changes in Guaranteed Liabilities in 2012 €000	Amounts Outstanding at 31 December 2012 €000
Transport, Tourism and Sport			
Córas Iompair Éireann	13,766	(3,701)	10,065
Jobs, Enterprise and Innovation			
Insurance Acts, 1953-1988	350	(7)	343
Credit Guarantee Act, 2012 ⁵	-	27	27
Environment, Community and Local Government			
Housing Finance Agency plc ⁶	4,367,932	93,697	4,461,629
Agriculture, Food and the Marine			
Irish Intervention Agency	<u>12,756</u>	<u>(12,756)</u>	-
	<u>146,568,525</u>	<u>(27,849,731)</u>	<u>118,718,794</u>

⁵ This represents 7.5% of the principal amount of loans approved under the scheme as at 31 December 2012. The Minister's liability in respect of any loan is capped at 75% of the principal amount of the loan. Section 4 of the Act further provides that claims under the Scheme shall be payable up to a maximum of 10% of the aggregate of all loans made under the guarantee scheme, the aggregate not exceeding €150 million in any one year. Section 8 of the Act provides for an annual premium of 2% to be charged by the Minister to participating borrowers in respect of loans guaranteed under the Scheme.

⁶ Housing Finance Agency guaranteed debt held by the NTMA is included in the Financial Statements of the National Debt - Note 11, page 47.

PART TWO
FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND
FOR THE YEAR ENDED 31 DECEMBER 2012

NATIONAL DEBT OF IRELAND

Accounting Policies

a) Background

Under the National Treasury Management Agency Act 1990, The National Treasury Management Agency (“the Agency”) performs borrowing and National Debt Management functions on behalf of the Minister for Finance.

Pages 35 to 57 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.

For the year ended 31 December 2012, the financial statements of the National Debt include disclosure notes in relation to the National Loans Advance Interest Account, the National Loans (Winding Up) Account, the National Treasury Management Agency (Unclaimed Dividends) Account, the Deposit Monies Investment Account and the Account of Stock Accepted in Payment of Inheritance Tax and Death Duties. These accounts were presented separately in previous years. As they are operational accounts set up for specific purposes, their cash balances are not included with the Exchequer account balance reported under Cash and Other Financial Assets in the National Debt Statement.

b) 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.

c) Reporting Period

The reporting period is for the year ended 31 December 2012.

d) Reporting Currency

The reporting currency is the euro, which is denoted by the symbol €.

e) 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.

f) Liability Valuation

Debt balances are recorded at redeemable par value.

NATIONAL DEBT OF IRELAND

ACCOUNTING POLICIES (Contd.)

g) 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 service in accordance with the terms of the revised instrument.

h) 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.

i) 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	Year Ended 31 December 2012		
	Notes	2012 €000	2011 €000
Interest Paid			
Medium / Long Term Debt	2	5,481,813	4,350,509
Short Term Debt	3	38,881	215,889
State Savings Schemes	4, 10	283,502	209,232
Other Movements	5	3,288	4,473
Sinking Fund Payments	6	645,681	638,409
Fees and Expenses	7	104,002	147,183
Expenses of the Agency		40,077	41,126
Interest received on deposits, Treasury Bills and Short Term Notes		<u>(128,818)</u>	<u>(232,090)</u>
Total Debt Service Cost	1	<u>6,468,426</u>	<u>5,374,731</u>

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement		31 December 2012		
	Notes	2012 € million		2011 € million
Medium / Long Term Debt				
Irish Government Bonds listed on the Irish Stock Exchange		87,853		85,310
Private Placements		602		602
Medium Term Notes		65		66
European Investment Bank Loans		100		-
EU/IMF Programme Funding	8 (b)	55,898		34,629
Other Medium/ Long Term Loans		<u>5</u>		<u>5</u>
	8 (a)	144,523		120,612
Short Term Debt				
Commercial Paper	9	2,690	2,920	
Borrowings from Funds under the control of the Minister for Finance	17	<u>786</u>	<u>3,476</u>	4,616
State Savings Schemes				
Savings Certificates		4,791	4,233	
National Solidarity Bonds		1,001	607	
Savings Bonds		5,568	4,782	

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement (Contd.)		31 December 2012			
	Notes	2012 € million		2011 € million	
State Savings Schemes (contd.)					
Instalment Savings		472	473		
Savings Stamps		2	2		
Prize Bonds	10	<u>1,649</u>	<u>13,483</u>	<u>1,449</u>	
		161,482		136,774	
Less cash and other financial assets	11	<u>(23,850)</u>		<u>(17,692)</u>	
National Debt	14	<u>137,632</u>		<u>119,082</u>	

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement		Year ended 31 December 2012	
	Notes	2012 €000	2011 €000
Movement in Exchequer Balances:			
Opening Balance in Exchequer Account	11	13,098,521	11,398,948
Deposits, Treasury Bills and Short Term Notes	18	(3,977,042)	(428,349)
Borrowing Activity (see below)		<u>24,110,031</u>	<u>27,046,402</u>
		33,231,510	38,017,001
Exchequer Deficit		(14,891,728)	(24,918,480)
Payment of Instalment on IBRC Promissory Notes Discharged by the Issue of Irish Government Bonds ¹		(3,060,000)	=
Closing Balance in Exchequer Account	11	<u>15,279,782</u>	<u>13,098,521</u>

¹ Borrowing Activity includes Irish Government bonds issued to IBRC in respect of Promissory Note repayment.

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement (Contd.)		Year ended 31 December 2012			
		2012 Receipts ²	2012 Payments ²	2012 Net	2011 Net
		€000	€000	€000	€000
Borrowing Activity					
Irish Government Bonds listed on the Irish Stock Exchange		16,646,062	(14,667,220)	1,978,842	(4,791,698)
EIB Loans		100,000	-	100,000	-
EU/IMF Programme Funding		32,462,214	(11,226,977)	21,235,237	34,510,074
Other Medium / Long Term Loans		-	(126)	(126)	(126)
Commercial Paper		32,103,692	(32,333,257)	(229,565)	(4,052,034)
Savings Certificates		1,119,801	(561,736)	558,065	276,113
Savings Bonds		2,395,702	(1,610,348)	785,354	543,017
National Solidarity Bond		412,462	(18,708)	393,754	265,030
Instalment Savings		115,741	(117,226)	(1,485)	4,747
Prize Bonds		346,089	(145,479)	200,610	118,639
Borrowings from Ministerial Funds		<u>34,225,028</u>	<u>(35,135,683)</u>	<u>(910,655)</u>	<u>172,640</u>
Total Borrowing Activity		119,926,791	(95,816,760)	24,110,031	27,046,402
Deposits, Treasury Bills and Short Term Notes	18	<u>148,653,311</u>	<u>(152,630,353)</u>	<u>(3,977,042)</u>	<u>(428,349)</u>
Total Cash Flow Activity		<u>268,580,102</u>	<u>(248,447,113)</u>	<u>20,132,989</u>	<u>(26,618,053)</u>
Exchequer Account		261,181,235	(238,761,848)	22,419,387	24,437,936
Foreign Currency Clearing Accounts	16	<u>7,398,867</u>	<u>(9,685,265)</u>	<u>(2,286,398)</u>	<u>2,180,117</u>
		<u>268,580,102</u>	<u>(248,447,113)</u>	<u>20,132,989</u>	<u>26,618,053</u>

² 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		Year ended 31 December 2012	
	Notes	2012 €'000	2011 €'000
Opening National Debt		119,082,027	93,444,660
Increase in National Debt (nominal)		<u>18,549,987</u>	<u>25,637,367</u>
Closing National Debt		137,632,014	119,082,027
Increase in National Debt (nominal) represented by			
Exchequer Deficit		14,891,728	24,918,480
Settlement of Instalment on IBRC Promissory Note (discharged through the issue of Irish Government Bonds)	24	3,060,000	-
Discount on Irish Government Bonds issued in Settlement of Instalment on IBRC Promissory Note		411,550	-
Bond Tranching: Net Reduction (Excess) of Proceeds over Nominal Liability		199,752	(970)
Bond Cancellations: Net Reduction (Excess) of Cancellation Cost over Nominal Liability		(46,765)	(10)
Medium Long Term Loans: Net Reduction of Proceeds over Nominal Liability		37,700	98,933
Effect of Foreign Exchange Rate Movements		(4,023)	20,888
Movement in CSRA Current Balance	11	45	600,046
		<u>18,549,987</u>	<u>25,637,367</u>

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 2012 €'000
Interest paid					
Medium / Long Term Debt	2	(35,358)	3,458,592	2,058,579	5,481,813
Short Term Debt	3	2,649	23,164	13,068	38,881
State Savings Schemes	4, 10	-	277,951	5,551	283,502
Other Movements	5	(2,255,159)	2,179,839	78,608	3,288
Sinking Fund Payments	6	-	-	645,681	645,681
Fees and Expenses	7	283	119,179	(15,460)	104,002
Expenses of the Agency		1,187	38,890	-	40,077
Interest received on Deposits, Treasury Bills and Short Term Notes		=	=	(128,818)	(128,818)
Inter Account Movement		=	2,657,164	(2,657,164)	=
Total Debt Service Cost		(2,286,398)	8,754,779	45	6,468,426
Note 2 - Interest on Medium / Long Term Debt				Total Cost 2012	Total Cost 2011
				€'000	€'000
Irish Government Bonds listed on the Irish Stock Exchange				4,074,819	4,105,621
EU/IMF Programme Funding				1,368,581	207,068
Private Placements				34,693	34,693
Medium Term Notes				3,760	3,132
Miscellaneous Debt				(40)	(5)
				5,481,813	4,350,509

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

	Total Cost 2012 €'000	Total Cost 2011 €'000
Note 3 - Interest on Short Term Debt		
Commercial Paper	38,881	91,455
Borrowings from Funds under the control of the Minister for Finance	=	<u>124,434</u>
	<u>38,881</u>	<u>215,889</u>
	Total Cost 2012 €'000	Total Cost 2011 €'000
Note 4 - Interest on State Savings Schemes		
Savings Certificates	72,627	73,044
Savings Bonds	138,383	72,552
Instalment Savings	18,351	19,242
Prizes in respect of Prize Bonds	47,613	41,924
National Solidarity Bond	6,528	2,470
Small Savings Reserve [Note 10]	=	=
	<u>283,502</u>	<u>209,232</u>
Payments for interest on National Savings Schemes in 2012 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:		
	2012 €'000	2011 €'000
Savings Certificates	872	(294)
Savings Bonds	47	(25)
Instalment Savings	<u>273</u>	<u>58</u>
	<u>1,192</u>	<u>(261)</u>

Note 5 - Other Movements

The Agency, as part of its remit, engages in a range of debt management transactions including derivatives (see note 13). This figure includes the effect of net cashflows associated with these activities. 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.

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:

	2012	2011
	€'000	€'000
Capital Services Redemption Account [Note 15]	<u>645,681</u>	<u>638,409</u>

Note 7 - Fees and Expenses

	Total Cost	Total Cost
	2012	2011
	€'000	€'000
EU/IMF Programme Funding	69,301	113,759
Government Bonds and Other Loans	1,918	848
Savings Certificates	7,610	8,567
National Solidarity Bonds	4,418	1,435
Prize Bonds	10,879	10,305
Savings Bonds	8,755	10,926
Instalment Savings	<u>1,121</u>	<u>1,343</u>
	<u>104,002</u>	<u>147,183</u>

Note 8 (a) - Medium / Long Term Debt

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

	2012	2011
	€ million	€ million
Debt due for repayment within 1 year	5,143	6,537
Debt due for repayment between 2 and 5 years	41,704	39,538
Debt due for repayment in more than 5 years	<u>97,676</u>	<u>74,537</u>
	<u>144,523</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 EU/IMF programme at end 2012 included in 8(a) above, taking into account the effect of currency hedging transactions, are as follows:

Lender	2012 €Million	Weighted Average Term Years	2011 €Million	Weighted Average Term Years
International Monetary Fund	19,030	7.5 Years	12,598	7.5 Years
European Financial Stability Facility	12,214	11.7 Years	7,650	6.6 Years
European Financial Stabilisation Mechanism	21,700	12.4 Years	13,900	8 Years
United Kingdom Treasury	2,454	7.5 Years	481	7.5 Years
Kingdom of Denmark	200	7.5 Years	-	
Kingdom of Sweden	300	7.5 Years	-	
Total	55,898		34,629	

The first drawdown from the EFSF amounted to €4,194 million and took place in February 2011. A prepaid interest margin of €530 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.

Note 9 - Commercial Paper

The Agency issues short-term commercial paper of maturities of up to one 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 €22.0 million (2011: €9.3 million) cash balances held by An Post, Permanent TSB and the Prize Bond Company. An Post and the Prize Bond Company act as registrars for the respective schemes. As these financial statements are prepared on a cash basis, the liabilities do not include the sum of €548 million (2011: €465 million), being the estimate of the amount of accrued interest at 31 December 2012 in respect of Savings Bonds, Savings Certificates and Instalment Savings.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 10 (Contd.)

The Small Savings Reserve Fund (the Fund) was set up under Section 160 of the Finance Act 1994. The initial amount paid into the Fund has been expended. No moneys were paid into the Fund in 2012 or are held in the Fund at year end. In the normal course where interest payments on encashments of small savings exceed 11 per cent of the total interest accrued for the previous year, the resources of the Fund may be applied towards meeting those interest costs which exceed 11 per cent of that accrued income. The gross interest cost of the small savings schemes for 2012 was €284 million which represented 61 per cent of the interest accrued of €465 million at 31 December 2011.

	€ million
Estimated accrued interest at 31 December 2012	548
Balance of Small Savings Reserve Fund at 1 January 2012	NIL
Amount applied during 2012 [Note 4]	NIL
Balance of Small Savings Reserve Fund at 31 December 2012	<u>NIL</u>
Estimated accrued interest not provided for at 31 December 2012	<u>548</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 2012 €'000	Movements during 2012 €'000	Closing balance at 31 December 2012 €'000
Exchequer Account	13,098,521	2,181,261	15,279,782
Capital Services Redemption Account (Note 15)	405	(45)	360
Housing Finance Agency Guaranteed Notes	3,847,950	134,228	3,982,178
Deposits and Treasury Bills	30,154	4,035,184	4,065,338
CSA Collateral Funding (Note 13)	<u>715,113</u>	<u>(192,370)</u>	<u>522,743</u>
	<u>17,692,143</u>	<u>6,158,258</u>	<u>23,850,401</u>

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 11 (Contd.)

Deposits with commercial banks and Treasury Bills are made up of Deposits of €3,020m and Treasury Bills of €1,045m.

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 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, market, counterparty credit and operational risk. In all of these areas the Agency has policies and procedures to measure and control the risk involved.

A key objective of the Agency is to ensure that the Exchequer has sufficient cash to meet all obligations as they fall due. Ultimately the protection of liquidity is the Agency'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 Agency 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 Agency'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 Agency 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 Agency 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 Agency 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 arises 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 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 Agency 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.

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 Agency 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 2012		31 December 2011	
	Nominal € million	Present Value € million	Nominal € million	Present Value € million
Interest Rate Swaps	12,844	(1,328)	9,094	(814)
Currency Swaps & Foreign Exchange Contracts	14,990	329	9,009	400
	<u>27,834</u>	<u>(999)</u>	<u>18,103</u>	<u>(414)</u>

The Agency provides treasury services to the National Asset Management Agency (“NAMA”) under Section 52 of the National Asset Management Agency Act 2009. 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 2012 was €19.4 billion (2011: €22.8 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2012 was €6.2 billion (2011: €8.6 billion).

In order to mitigate the risks arising from derivative transactions, the Agency 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 Agency 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 Agency is required to post collateral with a counterparty, it uses the 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 Account

	2012 € million	2011 € million
Balance at 1 January	-	11
Margin transfers received from counterparties	4,353	2,709
Margin transfers paid to counterparties	(4,161)	(3,435)
Net Exchequer Funding at 31 December	<u>(192)</u>	<u>715</u>
Balance at 31 December	<u>NIL</u>	<u>NIL</u>

	2012 €million	2011 €Million
Exchequer Funding at 31 December	523	715
Net Collateral posted by (to) counterparties at 31 December	(523)	(715)

In March 2012, the Agency entered into a Collateral Posting Agreement with NAMA under which it is required to post collateral to the Agency when required to do so by the Agency. At end 2012, NAMA had posted collateral of €1.15bn as part of this agreement.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 14 - National Debt - Currency Composition

The Agency hedges the foreign currency risk of the National Debt through the use of forward foreign exchange contracts and currency swaps. The currency composition of the National Debt, and related currency hedges, are as follows: -

Currency	As at 31 December 2012 € million	2011 € million
Debt Instruments		
Euro ¹	122,940	110,563
US Dollar	8,345	5,659
Pounds Sterling	4,717	1,979
Japanese Yen	1,843	1,430
Swiss Franc	81	-
	<u>137,926</u>	<u>119,631</u>
Foreign Currency & Swap Contract		
Euro	14,693	8,459
US Dollar	(8,335)	(5,610)
Pounds Sterling	(4,721)	(1,976)
Japanese Yen	(1,850)	(1,422)
Swiss Franc	(81)	-
	<u>(294)</u>	<u>(549)</u>
National Debt ¹	137,632	119,082

¹ This figure is net of cash and other financial assets as at 31 December 2012 of €23,850 million (31 December 2011: €17,692 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.

Note 16 - Foreign Currency Clearing Accounts

	€'000	€'000
Balance at 1 January 2012		NIL
Amounts received under Finance Act 1988 [S67 (8)]	37,287,633	
Amounts paid under Finance Act 1970 [S54 (7)]	<u>(35,032,475)</u>	2,255,158
Foreign Currency Borrowing receipts	7,398,867	
Foreign Currency Borrowing payments	<u>(9,685,265)</u>	(2,286,398)
Interest paid on Foreign Currency Borrowings [Note 1]		
Medium/Long Term Debt	35,359	
Short Term Debt	<u>(2,649)</u>	32,710
Expenses of Foreign Currency Borrowings [Note 1]		(283)
Expenses of the Agency		(1,187)
Balance at 31 December 2012		<u>NIL</u>

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 2012 € million	As at 31 December 2011 € million
Post Office Savings Bank Fund	624	1,440
Deposit Monies Investment Account (note 22)	<u>162</u>	<u>256</u>
	<u>786</u>	<u>1,696</u>

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

The Agency 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 - National Loans Advance Interest Account

The Agency from time to time issues or cancels amounts of existing Irish Government Bonds. This is effected by means of sales or purchases by the Post Office Savings Bank Fund, which in turn settles with the Exchequer. The accrued interest element of the settlement amount for each bond transaction takes into account the fact that a full dividend is payable to the registered owner in cases where bonds are held on an ex-dividend date. The purpose of this account is for the Post Office Savings Bank Fund to compensate the Exchequer for the unearned element of the dividend arising on tranching bonds cum-dividend or on cancelling bonds ex-dividend. These amounts are then used to offset the related servicing costs of the Exchequer.

Account of Receipts and Payments	2012 €000	2011 €000
Balance at Beginning of Year	11,924	64,416
Accrued Interest received on National Loans – Tranches and Auctions	65,242	11,926
Accrued Interest Paid on National Loans	<u>(64,987)</u>	<u>(64,418)</u>
Balance at 31 December – Cash with Central Bank of Ireland	12,179	11,924

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 20 – National Loans (Winding Up) Account

When a National Loan is due for redemption, the full amount outstanding is payable to loan holders. Any amount not claimed at the redemption date is transferred into this account by a payment from the Exchequer. This account also includes balances which were held by the Central Bank and the Department of Finance as Paying Agents in respect of uncashed redemption payments, and were transferred to the Agency. Any further claims are met from this account.

Account of Receipts and Payments	2012	2011
	€000	€000
Balance at Beginning of Year	3,363	3,668
Receipts from Exchequer	1,193	-
Receipts from Central Bank Suspense Account	69	138
Payments to Central Bank Suspense Accounts	(138)	(207)
Payments for Redemption of National Loans	<u>(1,032)</u>	<u>(236)</u>
Balance at Year End – Cash with Central Bank of Ireland	3,455	3,363

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 20 – National Loans (Winding Up) Account – contd.

	2012	2011
	€000	€000
National Loans Redeemed during the Year Ended		
5.25% Nat Dev Loan 79-84	1	-
6% Exchequer Stock 1980-85	1	-
7.5% National Loan 1981-86	-	1
9.75% National Loan 1984-89	-	1
7% National Loan 1987-92	-	1
5.75% Exchequer Stock 1984-89	1	-
9.25% Exchequer Loan 91/96	-	1
9.75% National Development Loan 92/97	-	2
7.75% Capital Stock 1997	5	1
6.5% Treasury Bond 2001	-	2
6.5% Exchequer Stock 00/05	-	20
8% Treasury Bond 2006	-	7
8.25% Capital Stock 2008	5	-
6% Treasury Stock 2008	39	-
8.5% Capital Stock 2010	68	136
4% Treasury Bond 2010	-	64
8.75% Capital Stock 2012	<u>912</u>	-
	1,032	236

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 21 – National Treasury Management Agency (Unclaimed Dividends) Account

When a dividend is due on a loan liability, the full amount due is paid by the Agency to the Paying Agent and then issued to the registered holders. The balance on the unclaimed dividends account represents dividends on matured loans, which have not been claimed by the registered holders and have been returned to the Agency by the Paying Agent. The balance is available to cover future claims on these dividends. The Paying Agent maintains a cash float, on behalf of the Agency, which it uses to service claims as they arise during the year.

Account of Receipts and Payments	2012	2011
	€000	€000
Balance at Beginning of Year	2,610	2,542
Receipt of Unclaimed Dividends	-	77
Payment of Unclaimed Dividends	(54)	(9)
Balance at Year End – Cash with Central Bank of Ireland	2,556	2,610
Dividends claimed and paid in year	2012	2011
	€000	€000
Irish Government Bonds Registered with Central Bank of Ireland	47	3
Foreign Bonds Administered by Paying Agent	7	6
Balance at End of Year – Cash with Central Bank of Ireland	54	9

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 22 – Deposit Monies Investment Account

This account records the borrowing and repayments of surplus funds held in the Supply Account of the Paymaster General.

Account of Receipts and Payments	2012	2011
	€000	€000
Balance at Beginning of Year	256,383	316,293
Ways and Means Advances Paid to Exchequer	6,527,704	4,298,941
Ways and Means Advances Paid to Exchequer	<u>(6,622,005)</u>	<u>(4,358,851)</u>
Balance at End of Year – Cash with Central Bank of Ireland	162,082	256,383

Note 23 – Account of Stock Accepted in Payment of Inheritance Tax and Death Duties

No stock was accepted in payment of inheritance Tax or death duties during 2012.

Note 24 – Settlement of Instalment on IBRC Promissory Note

In 2010, the Minister for Finance issued promissory notes to Anglo Irish Bank plc Limited (subsequently Irish Bank Resolution Corporation Limited, “IBRC”). An instalment of €3.06 billion was due for payment by the Minister to IBRC on 31 March 2012. IBRC agreed to accept the Government bonds issued by the Agency on behalf of the Minister equivalent in value to the cash due in settlement of the instalment and entered into a bond subscription agreement with the Agency. Under a Set Off Deed dated 30 March 2012, the Minister, IBRC and the Agency agreed that the proceeds of the bond sale to IBRC were to be netted against the instalment payment due to IBRC under the promissory notes. As a result no cash transactions occurred on the Exchequer account. However, as the effect was to increase the National Debt, the Agency accounted for the sale of the bonds in accordance with the standard treatment of a bond issue.

Note 25 – Post Balance Sheet Events Promissory Note Transaction

Following the liquidation of Irish Bank Resolution Corporation (IBRC) on 7 February 2013, and the agreement between the Irish Government and the Central Bank of Ireland to replace the promissory notes provided to State-owned IBRC with long-term Government Bonds, the promissory notes were cancelled and replaced with eight new Floating Rate Treasury Bonds. A total amount of €25 billion was issued on 8 February 2013 to the Central Bank of Ireland with maturities ranging from 25 to 40 years. The bonds will pay interest every six months (June and December) based on the 6-month Euribor interest rate plus a fixed margin which averages 2.63 percentage points across the eight issues.