FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year 1st January 2013 to 31st December 2013

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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PART 2 - FINANCIAL STATEMENTS OF THE NATIONAL DEBT

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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 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 (NTMA) are presented in Part Two of these accounts. The accounts of the National Debt form part of the NTMA's annual accounts for which the Chief Executive of the NTMA is the Accounting Officer.

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 2013.

John Moran
Secretary General
Department of Finance
25 June 2014

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 2013. 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 and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the Accounts and report on them in accordance with Section 4 of the Comptroller and Auditor General (Amendment) Act 1993. 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 2013, and
- the capital investment of the Central Fund at 31 December 2013 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

Seamus McCarthy
Comptroller and Auditor General
30 August 2014

CENTRAL FUND ACCOUNT

Account of Receipts and Payments for year ended 31 December 2013

	Statement No.	Page	€000	2012 €000	**€000**	**2013 €000**
Current Receipts:						
Tax Revenue	1.1	12		36,646,132		**37,805,876**
Non-Tax Revenue	1.2	13		2,819,388		**2,675,926**
				39,465,520		**40, 481,802**
Less Current Payments:						
Issues for Voted Expenditure - Current	1.3	16	41,460,662		**40,006,777**	
Non-Voted Issues						
Sinking Fund [1]	2.1 (Note 1)	37	645,681		**624,552**	
Other Service of National Debt	2.1 (Note 1)	37	5,822,745		**7,458,612**	
Transfer to/(from) Capital Services Redemption Account	2.4	42	(45)		**139**	
Payments charged to Central Fund in respect of Salaries, Allowances, Pensions etc.	1.4	19	40,157		**36,588**	
Payments to European Union	1.5	20	1,393,208		**1,726,233**	
Other non-voted Expenditure	1.6	21	202,570	49,564,978	**1,264,113**	**51,117,014**
Deficit on Current Account				(10,099,458)		**(10,635,212)**
Capital Receipts:						
Loans Repaid	1.7	23	1,022,461		**1,097,594**	
Receipts from European Union	1.9	30	82,628		**91,543**	
Share Capital Disposed	1.8(A)	24	-		**1,300,000**	
Other Receipts	1.2	13	517,419	1,622,508	**1,093,347**	**3,582,484**

[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 2013 (Contd.)

	Statement No.	Page	€000	2012 €000	**€000**	**2013 €000**
Less Capital Payments:						
Issues for Voted Expenditure - Capital	1.3	16	3,489,365		**3,064,931**	
Non-Voted (expenditure charged directly under particular legislation)						
Loans Issued	1.7	23	1,485,500		**1,443,551**	
Share Capital acquired in Companies	1.8(A)	24	1,300,000		**-**	
Investment in International Bodies	1.8(B)	28	510,201		**541,692**	
Other Payments	1.10	31	275,393	7,060,459	**25,009**	**5,075,183**
Deficit on Capital Account				(5,437,951)		**(1,492,699)**
				(15,537,409)		**(12,127,911)**
Sinking Fund [2]				645,681		**624,552**
Exchequer Surplus/(Deficit)				(14,891,728)		**(11,503,359)**
Source and Application of Funds						
Net Debt/ (Borrowing) Repayment and Other Balances	2.3	40	(24,110,031)		**(36,287,560)**	
Increase in Exchequer Balances and Commercial Deposits	2.3 (Note 11)	47	6,158,303		**(249, 799)**	
Payment under Promissory Note Issued to IBRC			3,060,000		**25,034,000**	
Net Total				(14,891,728)		**(11,503,359)**

[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.

PART ONE

FINANCIAL STATEMENTS OF CENTRAL FUND RECEIPTS AND ISSUES AND GUARANTEED LIABILITIES

FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT 1.1

Current: Tax Revenue

		2012	**2013**
		€000	**€000**
Income Tax		15,175,819	**15,757,908**
Value Added Tax		10,170,770	**10,336,000**
Excise Duty		4,660,518	**4,791,105**
Corporation Tax		4,215,671	**4,270,332**
Stamps		1,428,740	**1,339,805**
Customs		250,384	**245,526**
Capital Acquisitions Tax		282,928	**278,632**
Capital Gains Tax		414,490	**368,769**
Local Property Tax		-	**317,582**
Training and Employment Levy		312	**217**
Motor Tax Receipts [1]		46,500	**100,000**
	Total	36,646,132	**37,805,876**

[1] These receipts were received from the Local Government Fund pursuant to Section 7 of the Motor Vehicle (Duties and Licences) Act 2013.

STATEMENT 1.2

Non-Tax Revenue - Current and Capital

	Current		Capital	
	2012 €000	**2013 €000**	2012 €000	**2013 €000**
Central Bank Surplus Income	958,343	**1,152,236**	-	-
Revenue Commissioners Account Balances at Central Bank	189	**30**	-	-
National Lottery Surplus [1]	220,000	**210,000**	-	-
Royalties	3,955	**4,593**	-	-
NTMA	955	**4,500**	1,903	**371**
Income from Credit Institutions [2]	1,024,786	**575,650**	-	-
Interest received on loans	8,403	**7,382**	-	-
Share Dividends	111,612	**264,151**	-	-
Receipts collected by Government Departments and Offices [3]				
Agriculture, Food and the Marine	1,691	**1,048**	255	**3,231**
Arts, Heritage and the Gaeltacht	21	-	-	**12**
Children and Youth Affairs	111		-	**-**
Communications, Energy and Natural Resources	622	**24,081**	10	**-**
Defence	-	**214**	-	**-**

[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 the 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 2010 after the participating institutions signed up to the terms of the new scheme. Following a decision by the EU Commission, the issuance period was extended to 30 June 2013. Pricing of ELG fees is decided at EU level. The ELG scheme ended for new liabilities from midnight on 28 March 2013. Liabilities incurred before midnight on 28 March 2013 remain guaranteed under ELG until their next maturity, subject to a maximum of five years (28th March 2018). As the quantum of covered liabilities diminishes as they mature, the resulting fees paid to the Exchequer continue to reduce. This is built into budgetary forecasting.

[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	
	2012	**2013**	2012	**2013**
	€000	**€000**	€000	**€000**
Receipts collected by Government Departments and Offices [4]				
Education and Skills	1,821	**898**	1	**723**
Environment, Heritage and Local Government	47	**43,701**	464	**473**
Finance Group	134	**59**	-	**-**
Foreign Affairs	-	**120**	2,134	**-**
Jobs, Enterprise and Innovation	10,183	**3,396**	26,859	**6,461**
Justice and Equality	17,766	**16,123**	-	**265**
Property Registration Authority	26,933	**36,558**	-	**-**
Office of the Director of Public Prosecutions	-	**56**	-	**-**
Office of the Ombudsman	-	**1**	-	**-**
Office of Public Works	-	**6**	140	**1,633**
Office of the Revenue Commissioners	1,784	**887**	-	**-**
Office of Minster for Children	-	**708**	-	**-**
Public Expenditure and Reform	30	**-**	-	**-**
Social Protection	131	**47**	-	**-**
Transport	1,021	**654**	633	**5,078**
State Laboratory	-	**17**	-	**-**
Other Receipts:				
Monies received under various Acts	6,922	**1,816**	20	**-**
Voluntary salary and pension surrenders	1,108	**866**	-	**-**

[4] 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	
	2012	**2013**	2012	**2013**
	€000	**€000**	€000	**€000**
Other Receipts (contd.)				
Pension Related Deductions [5]	14,849	**15,848**	-	**-**
NTMA Public Service Pension	128	**155**	-	**-**
Receipts from European Investment Bank	864	**775**	-	**-**
Nursing Home Support Scheme	4,448	**6,833**	-	**-**
Sale of Mobile Telephony Licences	-	**-**	450,000	**59,600**
Pension Insolvency Scheme Receipts [6]	-	**-**	35,000	**5,000**
Medical Defence Union Receipts [7]	45,000	**-**	-	**-**
Interest on Contingent Capital Notes in Banks	300,273	**246,575**	-	**-**
Recovery from Social Insurance Fund	54,653	**52,658**	-	**-**
Sale of Contingent Capital Notes in Bank of Ireland [8]	-	**-**	-	**1,010,000**
Sale of Irish Life plc [9]	-	**-**	-	**500**
Miscellaneous	605	**3,284**	-	**-**
Total	2,819,388	**2,675,926**	517,419	**1,093,347**

[5] Pension Related 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.

[6] The 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).

[8] The Contingent Capital Notes (the "Notes") in Bank of Ireland were sold by the State on the 15th January 2013. The Notes, with a nominal value of €1bn, were sold at a premium of 1% above par yielding total proceeds, before accrued interest, of €1.01bn.

[9] The Sale of Irish Life closed in July 2013 for €1.3 billion in cash proceeds, with a further €0.5 million received in December 2013, the payment of which was conditional on an event post-completion of the sale and was contracted in the legal documents relating to sale. An additional dividend of €40 million was received from Irish Life in 2013 prior to the completion of the sale and is included in Share Dividends current receipts.

STATEMENT 1.3

Issues For Voted Expenditure - Current and Capital [1]

Vote No.	Service	Current 2012 €000	**Current 2013 €000**	Capital 2012 €000	**Capital 2013 €000**
1	President's Establishment	2,904	**3,041**	-	**-**
2	Department of the Taoiseach	20,995	**22,143**	-	**-**
3	Office of the Attorney General	13,166	**13,580**	-	**-**
4	Central Statistics Office	38,142	**36,871**	-	**-**
5	Director of Public Prosecution	38,815	**36,215**	-	**-**
6	Office of the Chief State Solicitor	30,096	**28,218**	-	**-**
7	Office of the Minister for Finance	24,382	**24,470**	150	**77**
8	Office of the Comptroller and Auditor General	5,111	**6,046**	-	**-**
9	Office of the Revenue Commissioners	302,673	**309,724**	4,848	**5,163**
10	Office of the Appeals Commissioner	449	**409**	-	**-**
11	Office of the Minister for Public Expenditure and Reform	36,756	**32,686**	452	**476**
12	Superannuation and Retired Allowances	439,597	**360,949**	-	**-**
13	Office of Public Works	247,135	**257,358**	110,867	**116,529**
14	State Laboratory	7,357	**7,669**	-	**-**
15	Secret Service	568	**635**	-	**-**
16	Valuation Office	7,321	**7,490**	-	**-**

[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 2012 €000	Current **2013 €000**	Capital 2012 €000	Capital **2013 €000**
17	Public Appointments Service	5,947	**6,501**	-	**-**
18	Office of Shared Services	-	**6,448**	-	**8,952**
19	Office of the Ombudsman	5,811	**6,454**	-	**-**
20	Garda Síochána	1,309,849	**1,288,435**	21,817	**33,759**
21	Prison Service	292,602	**290,559**	24,080	**16,892**
22	Courts Service	51,637	**49,606**	7,460	**8,100**
23	Property Registration Authority	30,756	**29,252**	161	**166**
24	Office of the Minister for Justice and Equality	304,857	**294,858**	657	**1,035**
25	Office of the Minister for Environment, Community and Local Government	427,380	**422,378**	764,154	**661,542**
26	Office of the Minister for Education and Skills	7,612,240	**7,492,327**	427,420	**417,418**
27	International Co-operation	504,937	**493,276**	230	**195**
28	Office of the Minister for Foreign Affairs and Trade	150,846	**152,866**	1,724	**3,242**
29	Office of the Minister for Communications, Energy and Natural Resources	86,707	**64,588**	101,528	**73,492**
30	Office of the Minister for Agriculture, Food and the Marine	715,585	**790,687**	164,130	**175,887**
31	Office of the Minister for Transport, Tourism and Sport	664,420	**586,125**	932,853	**679,611**
32	Office of the Minister for Jobs, Enterprise and Innovation	298,140	**287,338**	507,158	**450,999**
33	Office of the Minister for Arts, Heritage and the Gaeltacht	208,172	**209,241**	42,793	**39,245**

STATEMENT 1.3

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

Vote No.	Service	Current 2012 €000	Current **2013 €000**	Capital 2012 €000	Capital **2013 €000**
34	National Gallery of Ireland	8,409	**7,563**	99	**64**
35	Army Pensions	237,701	**218,207**	-	**-**
36	Office of the Minister for Defence	600,182	**614,229**	8,750	**7,578**
37	Office of the Minister for Social Protection	13,933,699	**12,778,709**	10,443	**9,440**
38	Office of the Minister for Health	232,113	**201,211**	8,716	**11,684**
39	Health Service Executive	12,159,202	**12,174,859**	340,525	**325,404**
40	Office of the Minister for Children and Youth Affairs	403,531	**393,556**	8,350	**17,981**
-	Commission for Public Service Appointments	472	**-**	-	**-**
	Total Exchequer Issues - Voted Current & Capital Expenditure	41,460,662	**40,006,777**	3,489,365	**3,064,931**

STATEMENT 1.4

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

		2012 €000	**2013 €000**
Annuities, Pensions, etc. of former Constitutional, Ministerial and Judicial Office-holders [2]		15,634	**12,431**
Salaries and Allowances [3]		797	**819**
Judicial Salaries [4]		23,726	**23,338**
	Total	40,157	**36,588**

[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 12); (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	
	2012	**2013**	2012	**2013**
	€000	**€000**	€000	**€000**
To European Union Budget				
Customs Duties [1]	203,295	**210,618**	-	-
VAT related payments [2]	191,108	**202,222**	-	-
GNI (Gross National Income) related payments [2]	998,805	**1,313,393**	-	-
Total	1,393,208	**1,726,233**	-	-

[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 2013, the net effect of the agreements was to increase Ireland's European Budget customs duties payments by approximately €107 million (€87 million in 2012).

[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

	2012	**2013**
	€000	**€000**
Houses of the Oireachtas Commission Acts, 2003	105,247	**101,179**
Payments to parliamentary leaders of qualifying parties under the Ministerial and Parliamentary Offices Act 1938 as amended, including most recently by the Oireachtas (Ministerial and parliamentary Offices) (Amendment) Act, 2001. [1]	7,507	**7,453**
Payments to qualified parties under Section 17 of Electoral Act, 1997	5,456	**5,456**
Payments to qualifying Independents members under the Ministerial and Parliamentary Offices Act 1938 as amended, including most recently by the Oireachtas (Ministerial and parliamentary Offices) (Amendment) Act, 2001.	928	**878**
Returning Officers' Expenses under the Electoral/Referendum Acts (1992 - 2001)	24,237	**11,484**
Election Expenses of candidates under the Electoral Act, 1997	473	**26**
Election Postal Charges	3,015	**1,695**
Payments to International Development Association [2]	23,400	**29,070**
Payments to PSE Kinsale Energy Ltd [3]	2,603	**5,470**
Asian Development Fund [4]	-	**1,020**

[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 in 2009.
[4] Ireland is contributing a total of €20m over a nine year period to the current replenishment of the Asian Development Fund (ADF XI). The contribution is being made in instalments amounting to €5m annually in each of four years in which the replenishment is operative from 2013 to 2016, consisting of cash payments and a promissory note for the balance of the €5m in each year. In 2013, a cash payment of €1.20m was paid and a promissory note issued for €3.080m. The promissory notes will be encashed on an agreed phased basis over the years 2017 to 2021 inclusive.

STATEMENT 1.6

Current: Other Non-Voted Expenditure (Contd.)

	2012	**2013**
	€000	**€000**
Payments under National Development Finance Agency Act, 2002	1,407	**5,039**
Council of Europe Development Bank	18	**17**
Payments in respect of prevesting day pensions for Eircom and An Post	158	**110**
Pension Insolvency Payments Scheme (PIPS) [5]	1,412	**4,864**
Central Bank Coin Issue [6]	26,709	**2,003**
Suspense Account for Social Insurance Fund [7]	-	**52,658**
Payments under Credit Institutions (Financial Support) Act 2008 [8]	-	**1,035,191**
Irish Fiscal Advisory Council [9]	-	**500**
Total	202,570	**1,264,113**

[5] Ongoing payments to pensioners accepted into the Pensions Insolvency Payments Scheme (PIPS) under section 22 of the Social Welfare and Pensions Act 2009 in 2012 and 2013. Associated capital receipts are recorded in 2012 and 2013 in Statement 1.2.

[6] The Central Bank produces coins to meet demands of public and businesses. Under Section 14 (A) of the Economic and Monetary Union Act, 1998, where the net proceeds of the issue of coin, together with expenses, result in a net cost to the Central Bank, the Minister for Finance must make up the deficit from the Central Fund.

[7] This arose from a drawdown from the Paymaster General Supply Account by the Social Insurance Fund in order to meet its payments arising ahead of the receipt of PRSI revenue, which is normally towards month end. Due to a delay in repayment by the Social Insurance Fund in November 2013, the deficit at that point on the Supply Account was attributed to the Exchequer. The balance was subsequently repaid by the Social Insurance Fund - See Statement 1.2 "Other Receipts" which includes similar repayments made in 2012.

[8] In December 2009 the Government introduced a new guarantee scheme to follow the Credit Institutions (Financial Support) Scheme 2008 to provide for the guarantee of bank liabilities beyond 29 September 2010 – the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009. The Minister for Finance appointed the NTMA as the ELG Scheme Operator. As a result of the appointment of a Special Liquidator to IBRC on 7 February 2013, derivative counterparties terminated their outstanding derivative transactions with Irish Bank Resolution Corporation. In cases where any negative derivative valuations were not already covered by collateral at the date of termination, counterparties are entitled to submit a claim for any shortfall under the Deed of Guarantee. In March 2013 the Government delegated to the NTMA the functions of verifying claims for payment in respect of the Deed of Guarantee made by the Minister for Finance on 29 November 2010 and for paying out amounts due and payable under the deed of Guarantee.

[9] The Irish Fiscal Advisory Council is an independent statutory body established on a non statutory basis in July 2011 and on a statutory basis on 31 December 2012 under the Fiscal Responsibility Act, 2012. The role of the Council is to independently assess, and comment publicly on, whether the Government is meeting its own stated budgetary targets and objectives. The Fiscal Responsibility Act, 2012 provides for a ceiling of €800,000 for the Fiscal Council in 2012. This sum is to be adjusted by the annual percentage change in the Harmonised Index of Consumer Prices published by the Central Statistics Office.

STATEMENT 1.7

Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2012 €000	Loans Issued 2013 €000	Loans Repaid 2013 €000	Outstanding at 31 December 2013 €000
Department of Agriculture, Food and the Marine				
FEOGA Guarantee	730,000	**715,000**	**730,000**	**715,000**
Department of Finance				
EU Stability Support to Greece [1]	345,702	**-**	**-**	**345,702**
Insurance Compensation Fund [2]	735,500	**197,800**	**-**	**933,300**
Advances to PMG Supply Account under section 3 of Appropriation Act, 2013 [3]	-	**152,751**	**-**	**152,751**
Risk Equalisation Fund [4]	-	**78,000**	**78,000**	**-**
Office of Public Works				
Local Loans Fund [5]	16,731	-	**4,594**	**12,136**
Department of Social Protection				
Social Insurance Fund [6]	-	**300,000**	**285,000**	**15,000**
Department of Transport, Tourism and Sport				
Coras Iompair Éireann	12,511	**-**	**-**	**12,511**
Total	1,840,444	**1,443,551**	**1,097,594**	**2,186,400**

[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 1964 Insurance act 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, there is provision Section 5 of the 194 Insurance Act which 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] Due to the unavailability of banking systems on 1 January 2014, provision was made under Section 3 of the Appropriation Act 2013 for advances from the Central Fund in December 2013 to the Paymaster General Supply Account in order to fund commercial banks in respect of salaries payable on 2 January 2014. The advance of €152.751m was repaid to the Central Fund in January 2014.

[4] The Risk Equalisation Fund was established under the Health Insurance (Amendment) Act 2012 as part of the permanent scheme of risk equalisation in the health insurance market. The Fund receives all Stamp Duty i.e. health insurance levy paid by health insurance companies in respect of health insurance contracts and will pay "Risk Equalisation Credits" to health insurers. It is administered by the Health Insurance Authority (HIA). It is intended that the Stamp Duty received will cover the cost of the Credits paid out. Section 11(d) of the Health Insurance Act 1994, as inserted by Section 15 of the Health Insurance (Amendment) Act, 2012 provides for the establishment of a "Special Account" into which money can be paid from the Central Fund to meet the cost of payments of Risk Equalisation Credits out of the Fund in advance of the health insurance levy being paid into the Fund.

[5] The closing balance for the Local Loans Fund at end December 2013 has been adjusted by €1k to reflect the correct balance in the Local Loans Fund Account 2013, caused by rounding.

[6] An advance of €300 million was made from the Central Fund to the Social Insurance Fund in December 2013 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. A sum of €285 million was repaid by the Social Insurance Fund on 30th and 31st December 2013 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 2012 €000	**Shares acquired 2013 €000**	**Shares disposed 2013 €000**	**Shareholding at 31 December 2013 €000**	**State's Net Assets at 31 December 2013 €000**
Agriculture, Food and the Marine					
Coillte Teoranta	795,060	-	-	**795,060**	**1,241,886**
Irish National Stud Company Ltd	13,769	-	-	**13,769**	**10,843**
Fastnet Mussels Ltd	19	-	-	**19**	-
Kush Seafarms Ltd	19	-	-	**19**	-
Communications, Energy and Natural Resources					
An Post [1]	68,239	-	-	**68,239**	**(4,954)**
Bord na Móna plc [2]	78,664	-	-	**78,664**	**164,603**
EirGrid [3]	38	-	-	**38**	**155,409**
Irish National Petroleum Corporation	0.003	-	-	**0.003**	**11,126**
National Oil Reserves Agency	0.001	-	-	**0.001**	**679,769**
Jobs, Enterprise and Innovation					
Shannon Free Airport Development Company Ltd	183,522	-	-	**183,522**	**28,708**

[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 27 March 2013. The shareholding at Bord na Mona stood at 95% on the 27 March 2013.
[3] Taken from Financial Statements for year ended 30 September, 2013.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31 December 2012	**Shares acquired 2013**	**Shares disposed 2013**	**Shareholding at 31 December 2013**	**State's Net Assets at 31 December 2013**
	€000	**€000**	**€000**	**€000**	**€000**
Environment, Community and Local Government					
Housing Finance Agency plc.	39	**-**	**-**	**39**	**93,235**
National Building Agency Ltd [4]	0.2	**-**	**-**	**0.2**	**2,922**
Finance					
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) [5]	4,123,000	**-**	**-**	**4,123,000**	**-**
Irish Life and Permanent [6]	2,300,000	**-**	**-**	**2,300,000**	**2,365,882**
Irish Life Limited [7]	1,300,000	**-**	**1,300,000**	**-**	**-**

[4] Taken from Financial Statements for year ended 31 December 2012.
[5] 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). The liquidation is ongoing and liquidation accounts will be filed in the Company Registration Office after the first two years of the liquidation.
[6] 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 2013.
[7] The State's interest in Irish Life Limited's net assets are as shown in the Irish Life Group Limited financial statements for 2012. In July 2013, the State completed the sale of Irish Life Group Limited to Great-West Lifeco.

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31 December 2012	**Shares acquired 2013**	**Shares disposed 2013**	**Shareholding at 31 December 2013**	**State's Net Assets at 31 December 2013**
	€000	**€000**	**€000**	**€000**	**€000**
Transport, Tourism and Sport					
Dublin Airport Authority plc.	186,337	**-**	**-**	**186,337**	**988,905**
Shannon Airport Authority [8]	38	**-**	**-**	**38**	**34,942**
Cork Airport Authority [8]	38	**-**	**-**	**38**	**-**
Aer Lingus Group plc. [9]	6,705	**-**	**-**	**6,705**	**214,130**
Irish Aviation Authority	22,675	**-**	**-**	**22,675**	**80,587**
Drogheda Port	8,237	**-**	**-**	**8,237**	**18,111**
Dublin Port Company	14,464	**-**	**-**	**14,464**	**269,053**
Dun Laoghaire Harbour Company	14,540	**-**	**-**	**14,540**	**43,767**
Galway Harbour Company	8,927	**-**	**-**	**8,927**	**13,195**
New Ross Port Company	4,672	**-**	**-**	**4,672**	**4,261**
Port of Cork Company	19,699	**-**	**-**	**19,699**	**66,422**
Port of Waterford Company	18,676	**-**	**-**	**18,676**	**28,661**
Shannon Foynes Port Company	22,187	**-**	**-**	**22,187**	**26,608**

[8] 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.

[9] Aer Lingus was floated on the Irish and UK Stock Exchanges during 2006. The total equity in the Company at 31 December 2013 was €852,767,000 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 2013 was 25.11% which amounts to a shareholding of €6,704,872 (2012: €6,704,872) and a share of net assets amounting to €214,129,794 (2012: €209,595,932).

STATEMENT 1.8(A)

Capital: Share Capital acquired in Companies (Contd.)

Department/Body	Shareholding at 31 December 2012	Shares acquired 2013	Shares disposed 2013	Shareholding at 31 December 2013	State's Net Assets at 31 December 2013
	€000	€000	€000	€000	€000
Transport, Tourism and Sport (contd.)					
Wicklow Port Company	1,964	-	-	1,964	2,377
Total	**9,191,528**	**-**	**1,300,000**	**7,891,528**	**6,540,448**

STATEMENT 1.8 (B)

Capital: Investments in International Bodies under International Agreements

	Shareholding at 31 December 2012 [1]	**Cost of Shares Acquired in 2013**	**Disposal of Shares in 2013**	**Shareholding at 31 December 2013 [1]**
	€000	**€000**	**€000**	**€000**
Payments under Bretton Woods Agreement Acts, 1957 – 1999	28,119	**3,107**	**-**	**30,009**
Payments under International Finance Corporation Act, 1958 [2]	978	**-**	**-**	**935**
European Bank for Reconstruction and Development [2]	18,780	**-**	**-**	**18,780**
European Investment Bank [3]	65,926	**28,369**	**-**	**94,295**
International Common Fund for Commodities [2]	529	**-**	**-**	**529**
Multilateral Investment Guarantee Agency [2]	709	**-**	**-**	**679**
European Financial Stability Facility [2], [4]	453	**-**	**-**	**453**
European Stability Mechanism [5]	509,504	**509,504**	**-**	**1,019,008**
Council of Europe Development Bank [2]	15,261	**-**	**-**	**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 2013. Any changes in value relate to exchange rate fluctuations.

[3] In 2012 the Board of Governors of the European Investment Bank agreed to increase the capital of the Bank. This represents 50% of Ireland contribution to the increased capital.

[4] 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.

[5] 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 instalments, each of €254.752m. Ireland paid the third and fourth instalments in April and October 2013. The European Stability Mechanism Act 2012, Section 3, provides for these payments.

STATEMENT 1.8 (B)

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

	Shareholding at 31 December 2012	Cost of Shares Acquired in 2013	Disposal of Shares in 2013	Shareholding at 31 December 2013
	€000	**€000**	**€000**	**€000**
Development Banks Act, 2005 - Asian Development Bank [6]	8,638	**712**	**-**	**9,350**
Totals	648,897	**541,692**	**-**	**1,189,299**

[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 €711,781 and a promissory note for €1,067,671 were issued to the ADB in 2013. The promissory notes will be encashed sequentially on an annual basis in the period 2016-2020 following the final cash payment in 2015.

STATEMENT 1.9

Capital: Receipts from the European Union

		2012	2013
		€000	**€000**
European Regional Development Fund		80,284	**80,645**
Cohesion Fund		2,208	**10,389**
Trans European Network		103	**476**
Turkish Aid Protocol [1]		33	**33**
	Total	82,628	**91,543**

[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]

	2012		**2013**	
	€000	€000	**€000**	**€000**
Promissory Notes				
AIB/EBS	25,000	25,000	**25,000**	**25,000**
Payments under other Acts				
Insurance Acts, 1953-1988	17		**4**	
Convention of Lomé Act 2007	5		**5**	
Carbon Fund Act 2007	371		**-**	
Credit Union and Co-operation with Overseas Regulators Act 2012	250,000	250,393	**-**	**9**
Total		275,393		**25,009**

[1] There were no payments from the Exchequer to the National Pensions Reserve Fund in 2012 or 2013.

Year	Market Value of National Pensions Reserve Fund	Discretionary Portfolio*	Directed Portfolio
2012	€14.7 bn	€6.1 bn	€8.6 bn
2013	€19.9 bn	€6.8 bn	€13.1 bn

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

[2] An actuarial valuation has been carried out by the Department of Public Expenditure and Reform to update the accrued liability in respect of Public Service occupational pensions. Further information can be found at http : // www.per.gov.ie/public-service-pensions-accrued-libality/

STATEMENT 1.11

Guaranteed Liabilities

At 31 December 2013, 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 €59.26 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 2012 €000	**Changes in Guaranteed Liabilities in 2013** **€000**	**Amounts Outstanding at 31 December 2013** **€000**
Finance			
ACP-EEC Convention of Lomé (contracts of Guarantee between State and European Investment Bank) Act, 1976	4,730	**(132)**	**4,598**
Credit Institutions (Financial Support) Act 2008 Eligible Liabilities Guarantee [1]	72,768,000	**(52,677,000)**	**20,091,000**
Exceptional Liquidity Assistance [2]	16,032,000	**(16,032,000)**	**-**
National Asset Management Agency [3]	25,440,000	**9,178,000**	**34,618,000**
Irish Bank Resolution Corporation Ltd (formerly Anglo Irish Bank) [4]	2,000	**(2000)**	-

[1] The total liability under the Bank Guarantee Scheme at the 31 December was €20 billion. Under Section 6 of the Credit Institutions (Financial Support) Act, 2008, all financial support arising under the Eligible Liabilities Guarantee 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. This amount was nil at 31 December 2013.

[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. The increase in the guaranteed liability of €9.178 billion includes the acquisition by NAMA from the Central Bank of a loan facility deed and floating charge over the assets of IBRC (in liquidation) through the issue of government guaranteed debt securities. The Ministerial guarantee "ELA Guarantee" previously in place with IBRC transferred with the Facility Deed purchased by NAMA from the Central Bank of Ireland. The Facility Deed covered by this guarantee is secured by a floating charge over all the otherwise unencumbered assets of IBRC. To the end of December 2013, up to €11,715,000 of the NAMA total was also covered by this "ELA Guarantee". This Facility Deed is to be repaid with the proceeds of the liquidation of IBRC. To the extent that there are not sufficient proceeds to fully discharge this lending the Minister will make NAMA whole under the guarantee. The Minister announced on 25 April 2014 that no IBRC loans will transfer to NAMA. It is expected that the liquidators will remit sufficient cash to NAMA during 2014 to repay the loan facility deed in full, and permit the full redemption of the NAMA debt issued to the Central Bank at the time of the IBRC liquidation.

[4] This Guarantee was provided in respect of the IRBC's exposure to counterparties arising from the 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 IRBC as at 31 December 2012.

STATEMENT 1.11

Guaranteed Liabilities (Contd.)

Relevant Department and Nature of Liability	Amounts Outstanding at 31 December 2012 €000	**Changes in Guaranteed Liabilities in 2013 €000**	**Amounts Outstanding at 31 December 2013 €000**
Transport, Tourism and Sport			
Córas Iompair Éireann	10,065	**(3,930)**	**6,135**
Jobs, Enterprise and Innovation			
Insurance Acts, 1953-1988	343	**(15)**	**328**
Credit Guarantee Act, 2012 [5]	27	**487**	**514**
Environment, Community and Local Government			
Housing Finance Agency plc. [6]	4,461,629	**(78,881)**	**4,382,748**
Irish Water [7]	-	**161,903**	**161,903**
	118,718,794	**59,453,568**	**59,265,226**

[5] This represents 7.5% of the principal amount of loans approved under the scheme as at 31 December 2013. The Minister for Jobs, Enterprise and innovation'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. Any payout under the guarantee would be from the Vote and not from the Central Fund.

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

[7] Pursuant to Section 13 (1) of the Water Services Act 2013, the Minister for Finance has guaranteed a term loan facility of €250 million which the National Pension Reserve Fund Commission has made available to Irish Water. The guarantee also covers all interest and commitment fees accrued to the loan facility and all the associated reasonable costs, claims, liabilities and expenses incurred. The guarantee shall terminate two years and six months after the date of the first utilisation of the facility. Irish Water's obligations to the NPRF Commission pursuant to the loan facility amounted to €161,902,842.55 at the 31st December 2013.

PART TWO

FINANCIAL STATEMENTS OF THE NATIONAL DEBT OF IRELAND

FOR THE YEAR ENDED 31 DECEMBER 2013

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 37 to 58 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.

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 prior to the 2012 financial statements. 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 amount of principal borrowed by Ireland not repaid at the end of the year, less cash and other financial 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 the State and other agencies. These guarantees are not included in these financial statements.

c) Reporting Period

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

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.

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**	
		2013	**2012**
	Notes	**€000**	**€000**
Interest Paid			
Medium / Long Term Debt	**2**	7,075,211	5,481,813
Short Term Debt	**3**	25,245	38,881
State Savings Schemes	**4, 10**	349,952	283,502
Other Movements	**5**	(993)	3,288
Sinking Fund Payments	**6**	624,552	645,681
Fees and Expenses	**7(a)**	96,463	104,002
Expenses of the Agency	**7(b)**	37,938	40,077
Interest received on Deposits, Treasury Bills and Other Financial Assets		(125,204)	(128,818)
Total Debt Service Cost	**1**	**8,083,164**	6,468,426

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement		**Year Ended 31 December 2013**			
			2013		**2012**
	Notes		**€ million**		**€ million**
Medium / Long Term Debt	**8(a)**				
Irish Government Bonds listed on the Irish Stock Exchange	**8(b)**		111,007		87,853
Private Placements			602		602
Medium Term Notes			65		65
European Investment Bank Loans			100		100
EU/IMF Programme Funding	**8 (c)**		66,942		55,898
Other Medium/ Long Term Loans			5		5
	8 (a)		178,721		144,523
Short Term Debt					
Short Term Paper	**9**	2,645		2,690	
Borrowings from Funds under the Control of the Minister for Finance	**17**	676	3,321	786	3,476
State Savings Schemes					
Savings Certificates		6002		4,791	
National Solidarity Bonds		1,752		1,001	
Savings Bonds		5,342		5,568	

STATEMENT 2.2 - NATIONAL DEBT OF IRELAND

National Debt Statement (Contd.) Year Ended 31 December 2013

	Notes		2013 € million		2012 € million
State Savings Schemes (contd.)					
Instalment Savings		476		472	
Savings Stamps		2		2	
Prize Bonds	**10**	1,932	15,506	1,649	13,483
			197,548		161,482
Less: Cash and other financial assets	**11**		(23,601)		(23,850)
National Debt	**14**		**173,947**		137,632

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement		Year ended 31 December	
		2013	2012
	Notes	€000	€000
Movement in Exchequer Balances:			
Opening Balance in Exchequer Account	11	15,279,782	13,098,521
Deposits, Treasury Bills and Other Financial Assets	18	(10,597,868)	(3,977,042)
Borrowing Activity (see below)		36,287,560	24,110,031
		40,969,474	33,231,510
Exchequer Deficit		(11,503,359)	(14,891,728)
IBRC Promissory Notes Liability discharged by the Issue of Irish Government Bonds	24	(25,034,000)	(3,060,000)
Closing Balance in Exchequer Account	11	**4,432,115**	**15,279,782**

STATEMENT 2.3 - NATIONAL DEBT OF IRELAND

National Debt Cash Flow Statement (Contd.)	Year ended 31 December 2013			
	2013 Receipts [1]	**2013 Payments [1]**	**2013 Net**	**2012 Net**
Borrowing Activity [2]	€000	**€000**	**€000**	**€000**
Irish Government Bonds listed on the Irish Stock Exchange	39,193,800	(15,820,893)	23,372,907	1,978,842
EIB Loans	-	-	-	100,000
EU/IMF Programme Funding	22,844,050	(11,797,165)	11,046,885	21,235,237
Other Medium / Long Term Loans	-	(126)	(126)	(126)
Commercial Paper	31,941,267	(31,986,292)	(45,025)	(229,565)
Savings Certificates	1,890,460	(679,613)	1,210,847	558,065
Savings Bonds	1,925,299	(2,150,806)	(225,507)	785,354
National Solidarity Bond	794,785	(43,786)	750,999	393,754
Instalment Savings	108,374	(104,115)	4,259	(1,485)
Prize Bonds	476,385	(193,955)	282,430	200,610
Borrowings from Ministerial Funds	58,257,322	(58,367,431)	(110,109)	(910,655)
Total Borrowing Activity	**157,431,742**	**(121,144,182)**	**36,287,560**	**24,110,031**

[1] Receipts and payments represent the gross value of borrowing activity, including rollover of debt and related hedging transactions.
[2] Borrowing activity includes €25.03 billion of floating rate Government Bonds which were issued to the Central Bank of Ireland following the liquidation of IBRC in exchange for the Promissory Notes previously held by IBRC.

STATEMENT 2.4 - NATIONAL DEBT OF IRELAND

Statement of Movement in National Debt		Year ended 31 December	
	Notes	2013 €'000	2012 €'000
Opening National Debt		137,632,014	119,082,027
Increase in National Debt (nominal)		36,314,637	18,549,987
Closing National Debt		173,946,651	137,632,014
Increase in National Debt (nominal) represented by:			
Exchequer Deficit		11,503,359	14,891,728
Settlement of Instalment on IBRC Promissory Note (discharged through the issue of Irish Government Bonds)	**24**	25,034,000	3,060,000
Discount on Irish Government Bonds issued in Settlement of Instalment on IBRC Promissory Note		-	411,550
Net Premium/(Discount) on bond Issuances and Cancellations		(219,150)	152,987
Medium Long Term Loans: Net Reduction of Proceeds over Nominal Liability		-	37,700
Effect of Foreign Exchange Rate Movements		(3,433)	(4,023)
Movement in CSRA Current Balance	**11**	(139)	45
		36,314,637	**18,549,987**

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements

Note 1 - Total Debt Service Cost

	Notes	Charged on Foreign Currency Clearing Accounts	Charged on Central Fund	Charged on CSRA	Total Service Cost 2013
		€'000	€'000	€'000	€'000
Interest paid					
Medium / Long Term Debt	2	207,027	4,859,426	2,008,758	7,075,211
Short Term Debt	3	1,181	24,064	-	25,245
State Savings Schemes	4, 10	-	343,057	6,895	349,952
Other Movements	5	(979,982)	910,478	68,511	(993)
Sinking Fund Payments	6	-	-	624,552	624,552
Fees and Expenses	7(a)	4,608	103,554	(11,669)	96,463
Expenses of the Agency	7(b)	1,200	36,738	-	37,938
Interest received on Deposits, Treasury Bills and Short Term Notes		-	(12,026)	(113,178)	(125,204)
Inter Account Movement		-	2,583,978	(2,583,978)	-
Total Debt Service Cost		**(765,966)**	**8,849,269**	**(139)**	**8,083,164**

Note 2 - Interest on Medium / Long Term Debt

	Total Cost 2013	Total Cost 2012
	€'000	€'000
Irish Government Bonds listed on the Irish Stock Exchange	5,128,943	4,074,819
EU/IMF Programme Funding	1,904,968	1,368,581
European Investment Bank Loans	3,665	-
Private placements	34,693	34,963
Medium Term Notes	2,953	3760
Other Medium/Long Term Debt	(11)	(40)
	7,075,211	**5,481,813**

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 3 - Interest on Short Term Debt

	2013 €'000	2012 €'000
Short Term Paper	25,245	38,881

Note 4 - Interest on State Savings Schemes

	2013 €'000	2012 €'000
Savings Certificates	103,824	72,627
Savings Bonds	187,790	138,383
Instalment Savings	13,460	18,351
Prizes in respect of Prize Bonds	35,160	47,613
National Solidarity Bond	9,718	6,528
	349,952	**283,502**

Payments for Interest on State Savings Schemes in 2013 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:

	2013 €'000	2012 €'000
Savings Certificates	906	872
Savings Bonds	515	47
Instalment Savings	224	273
	1,645	**1,192**

Note 5 - Other Movements

The Agency, as part of its remit, engages in a range of debt management transactions including derivatives (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.

Notes To The Financial Statements (Contd.)

Note 6 - Sinking Fund Payments

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

	2013	2012
	€'000	€'000
Capital Services Redemption Account **[Note 15]**	624,552	645,681

Note 7(a) - Fees and Expenses	2013	2012
	€'000	€'000
EU/IMF Programme Funding	60,793	84,761
Government Bonds and Other Expenses	13,677	1,928
Savings Certificates	9,207	7,610
National Solidarity Bonds	3,032	4,418
Prize Bonds	12,038	10,879
Savings Bonds	10,714	8,755
Instalment Savings	743	1,121
Fee Receipts	(13,741)	(15,470)
	96,463	104,002

Note 7(b) – Expenses of the Agency

Expenses incurred by the Agency in the performance of its functions are charged on and paid out of the Central Fund or the growing produce thereof.

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:

	2013	2012
	€ million	€ million
Debt due for repayment within 1 year	3,002	5,143
Debt due for repayment between 2 and 5 years	48,909	41,704
Debt due for repayment in more than 5 years	126,810	97,676
	178,721	144,523

Notes To The Financial Statements (Contd.)

Note 8(b) – Irish Government Bonds listed on the Irish Stock Exchange

	2013	2012
	€ million	**€ million**
Fixed Rate Bonds	84,586	86,832
Floating Rate Bonds (note 24)	25,034	-
Amortising Bonds	1,387	1,021
	111,007	**87,853**

Note 8 (c) - EU/IMF Programme Funding

Ireland's EU-IMF programme provides for €67.5 billion[1] in external support from the International Monetary Fund (IMF), the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF) and other bilateral loans. The final programme disbursement of €0.80 billion from the EFSM took place in March 2014.

The liabilities outstanding under the EU/IMF Programme at end 2013 included in note 8(a) above, taking into account the effect of currency hedging transactions, are as follows:

Lender	**2013**	**Weighted Average Term**	**2012**	**Weighted Average Term**
	€Million	**Years**	**€Million**	**Years**
International Monetary Fund	22,528	7.3 Years	19,030	7.3 Years
European Financial Stability Facility	17,881	20.7 Years	12,214	11.7 Years
European Financial Stabilisation Mechanism	21,700	12.4 Years	21,700	12.4 Years
United Kingdom Treasury	3,833	7.5 Years	2,454	7.5 Years
Kingdom of Denmark	400	7.5 Years	200	7.5 Years
Kingdom of Sweden	600	7.5 Years	300	7.5 Years
Total	**66,942**		**55,898**	

The maturity extensions to loans from the European Financial Stability Facility (EFSF) agreed in June 2013 are reflected above. While maturity extensions to loans from the European Financial Stabilisation Mechanism (EFSM) were also agreed in 2013, the revised maturity dates will only be determined as they approach their original maturity dates. Accordingly the EFSM loan maturity extensions are not reflected above. It is not expected that Ireland will have to refinance any of its EFSM loans before 2027.

The net loan provided by the EFSF of €17,881 million above is net of certain prepaid margins deducted from the initial drawdown in 2011. The total nominal debt due to the EFSF is €18,411 million. €485 million of the prepaid margin of €530 million will be rebated to Ireland along with the related EFSF investment return; the remaining prepaid margin of €45 million is due to the Member State Guarantors, and will be reflected as a debt service cost in future periods.

[1] The net euro amount received by the Exchequer was €67.5 billion after adjustment for below par issuance, deduction of a prepaid margin, and the effect of foreign exchange transactions.

Notes To The Financial Statements (Contd.)

Note 9 - Short Term Paper

The Agency issues short-term paper of maturities of up to one year to raise short-term funds. 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 €9.6 million (2012: €22.0 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 €604 million (2012: €548 million), being the estimate of the amount of accrued interest at 31 December 2013 in respect of Savings Bonds, Savings Certificates and Instalment Savings.

The Small Savings Reserve Fund (the Fund) was set up under section 160 of the Finance Act, 1994. In any calendar year if interest payments on encashments of small savings exceed 11 per cent of the total interest accrued on such savings for the previous year, the resources of the Fund may be applied towards meeting those interest costs which exceed 11 percent of that accrued income. The initial amount paid into the Fund has been expended. No moneys were paid into the Fund in 2013 or are held in the Fund at year end.

Note 11 - Cash and other Financial Assets

	Opening balance at 1 January 2013	Movements during 2013	Closing balance at 31 December 2013
	€'000	€'000	€'000
Exchequer Account	15,279,782	(10,847,667)	4,432,115
Capital Services Redemption Account (Note 15)	360	139	499
Housing Finance Agency Guaranteed Notes	3,982,178	(278,422)	3,703,756
Deposits and Treasury Bills	4,065,338	10,043,387	14,108,725
CSA Collateral Funding (Note 13)	522,743	832,897	1,355,640
	23,850,401	**(249,666)**	**23,600,735**

Deposits, Collateralised Deposits and Treasury Bills are made up of Deposits with commercial banks of €3.679 billion (2012: €2.680 billion), Collateralised Deposits of €7.389 billion (2012: €0.339 billion) and Treasury Bills of €3.041 billion (2012: €1.046 billion).

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.

Notes To The Financial Statements (Contd.)

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. Ensuring the Exchequer has sufficient 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 from members of the EU and the IMF. The external contribution to the programme amounted to €67.5 billion. The terms of the programme include loans of varying maturities. The staggered maturities are important from a risk management perspective so as to avoid a situation whereby Ireland is faced with a large "funding cliff" in any one particular year. The Agency sought to ensure that disbursements under the EU/IMF programme were scheduled in such a way as to provide adequate liquidity while optimising the costs to the State. The Programme officially concluded in December 2013 with the final disbursement of funding in March 2014.

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 Derivatives (note 13).

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 Derivatives (note 13).

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.

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 2013		31 December 2012	
	Nominal	**Present Value**	**Nominal**	**Present Value**
	€ million	**€ million**	**€ million**	**€ million**
Interest Rate Swaps	28,909	(923)	12,844	(1,328)
Currency Swaps & Foreign Exchange Contracts	18,225	(750)	14,990	329
	47,134	**(1,673)**	**27,834**	**(999)**

The Agency provides treasury services to 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 2013 was €23.5 billion (2012: €19.4 billion); the nominal value of currency swaps and foreign exchange rate contracts transacted with NAMA outstanding at end 2013 was €5.6 billion (2012: €6.2 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

	2013	2012
	€ million	€ million
Balance at 1 January	-	-
Margin transfers received from counterparties	5,702	4,353
Margin transfers paid to counterparties	(6,535)	(4,161)
Net Exchequer Funding during the year	833	(192)
Balance at 31 December	**NIL**	**NIL**

Note:	2012	2012
	€million	€million
Exchequer Funding at 31 December	1,356	523
Net Collateral posted (to) counterparties at 31 December	(1,356)	(523)

The Agency entered into two Collateral Posting Agreements with NAMA under which NAMA is required to post collateral to the Agency when required to do so by the Agency. At end 2013, NAMA had posted collateral of €0.802 billion (2012: €1.15 billion) 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 2013**	**2012**
	€ million	**€ million**
Debt Instruments		
Euro [1]	155,722	122,940
US Dollar	9,323	8,345
Pounds Sterling	6,462	4,717
Japanese Yen	1,697	1,843
Swiss Franc	24	81
	173,228	**137,926**
Foreign Currency & Swap Contract		
Euro	18,225	14,693
US Dollar	(9,323)	(8,335)
Pounds Sterling	(6,462)	(4,721)
Japanese Yen	(1,697)	(1,850)
Swiss Franc	(24)	(81)
	719	**(294)**
National Debt [2]	**173,947**	**137,632**

[2] This figure is net of cash and other financial assets as at 31 December 2013 of €23,601 million (31 December 2012: €23,850 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 of the Finance Act, 1950 (as amended);

(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 (as amended).

Note 16 - Foreign Currency Clearing Accounts	**€'000**	**€'000**
Balance at 1 January 2013		NIL
Amounts received under Finance Act, 1988 [S67 (8)]	26,797,890	
Amounts paid under Finance Act, 1970 [S54 (7) as amended]	(25,817,908)	979,982
Foreign Currency Borrowing receipts	7,922,195	
Foreign Currency Borrowing payments	(8,688,161)	(765,966)
Interest paid on Foreign Currency Borrowings		
Medium/Long Term Debt	(207,027)	
Short Term Debt	(1,181)	(208,208)
Expenses of Foreign Currency Borrowings		(4,608)
Expenses of the Agency		(1,200)
Balance at 31 December 2013		**NIL**

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 2013	As at 31 December 2012
	€ million	€ million
Post Office Savings Bank Fund	471	624
Deposit Monies Investment Account (note 22)	205	162
	676	**786**

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

The Agency places short-term investments in Deposits, Collateralised Deposits and Treasury Bills 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 occurs by means of sales or purchases by the Post Office Savings Bank Fund (POSBF) which in turn settles with the Exchequer. The settlement amount for each bond transaction includes the accrued interest at that point in the coupon period.

A full dividend is payable to the registered owner in cases where the bond is held to the ex-dividend date. The accrued interest paid is stored in the National Loans Advance Interest Account until the full dividend is due on the coupon date. The purpose of the account is for the POSBF to then compensate the Exchequer for the unearned element of the dividend paid on the coupon date arising on tranching bonds cum-dividend or on cancelling bonds ex-dividend. Upon coupon date, these amounts are then used to offset the related servicing costs of the Exchequer.

Account of Receipts and Payments	**2013**	**2012**
	€000	**€000**
Balance at Beginning of Year	12,179	11,924
Accrued Interest received on National Loans – Tranches and Auctions	42,038	65,242
Accrued Interest Paid on National Loans	(48,873)	(64,987)
Balance at 31 December – Cash with Central Bank of Ireland	**5,344**	**12,179**

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 the loan holders. Any amount not claimed by the loan holder at the redemption date is transferred into this account by a payment from the Exchequer. Any future claims which are made in relation to these loans are therefore met from this account. 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.

Account of Receipts and Payments	**2013** **€000**	**2012** **€000**
Balance at Beginning of Year	3,455	3,363
Receipts from Exchequer	198	1,193
Receipts from Central Bank Suspense Account	102	69
Payments to Central Bank Suspense Accounts	(70)	(138)
Payments for Redemption of National Loans	(596)	(1,032)
Balance at Year End – Cash with Central Bank of Ireland	**3,089**	**3,455**

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

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

National Loans Redeemed during the Year Ended	2013 €000	2012 €000
National Bonds 1966-77	1	-
5.25% Nat Dev Loan 1979-84	-	1
9% Conversion Stock 1980-82	1	-
6% Exchequer Stock 1980-85	-	1
7.5% National Loan 1981-86	4	-
5.75% National Loan 1982-87	1	-
5.75% Exchequer Stock 1984-89	9	1
9.75% National Loan 1984-89	3	-
6% Exchequer Loan 1985-90	7	-
14% Exchequer Loan 1985-90	2	-
6.75% National Loan 1986-91	2	-
7% National Loan 1987-92	11	-
15% Conversion Stock 1988	1	-
11.5% Exchequer Stock 1990	3	-
11% National Loan 1993-98	1	-
13% Exchequer Stock 1994	1	-
7.75% Capital Stock 1997	-	5
6.5% Exchequer Stock 2000-05	42	-
8.25% Capital Stock 2008	-	5
6% Treasury Stock 2008	-	39
8.5% Capital Stock 2010	38	68
8.75% Capital Stock 2012	271	912
5% Treasury Bond 2013	198	-
	596	**1,032**

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

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

When a dividend payment is due on a bond, the full amount due is paid by the Agency to the Paying Agent which then issues 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	**2013**	**2012**
	€000	**€000**
Balance at Beginning of Year	2,556	2,610
Payment of Unclaimed Dividends	(28)	(54)
Balance at Year End – Cash with Central Bank of Ireland	**2,528**	**2,556**

Dividends claimed and paid in year		2012
		€000
Irish Government Bonds Registered with Central Bank of Ireland	28	47
Foreign Bonds Administered by Paying Agent	-	7
Balance at End of Year – Cash with Central Bank of Ireland	**28**	**54**

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 22 – Deposit Monies Investment Account

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

Account of Receipts and Payments	**2013**	**2012**
	€000	**€000**
Balance at Beginning of Year	162,082	256,383
Ways and Means Advances Paid to Exchequer	6,763,310	6,527,704
Ways and Means Advances Paid to Exchequer	(6,720,417)	(6,622,005)
Balance at End of Year – Cash with Central Bank of Ireland	**204,975**	162,082

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 2013.

Note 24 – Settlement of Instalment on IBRC Promissory Note

2013

Following the legislation placing Irish Bank Resolution Corporation ("IBRC") into special liquidation on 7 February 2013, and the agreement between the Irish Government and the Central Bank of Ireland ("CBI") 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 €25.03 billion was issued on 8 February 2013 to the CBI 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. The Agency has entered into short-term interest rate derivative trades to hedge an element of the exposure to interest rate movements. Further information is included within Note 13 – Derivatives.

2012

In 2010, the Minister for Finance issued promissory notes to Anglo Irish Bank Corporation 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.

NATIONAL DEBT OF IRELAND

Notes To The Financial Statements (Contd.)

Note 25 – Events since the Balance Sheet Date

In May 2014, the Government published the National Treasury Management Agency (Amendment) Bill. The Bill will, when enacted, streamline and simplify the NTMA's governance structures to enable a more integrated approach to the performance of its functions. The NTMA will be reconstituted as a body with a Chairperson and eight other members who will have over-arching responsibility for all of the NTMA's functions (excluding NAMA which will continue to have its own separate board). The National Development Finance Agency Board, NTMA Advisory Committee, NPRF Commission and State Claims Policy Committee will be dissolved.

There is no impact on the carrying values of the National Debt.