

FINANCE ACCOUNTS

Audited Financial Statements of the Exchequer

For the Financial Year

1st January 2001

to

31st December 2001

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

BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
Le ceannach díreach ón
OIFIG DHÍOLTA FOILSEACHÁN RIALTAIS
TEACH SUN ALLIANCE, SRÁID THEACH LAIGHEAN, BAILE ÁTHA CLIATH 2,
nó tríd an bpost ó
FOILSEACHÁN RIALTAIS, AN RANNÓG POST-TRÁCHTA,
4 - 5 BÓTHAR FHEARCHAIR, BAILE ÁTHA CLIATH 2,
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nó trí aon díoltóir leabhar.

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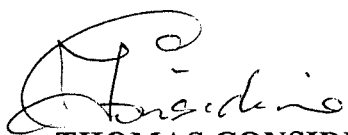
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Foreword

1. The Department of Finance is required under statute to prepare and present to both Houses of the Oireachtas detailed annual accounts of the Central Fund. These accounts, known as the Finance Accounts, contain detailed analysis and classification of receipts and issues of the Central Fund as well as details relating to the National Debt.
2. The maintenance of the Central Fund derives from the Constitutional requirement that "All revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund, and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law".
3. The Central Fund Account is prepared on a receipts and payments basis and its banking transactions are effected through the Exchequer Account maintained at the Central Bank of Ireland.
4. The Statements relating to the National Debt and its servicing and cash flow have been provided by the National Treasury Management Agency and are presented in Part Two of these accounts.
5. Section 4 of the Comptroller and Auditor General (Amendment) Act, 1993 provides for the transmission of the Finance Accounts to the Comptroller and Auditor General not later than 30 June in the year following that to which they relate. The Act provides that following audit, the Comptroller and Auditor General submits the Finance Accounts and a report thereon to the Minister for Finance not later than 31 August in that year. The Accounts are laid before Dáil Éireann not later than 30 September.
6. These Accounts comprise the Exchequer Account, Statements 1.1 to 1.14, Schedule 1 and the Financial Accounts of the National Debt including the Accounting Policies.



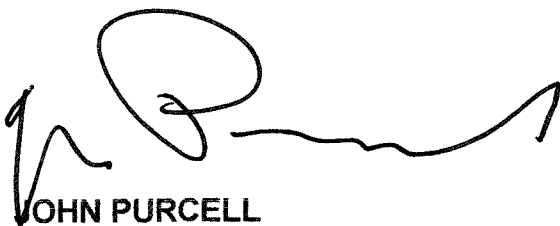
THOMAS CONSIDINE
Secretary General
Department of Finance
27 June 2002

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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

As the result of my audit it is my opinion that

- (a) the transactions recorded in the Accounts conform to the authorities that govern them
- (b) proper books of account and records have been kept
- (c) the Accounts properly reflect
 - (i) the payments into and out of the Central Fund and the surplus for the year ended 31 December 2001 and
 - (ii) the capital investment of the Central Fund at 31 December 2001 and the National Debt outstanding at that date.



JOHN PURCELL
Comptroller and Auditor General
14 November 2002

EXCHEQUER ACCOUNT

Account of Receipts and Payments for the year ended 31 December 2001

	STATEMENT No.	£000	2001 £000	£000	2000 £000
Current Receipts:					
Tax Revenue	1.1		21,993,011		21,320,959
Non-Tax Revenue	1.2		<u>639,851</u>		<u>420,212</u>
			22,632,862		21,741,171
Current Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.3	16,069,182		13,160,070	
Non-Voted (non-discretionary expenditure charged directly on Central Fund)					
Sinking Fund (a)	2.1	376,469		378,375	
Other Service of National Debt (b)	2.1	1,453,609		1,826,293	
Payments to holders of political and Constitutional office etc.	1.4	20,378		16,319	
Payments to EU Budget	1.5	960,822		846,603	
Other non-voted Expenditure	1.6	28,172	<u>18,908,632</u>	23,045	<u>16,250,705</u>
Surplus on Current Account			<u>3,724,230</u>		<u>5,490,466</u>
Capital Receipts:					
Sinking Fund (a)	2.1	376,469		378,375	
Loans repaid	1.8	64,068		203,540	
EU Receipts	1.10	436,182		297,760	
Sale of Telecom Éireann	1.12	-		1,171,112	
Other Receipts	1.12	654,650	<u>1,531,369</u>	101,965	<u>2,152,752</u>
Capital Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.7	3,862,079		3,050,760	
Non-Voted (expenditure charged directly under particular legislation)					
Loans issued	1.8	105,568		83,844	
Share Capital acquired in State Bodies	1.9 (A)	7,080		9,229	
Investment in International Bodies	1.9 (B)	812		755	
EU Payments	1.11	-		619	
Funding of Superannuation Liabilities	1.13	765,500		1,995,000	
Other Payments	1.13	462	<u>4,741,501</u>	561	<u>5,140,768</u>
Deficit on Capital Account			<u>(3,210,132)</u>		<u>(2,988,016)</u>
Exchequer Surplus			514,098		2,502,450
Source and Application of Funds					
Net Debt Repayments	2.3	567,595		2,431,353	
Total Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.3	(53,497)	<u>514,098</u>	71,097	<u>2,502,450</u>

Notes:

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

(b) The 2001 service of National Debt cost has been decreased by £2,352,000 to reflect a reclassification of National Savings Schemes between interest and debt balances.

EXCHEQUER ACCOUNT (in euro)

Account of Receipts and Payments for the year ended 31 December 2001

STATEMENT No.		2001		2000	
		euro 000	euro 000	euro 000	euro 000
Current Receipts:					
Tax Revenue	1.1		27,925,364		27,072,034
Non-Tax Revenue	1.2		812,443		533,559
			<u>28,737,807</u>		<u>27,605,593</u>
Current Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.3	20,403,652		16,709,842	
Non-Voted (non-discretionary expenditure charged directly on Central Fund)					
Sinking Fund (a)	2.1	478,017		480,437	
Other Service of National Debt (b)	2.1	1,845,702		2,318,914	
Payments to holders of political and Constitutional office etc.	1.4	25,875		20,721	
Payments to EU Budget	1.5	1,219,992		1,074,964	
Other non-voted Expenditure	1.6	35,771	24,009,009	29,261	20,634,139
			<u>4,728,798</u>		<u>6,971,454</u>
Surplus on Current Account					
			<u>4,728,798</u>		<u>6,971,454</u>
Capital Receipts:					
Sinking Fund (a)	2.1	478,017		480,437	
Loans repaid	1.8	81,349		258,442	
EU Receipts	1.10	553,837		378,077	
Sale of Telecom Éireann	1.12	-		1,487,006	
Other Receipts	1.12	831,234	1,944,437	129,469	2,733,431
Capital Payments:					
Voted (Departmental expenditure voted annually by the Dáil)	1.7	4,903,829		3,873,666	
Non-Voted (expenditure charged directly under particular legislation)					
Loans issued	1.8	134,044		106,460	
Share Capital acquired in State Bodies	1.9 (A)	8,990		11,718	
Investment in International Bodies	1.9 (B)	1,031		959	
EU Payments	1.11	-		786	
Funding of Superannuation Liabilities	1.13	971,984		2,533,127	
Other Payments	1.13	587	6,020,465	712	6,527,428
			<u>(4,076,028)</u>		<u>(3,793,997)</u>
Deficit on Capital Account					
			<u>(4,076,028)</u>		<u>(3,793,997)</u>
Exchequer Surplus			652,770		3,177,457
Source and Application of Funds					
Net Debt Repayments	2.3	720,697		3,087,181	
Total Increase/(Decrease) in Exchequer Balances and Commercial Deposits	2.3	(67,927)	652,770	90,276	3,177,457

Notes:

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

(b) The 2001 service of National Debt cost has been decreased by euro 2,986,424 to reflect a reclassification of National Savings Schemes between interest and debt balances.

PART ONE

STATEMENT 1.1

Current: Tax Revenue

	2001	2000
	£000	£000
Income Tax	7,361,260	7,176,823
Value Added Tax	6,237,870	5,883,269
Excise	3,189,639	3,357,388
Corporation Tax	3,273,155	3,061,473
Stamps	966,264	871,776
Customs	129,448	162,650
Training and Employment Levy	162	11,448
Capital Acquisitions Tax (a)	132,915	174,969
Capital Gains Tax	693,323	609,179
Residential Property Tax	1,301	1,595
Agricultural Levies	7,674	10,389
Total (b)	21,993,011	21,320,959

Notes:

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

(b) *The amounts detailed above represent sums transferred to the Exchequer. In addition, balances held by the Office of the Revenue Commissioners and the Department of Enterprise, Trade & Employment (or their agents) amounted to £73,227,879 at end 2001 and £164,988,347 at end 2000.*

STATEMENT 1.2

Current: Non-Tax Revenue

	2001 £000	2000 £000
Central Bank Surplus Income	355,430	168,093
National Lottery Surplus (a)	136,000	127,430
Royalties from Marathon Petroleum Ireland Ltd	6,442	6,950
Interest received on loans :		
Aer Lingus Shannon Ltd. (formerly Aerlinte Éireann Teoranta)	200	200
Bord Iascaigh Mhara	172	4,268
Dept. of Agriculture, Food & Rural Development in its capacity as Intervention Agency		
FEOGA Guarantee	58	62
Dept. of Marine & Natural Resources		
FEOGA Guarantee	151	305
Local Loans Fund	<u>10,000</u>	<u>13,833</u>
	10,581	18,668
Share Dividends :		
ACC Bank plc	-	2,348
Bord Gáis Éireann	39,835	11,000
Irish Aviation Authority	914	984
Telecom Éireann	198	506
Vodafone Group /Eircell 2000	<u>36</u>	<u>-</u>
	40,983	14,838
Receipts collected by Government Departments and Offices : (b)		
Chief State Solicitor's Office:		
Payment of instalment of debt	15	-
Defence :		
Re-imburement by the UN of claims in respect of Defence Forces personnel who died or were injured while serving with UNIFIL	183	226
Enterprise, Trade and Employment:		
Receipt from Forfas in respect of lease income	79	-
Receipt from IDA Ireland in respect of excess income	264	700
Receipt from Forfas Superannuation Scheme Staff Contributions 1998-2000	496	-
Receipt from IDA in respect of interest on Bank Account for Expo 2000	2	-
Receipt from Enterprise Ireland in respect of own resource income	-	175
Receipt from IDA Ireland in respect of own resource income	-	1075
Foreign Affairs :		
Passport and Consular Fees	16,913	20,524
Justice, Equality and Law Reform :		
Court Fees	10,766	7,942
Citizenship Certificates	157	191
Court Percentages	84	-
Motoring Fines	19,979	17,226
Land Registry and Registry of Deeds :		
Land Registration Fees	34,050	31,685
Registry of Deeds Fees	1,770	1,515
Ground Rent Fees	78	59

Current: Non-Tax Revenue - continued

	2001 €000	2000 €000
Marine and Natural Resources :		
Coast Guard Charges	23	15
Salmon Conservancy Fund	-	5
MV Asian Parade Pollution Charges	-	22
Skerchi Barge Incident Charges	-	11
Office of the Ombudsman :		
Proceeds from sale of publications	-	1
Office of Public Works :		
Recovery of irregular rent payments	-	100
Office of the Revenue Commissioners :		
Fee Stamps credited by the Revenue Commissioners	624	1,156
	85,483	82,628
Other Receipts :		
Forfeit election deposits	-	3
Conscience money	43	30
Income from Irish Life policy placed by Dublin District Milk Board	18	21
Refund of salary from Chairman, Dublin Docklands Development Authority	8	8
State Property Act, 1954 (Sections 29 & 31)	61	8
Receipts from the European Investment Bank	710	542
Interest on Revenue accounts with the Central Bank	909	530
State witness expenses	6	5
Proceeds from Companies Liquidation Account	27	6
Criminal Justice Act, 1994 (Section 39)	511	258
Receipts from Agency for Personal Service Overseas	18	13
Office of the Director of Telecommunications Regulation annual surplus	2,621	162
Receipt in respect of two dissolved companies	-	1
Telecom Eireann Interest on Dividend	-	18
	4,932	1,605
PAYMENTS INTO EXCHEQUER	639,851	420,212

Notes:

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

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

STATEMENT 1.3

Issues for Current Voted Expenditure (a)

Vote		2001 £000	2000 £000
No.	Service		
1	President's Establishment	1269	1123
2	Houses of the Oireachtas and the European Parliament	49,558	47,039
3	Department of the Taoiseach	15,298	22,217
4	Ordnance Survey Ireland	532	1,281
5	Central Statistics Office	28,279	19,340
6	Office of the Minister for Finance	72,361	39,187
7	Superannuation and Retired allowances	116,908	105,338
8	Office of the Comptroller and Auditor General	3,593	3,531
9	Office of the Revenue Commissioners	189,593	166,564
10	Office of Public Works	102,516	74,366
11	State Laboratory	3,922	3,557
12	Secret Service	273	336
13	Office of the Attorney General	6,800	5,382
14	Office of the Director of Public Prosecutions	12,850	10,178
15	Valuation Office	5,972	3,064
16	Civil Service Commission	8,781	7,802
17	Office of the Ombudsman	2,676	2,322
18	Chief State Solicitor's Office	20,518	16,146
19	Office of the Minister for Justice, Equality & Law Reform	111,004	81,363
20	Garda Síochána	689,376	627,000
21	Prisons	209,075	178,855
22	Courts	43,691	31,922
23	Land Registry and Registry of Deeds	20,677	16,190
24	Charitable Donations and Bequests	248	210
25	Environment and Local Government	574,654	447,983
26	Office of the Minister for Education and Science	177,286	146,952
27	First-Level Education	1,016,468	901,945
28	Second-Level and Further Education	1,174,517	1,012,549
29	Third-Level and Further Education	860,113	715,238
30	Marine and Natural Resources	73,162	65,045
31	Agriculture, Food and Rural Development	762,007	485,699
32	Public Enterprise	220,632	175,002
33	Health and Children	4,424,073	3,401,940
34	Enterprise, Trade and Employment	645,774	561,450
35	Tourism, Sport and Recreation	142,172	114,580
36	Defence	522,625	465,554
37	Army Pensions	96,522	86,097
38	Foreign Affairs	105,539	87,669
39	International Co-operation	187,328	137,973
40	Social, Community and Family Affairs	3,210,651	2,768,272
41	An Chomhairle Ealaíon	33,919	31,525
42	Ealaíon, Oidhreacht, Gaeltachta agus Oileán	121,600	87,721
43	National Gallery	4,370	2,563
44	Flood Relief	-	-
Total Exchequer Payments towards Voted Expenditure		16,069,182	13,160,070

Notes:

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

STATEMENT 1.4

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

	2001	2000
	£000	£000
Annuities, Pensions etc. for former Constitutional, Ministerial and Judicial Office-	4,973	4,482
Salaries and Allowances	5,447	3,667
Judicial Salaries	<u>9,958</u>	<u>8,170</u>
Total	20,378	16,319

Note :

A detailed breakdown of the 2001 payments under these headings is contained in Schedule 1. A similar breakdown of the 2000 payments is available in the corresponding Schedule in the 2000 Finance Accounts.

STATEMENT 1.5

Current: Payments to the European Union Budget

	2001	2000
	£000	£000
Customs Duties	119,206	147,335
Agricultural (including Sugar) Levies	6,919	9,551
VAT related payments (a)	455,417	363,738
GNP related payments (a)	379,280	325,979
Total	<u>960,822</u>	<u>846,603</u>

Note:

(a) The VAT and GNP related payments are made on the basis of forecast estimates. Adjustments are made in subsequent years as the estimates are revised, leading to a mixture of additional payments and / or refunds relating to several years. Any additional payments arising from these adjustments are included in the entries above. Refunds, when they occur, are received in the Exchequer as non-tax revenue.

STATEMENT 1.6

Current: Other Non-Voted Expenditure

	2001	2000
	£000	£000
Returning Officers' Expenses under the Electoral Acts	5,711	245
Payments to International Development Association (a)	6,907	7,242
Election Postal charges	1,850	99
Payments to An Post and Telecom Éireann Superannuation Funds	124	8,897
Payments to Marathon Petroleum Ireland Ltd (b)	12,757	5,239
Bretton Woods Agreements (Amendment) Acts, 1957-1999	823	1,323
	<hr/>	<hr/>
	28,172	23,045

Notes:

(a) These are payments made under the International Development Association Act, 1960, towards the replenishment of the resources of the Association, which is the concessionary lending body of the World Bank Group.

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

STATEMENT 1.7

Issues for Capital Voted Expenditure (a)

		2001	2000
		£000	£000
Vote			
No	Service		
1	President's Establishment	-	-
2	Houses of the Oireachtas and the European Parliament	-	-
3	Department of the Taoiseach	7,149	35,000
4	Ordnance Survey Ireland	2,615	1,596
5	Central Statistics Office	2,199	2,112
6	Office of the Minister for Finance	1,981	9,871
7	Superannuation and Retired Allowances	-	-
8	Office of the Comptroller and Auditor General	-	-
9	Office of the Revenue Commissioners	13,900	9,500
10	Office of Public Works	194,484	233,634
11	State Laboratory	-	-
12	Secret Service	-	-
13	Office of the Attorney General	-	-
14	Office of the Director of Public Prosecutions	-	-
15	Valuation Office	-	-
16	Civil Service Commission	-	-
17	Office of the Ombudsman	-	-
18	Chief State Solicitor's Office	-	-
19	Office of the Minister for Justice, Equality & Law Reform	12,027	4,900
20	Garda Síochána	15,968	13,570
21	Prisons	26,524	22,600
22	Courts	19,764	18,000
23	Land Registry & Registry of Deeds	708	-
24	Charitable Donations and Bequests	-	-
25	Environment and Local Government	1,894,381	1,311,130
26	Office of the Minister for Education and Science	29,749	79,448
27	First-Level Education	118,694	83,675
28	Second-Level and Further Education	141,650	121,585
29	Third-Level and Further Education	156,100	123,025
30	Marine and Natural Resources	94,021	75,084
31	Agriculture, Food and Rural Development	77,000	91,000
32	Public Enterprise	343,000	220,338
33	Health and Children	294,250	231,500
34	Enterprise, Trade and Employment	175,331	211,049
35	Tourism, Sport and Recreation	69,911	29,207
36	Defence	44,348	21,097
37	Army Pensions	-	-
38	Foreign Affairs	3,093	3,994
39	International Co-operation	-	-
40	Social, Community and Family Affairs	7,150	-
41	An Chomhairle Ealaíon	4,000	4,000
42	Ealaíon, Oidreacht, Gaeltachta agus Oileán	103,305	91,788
43	National Gallery	7,009	654
44	Flood Relief	1,768	1,403
Total Exchequer Payments towards Voted Expenditure		3,862,079	3,050,760

Note:

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

STATEMENT 1.8

Capital: Loan Transactions

Body/Fund	Outstanding at 31 December 2000	Loans issued 2001	Loans repaid 2001	Outstanding at 31 December 2001
	£000	£000	£000	£000
Aer Lingus Shannon Ltd (formerly Aerlínte Éireann Teoranta)	5,000	-	-	5,000
Bord Iascaigh Mhara	3,776	660	760	3,676
Bula Ltd (in receivership) (a)	956	-	-	956
Córas Iompar Éireann	9,853	-	-	9,853
Department of Agriculture, Food & Rural Development				
- FEOGA (Guarantee)	30,000	90,000	30,000	90,000
Department of Marine & Natural Resources:				
- FEOGA (Guarantee)	10,553	14,908	22,558	2,903
Insurance Compensation Fund	32,000	-	-	32,000
Local Loans Fund	140,844	-	10,507	130,337
Shannon Free Airport Development Co Ltd	9,232	-	243	8,989
Total	242,214	105,568	64,068	283,714

Notes:

(a) Four loans, totalling £956,297, were advanced between 1983 and 1986 to Bula Ltd. Interest due to 31 December, 2001 was £24,006,249 i.e. pari passu with loans made to the Company via Bula Holdings Ltd by the private shareholders of Bula Ltd.

STATEMENT 1.9 (A)

Capital: Share Capital acquired in State-sponsored Bodies

Body	Shareholding	Shares	Shares	Shareholding	State's	Accounts
	31 December 2000 £000	acquired 2001 £000	disposed 2,001 £000	31 December 2001 (a) £000	Net Assets £000	period ending
ACC Bank plc	49,948	-	-	49,948	149,942	31/12/2001
Aer Rianta Teoranta	146,722	-	-	146,722	293,082	31/12/2001
Aer Lingus Group plc (b)	239,828	-	-	239,828	170,992	31/12/2001
An Post (c)	44,433	-	-	44,433	203,522	31/12/2001
Arramarrá Teoranta (d)	39	-	-	39	(89)	31/12/2001
Eircom	1,655	-	1,655	-	-	31/03/2002
Bord na Móna plc	61,952	-	-	61,952	99,925	28/03/2002
Coillte Teoranta	631,000	-	-	626,161	845,040	31/12/2001
Housing Finance Agency plc	30	-	-	31	23,976	31/12/2001
ICC Bank plc	36,949	-	36,949	-	-	31/12/2001
Irish Aviation Authority	17,858	-	-	17,858	41,335	31/12/2001
Irish National Stud Co Ltd	9,975	-	-	9,975	10,457	31/12/2001
Kilkenny Design Workshops Ltd (in receivership)	1,000	-	-	1,000	-	31/12/2001
Nítrigin Éireann Teoranta	100,000	-	-	100,000	(113,729)	30/09/2001
Shannon Free Airport Development Co Ltd	144,356	50	-	144,406	135,059	31/12/2001
Temple Bar Properties Limited	0	-	-	0	47,138	31/12/2001
Irish National Petroleum Corporation	0	-	-	0	67,054	31/12/2001
National Building Agency Ltd	0	-	-	0	8,341	31/12/2001
Drogheda Port Company	4,309	1,311	-	5,620	9,187	31/12/2001
Dublin Port Company	6,023	-	-	5,930	48,108	31/12/2001
Dun Laoghaire Harbour Company	11,632	-	-	11,451	19,498	31/12/2001
Galway Harbour Company	6,974	-	-	6,865	7,311	31/12/2001
New Ross Port Company	3,721	-	-	3,664	4,078	31/12/2001
Port of Cork Company	13,543	-	-	13,333	30,565	31/12/2001
Port of Waterford Company	4,688	3,719	-	8,441	3,829	31/12/2001
Shannon Foynes Port Company	1000.003	2,000	-	3000.003	15,532	31/12/2001

Notes:

(a) Shareholding at 31 December 2000 consists of £1 shares (fully paid), with the exception of Eircom, where the above figures represent the IR£ equivalent of €0.25 shares. During the year, in accordance with the Economic and Monetary Union Act, 1998, the share capital of a number of these bodies was renormalized at rates ranging from €1.25 to €1.30 per IR£. As a result, the shareholding of the Minister for Finance in these bodies at 31 December 2001 have been re-stated.

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

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

(d) The net assets figure relates to the State's shareholding of 50.6% of this company.

STATEMENT 1.9 (B)

Capital: Investments in International Bodies under International Agreements

Body	Shareholding at 31 December 2000(a) £000	Cost of shares acquired 2001(a) £000	Shareholding at 31 December 2001 £000
Payments under Bretton Woods Agreement Acts, 1957-1999	21,270	-	21,270
Payments under International Finance Corporation Act, 1958	737	-	737
European Bank for Reconstruction and Development	8,342	585	8,927
European Coal and Steel Community	32	-	32
European Investment Bank (b)	23,282	-	23,282
International Common Fund for Commodities	227	-	227
Multilateral Investment Guarantee Agency	533	227	760

Notes:

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

(b) *These figures do not represent the current value of paid in capital. The current value of Ireland's paid in capital (including value of EIB shares allocated from EIB reserves) amounted to £29.4 million at end-2001.*

STATEMENT 1.9 (C)

Capital: Investments - Shares of Sundry Undertakings

Body	Shareholding at 31 December 2000 £000	Shareholding at 31 December 2001 £000
Bula Ltd (in receivership):		
"A" £1 Shares (Fully Paid)	240	240
"D" £1 Shares (Fully Paid)	250	250
Fastnet Mussels Ltd	15	15
Kush Seafarms Ltd	15	15
Bantry Bay Seafoods Ltd (formerly Bantry Bay Mussels Ltd)	65	65

Note:

The shareholding of the Minister for Finance in the National Theatre Society Ltd. is less than £1,000.

STATEMENT 1.10

Capital: Receipts from the European Union

	2001	2000
	£000	£000
European Regional Development Fund	201,858	187,983
Cohesion Fund	232,000	109,751
EIB-EEA Financial Mechanism	2,298	-
Turkish Aid Protocol (a)	<u>26</u>	<u>26</u>
Total	436,182	297,760

Note:

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

STATEMENT 1.11

Capital: Payments to the European Union

	2001	2000
	£000	£000
Reimbursement of ERDF overpayments	<u>-</u>	<u>619</u>
Total	-	619

STATEMENT 1.12

Capital: Other Receipts

	2001 £000	2000 £000
Sale of Telecom Éireann:		
Telecom Éireann (Employee Share Ownership Trust)	-	30,000
Telecom Éireann (Public Share Offer)	-	3,000
Telecom Éireann (Comsource - Strategic Alliance)	-	1,138,112
Sale of ICC Investment Bank	253,812	-
Sale of TSB	321,602	-
Sale of Telephony Licence	21,376	-
Sale of Eircom Valentia Shareholding	8,836	-
Sale of State property	15,780	696
Sale of the Chester Beatty Library premises	-	6,000
Sale of FAS Assets	201	-
Receipt from IDA Ireland of surplus grant receipts	5,200	1,750
Receipt from IDA Ireland of an excess of its annual grant refunds target	932	1,110
Receipt from IDA Ireland of surplus sales receipts	-	6,000
Receipt from OPW in respect of Digital Media Developments Ltd	15,215	-
Receipt from Enterprise Ireland of income from the sale of assets	8,225	78,638
Receipt from Enterprise Ireland of excess own resources income	1,878	-
Receipt from Enterprise Ireland of an excess of its annual grant refunds target	1,579	6,797
Receipt from Fingal County Council in respect of the One-Stop Shop initiative	-	200
Receipt from ICC Bank plc in respect of the purchase of the For Teo portfolio	-	59
Receipt from the sale of Forfas shareholding in IDI Limited	-	84
Receipts under the following Acts:		
International Development Association Acts 1960-1997	14	13
Foir Teoranta (Dissolution) Act, 1990 (a)	-	609
Insurance Acts, 1953-1988	-	9
Total	654,650	1,273,077

Notes:

(a) Relates to income arising from the debt portfolio of Foir Teoranta which was transferred to ICC Bank plc under the provisions of the Foir Teoranta (Dissolution) Act 1990.

STATEMENT 1.13

Capital: Other Payments

	2001 £000	2000 £000
Funding of Superannuation Liabilities:		
National Pensions Reserve Fund	765,500	-
Temporary Holding Fund Superannuation Liability Act 1999	-	1,850,000
Forestry Act, 1988 Section 44	-	145,000
Payments under other Acts:		
Insurance Acts, 1953 - 1988	88	152
Finance Acts, 1978 and 1990 (a)	201	120
Securitisation (Proceeds of Certain Mortgages) Act, 1995	173	289
Total	765,962	1,995,561

Note:

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

STATEMENT 1.14

Guaranteed Liabilities

At 31 December 2001, the Government had guaranteed the due payment of obligations in respect of liabilities of which the principal or capital value outstanding was £2,474 million. The individual amounts represent capital raised and commitments entered into in accordance with relevant statutes.

Nature of Liability	Amount Outstanding at 31 December 2001 £000	Nature of Liability	Amount Outstanding at 31 December 2001 £000
ACC Bank plc	425,400	Insurance Acts, 1953-1988	2,599
Aer Rianta	9,114	Irish Intervention Agency	54,342
Bord Gáis Éireann	55,286	Irish Telecommunications Investments p	88,394
Bord na Móna	10,000	National Building Agency Ltd	283
Córas Iompair Éireann	177,083	Nítrigin Éireann Teoranta	7,876
Cork Opera House Co Ltd	18	Securitisation (Proceeds of Certain Mortgages) Act, 1995	55,365
Dun Laoghaire Harbour Company	3,921	Temple Bar Properties Ltd	774
Electricity Supply Board	87,844	Port of Waterford Co	6,346
Housing Finance Agency plc	1,389,959	ACP-EEC Convention of Lomé (contract Guarantee between State and European Investment Bank) Act, 1976.	7,226
ICC Bank plc (a)	91,824		
		Total	<u>2,473,654</u>

Note :

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

SCHEDULE 1

Annuitants, Pensions, etc.

To whom payable

	£	£
Mrs. Rita Childers, widow of the late Erskine H. Childers	38,665	
Dr. Patrick J. Hillery, former President of Ireland	77,329	
Mrs. Mary Robinson, former President of Ireland	77,329	193,323

Pensions, retirement lump sums and death gratuities relating to judicial services :-

2,709,671

Pensions for former Ministers and other office holders:-

To whom payable

Bernard Allen	1,561	Alan Dukes	20,774
Lorcan Allen	2,958	Bernard Durkan	1,431
Sylvester Barrett	19,296	Jackie Fahy	9,574
Sean Barrett	15,252	Pádraig Faulkner	28,544
Peter Barry	32,601	Nuala Fennell	9,385
Richard Barry	5,678	Garrett Fitzgerald	51,847
Michael Begley	10,369	Gene Fitzgerald	20,311
George Bermingham	9,385	Eithne Fitzgerald	4,396
Niamh Breathnach	19,029	Tom Fitzpatrick	28,544
Vincent Brady	11,005	Pádraig Flynn	25,931
John Bruton	38,132	Denis Gallagher	16,380
Raphael Burke	28,574	Maire Geoghegan-Quinn	24,284
Richard Burke	17,697	Dermot Gleeson	12,463
Joan Burton	4,396	Charles J Haughey	55,304
David Byrne	11,160	A. J. Hederman	25,217
Seán Calleary	12,572	Paddy Hegarty	9,385
Donal Carey	1,525	Michael D. Higgins	10,124
Mark Clinton	19,194	Dr. Patrick J. Hillery	22,239
Edward Collins	9,713	Jim Higgins	1,512
Gerard Collins	28,544	Tras Honan	12,430
Paul Connaughton	9,385	Gemma Hussey	19,004
Ger Connolly	13,310	Thomas Hussey	9,040
Patrick Cooney	28,544	Liam Hyland	1,498
Declan Costello	22,405	Liam Kavanagh	20,425
Donal Creed	8,909	Justin Keating	19,194
Austin Currie	1,561	Enda Kenny	3,626
Conor Cruise O' Brien	19,194	Seamus Kirk	10,360
Brendan Daly	23,476	Patrick J. Lalor	27,758
Michael D' Arcy	8,909	Terry Leyden	11,322
Austin Deasy	19,004	Denis Lyons	10,360
Barry Desmond	19,543	Liam Mac Cosgair	41,478
Seán Doherty	11,097	Seán G. Mac Gearailt	54,671
Patrick S. Donegan	143	Seán McCarthy	2,989
John F. Donnellan	9,385	Charles McDonald	6,152

SCHEDULE 1

Annuitants, Pensions, etc. - continued.

To whom payable

P. L. Mc Donnell	58,927	Toddy O' Sullivan	7,719
Liz McManus	1,561	Paddy O' Toole	20,767
Ray McSharry	20,945	Nora Owen	3,538
Jim Mitchell	20,767	Patrick Power	6,748
Michael Moynihan	4,966	Ruairi Quinn	17,393
John L. Murray	24,491	Pat Rabbitte	1,566
Ted Nealon	10,363	Albert Reynolds	54,557
Michael J. Noonan	22,797	Patrick J. Reynolds	9,036
Michael Noonan	16,459	John Ryan	9,201
Caoimhghín O Beoláin	22,313	Richie Ryan	19,194
Fergus O' Brien	10,363	Dick Spring	25,701
John O'Connell	6,272	Emmet Stagg	4,500
Tom O' Donnell	19,194	Mervyn Taylor	20,247
Martin O' Donoghue	15,902	Pat the Cope Gallagher	11,542
Thos. F. O'Higgins	12,754	Sean Treacy	38,059
Jim O' Keeffe	10,363	Jim Tunney	16,970
Michael O' Kennedy	19,383	Harry Whelehan	22,348
Michael O' Leary	23,922	John Wilson	39,232
Desmond O' Malley	28,544	Pearse Wyse	2,816
Brian O' Shea	4,500		
		Total	1,807,378

Pensions for widows and children of former Ministers and other office holders:-

Total 254,421

Severance payments for former Ministers and other office holders:-

David Andrews	25,028		
Chris Flood	11,216		
Ned O'Keeffe	15,839	Total	52,083
		Total	5,016,876

Notes:

The above total of the gross payments differs from the actual charge on the Central Fund in 2001, shown in Statement 1.4, because of the normal lag in the payover of tax deductions, and receipts / refunds received in 2001.

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

Severance payments are payable to Ministers, Ministers of State and Attorneys General; when they cease to hold office; the initial allowance is 75% of the Ministerial salary, declining to zero over a period of at most 2 years

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

SCHEDULE 1

Salaries and Allowances

To whom payable

	£	£
President of Ireland		
Mary McAleese		405,404
Allowances for Expenses to Leaders of Government and Opposition Parties		
Fianna Fáil	1,230,337	
Fine Gael	1,353,699	
Labour	753,269	
Progressive Democrats	143,380	
Green Party	80,603	
Sinn Féin	40,301	
Socialist Party	40,301	3,641,890
Allowances for Expenses to Independents		177,973
Payments to Political Parties under Electoral Act, 1997		1,113,282
Comptroller and Auditor General:		
John Purcell		117,846
Compensation for loss of right to free copies of books		
Kings Inns Library	433	
Marsh's Library	30	463
Sundry Allowances		
Lord Mayor and Citizens of Dublin		715
Total		5,457,573

Note:

The total shown above for Salaries and Allowances differs from the figure in Statement 1.4, because of the normal lag in the payover of tax deductions, a sum of £7,588.63 paid in 2001 but not covered from the Central Fund until 2002, and receipts / refunds of £969.00 received in 2001.

SCHEDULE 1

Judiciary

To whom payable

	£	£
Supreme Court		
Chief Justice	141,276	
7 Judges	<u>858,157</u>	999,433
High Court		
President	116,786	
25 Judges (1 retirement)	<u>2,841,222</u>	2,958,008
Circuit Court		
President	114,481	
29 Judges (4 appointments, 3 retirements)	<u>2,322,283</u>	2,436,765
District Court		
President	88,471	
51 Judges (3 appointments, 2 retirements)	<u>3,539,957</u>	<u>3,628,428</u>
Total		<u><u>10,022,633</u></u>

Note :

The total shown above for Courts of Justice differs from the figure in Statement 1.4 by £65,000. This difference arises because of the normal lag in the payover of tax deductions and also because of advances made from the Central Fund in 2001 but recouped in 2002.

PART TWO

Financial Statements of the National Debt of Ireland for the year ended
31 December 2001

NATIONAL DEBT OF IRELAND

ACCOUNTING POLICIES

Background

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

The financial statements set out on pages 32 to 42 are for the National Debt of Ireland. The form of the statements has been approved by the Minister for Finance under Section 12 of the National Treasury Management Agency Act, 1990.

Basis of Accounting

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

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

Reporting Period

The reporting period is for the year ended 31 December 2001.

Reporting Currency

The reporting currency is the Irish Pound which is denominated by the symbol IR£.

Receipts and Payments

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

Liability Valuation

Debt balances are recorded at redeemable par value.

Derivatives

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

Foreign Currencies

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

STATEMENT 2.1**NATIONAL DEBT OF IRELAND****SERVICE OF DEBT STATEMENT**

Year ended 31 December 2001

		2001 Total Cost	2000 Total Cost
	Notes	IR£'000	IR£'000
Interest paid			
Medium / Long Term Debt*	2	1,086,546	1,182,438
Short Term Debt**	3	92,715	139,863
National Savings Schemes	4, 9	317,398	346,678
Other Movements	5	54,290	75,210
Sinking Fund payments	6	376,469	378,374
Fees and Expenses	7	13,609	13,912
Expenses of NTMA		7,102	6,071
Interest received on deposits with Central Bank and other banks		(74,200)	(114,516)
Total Service Cost IR£	1	1,873,929	2,028,030
Total Service Cost EUR		2,379,399	2,575,067

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

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

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

STATEMENT 2.2**NATIONAL DEBT OF IRELAND****NATIONAL DEBT STATEMENT****31 December 2001**

		2001	2000
	Notes	IR£million	IR£million
Medium / Long Term Debt *			
Irish Government Bonds listed on			
The Irish Stock Exchange		15,461	17,156
Other Irish Government Public Bond Issues		1,619	2,173
Private Placements		1,291	1,674
European Investment Bank Loans		358	426
Medium Term Notes		743	829
Miscellaneous Debt		(246)	(272)
	8	19,226	21,986
Short Term Debt **			
Commercial Paper		5,514	2,114
Borrowings from Funds under the control of the Minister for Finance		2,211	2,974
	16	7,725	5,088
National Savings Schemes			
Savings Certificates		1,962	2,131
Savings Bonds		829	916
National Instalment Savings		355	359
Savings Stamps		2	2
Prize Bonds		261	234
	9	3,409	3,642
		30,360	30,716
Less Liquid Assets	10	(1,864)	(1,961)
National Debt IR£	12	28,496	28,755
National Debt EUR		36,183	36,511

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

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

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

STATEMENT 2.3

NATIONAL DEBT OF IRELAND

NATIONAL DEBT CASH FLOW STATEMENT

Year ended 31 December 2001

	2001	2000		
	IR£'000	IR£'000		
Movement in Exchequer balances:				
Opening Balance in Exchequer Account (note 10)	1,129,264	1,255,059		
Commercial Deposits (note 10)	196,891	(196,891)		
Borrowing Activity (see below)	<u>(567,595)</u>	<u>(2,431,353)</u>		
Exchequer Surplus /(Deficit)	758,560	(1,373,185)		
	514,098	2,502,450		
Closing Balance in Exchequer Account (note 10)	1,272,658	1,129,265		
	Receipts	Payments	2001	2000
	IR£'000	IR£'000	Net	Net
			IR£'000	IR£'000
Borrowing Activity				
Irish Government Bonds listed on				
The Irish Stock Exchange	4,244,224	(5,940,991)	(1,696,767)	(1,559,113)
Other Irish Government Public Bond Issues	1,213	(588,222)	(587,009)	(720,608)
Private Placements	-	(371,066)	(371,066)	(366,239)
European Investment Bank Loans	-	(78,332)	(78,332)	(104,325)
Medium Term Notes	-	(20,666)	(20,666)	(20,760)
Miscellaneous Debt	805,266	(718,264)	87,002	68,131
Borrowing from the Central Bank	-	-	-	(131,693)
Commercial Paper	44,386,401	(41,286,588)	3,099,813	72,472
Savings Certificates	179,409	(348,732)	(169,323)	(135,902)
Savings Bonds	184,048	(271,358)	(87,310)	(97,917)
National Instalment Savings	56,732	(60,275)	(3,543)	(4,745)
Prize Bonds	57,331	(30,279)	27,052	21,412
Borrowings from Ministerial Funds	20,886,239	(21,653,685)	(767,446)	547,935
	<u>70,800,863</u>	<u>(71,368,458)</u>	<u>(567,595)</u>	<u>(2,431,352)</u>
Total Borrowing Activity IR£				
Total Borrowing Activity EUR	89,898,552	(90,619,249)	(720,697)	(3,087,180)
Commercial Deposit Activity	29,307,403	(29,110,512)	196,891	(196,891)
Total Activity				
	Receipts	Payments	2001	2000
	IR£'000	IR£'000	Net	Net
			IR£'000	IR£'000
Exchequer Account	91,629,923	(95,355,886)	(3,725,963)	(2,333,201)
Foreign Currency Clearing Accounts (Note 14)	<u>8,478,344</u>	<u>(5,123,085)</u>	<u>3,355,259</u>	<u>(295,043)</u>
	100,108,267	(100,478,971)	(370,704)	(2,628,244)

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

STATEMENT 2.4**NATIONAL DEBT OF IRELAND****STATEMENT of MOVEMENT in NATIONAL DEBT****Year ended 31 December 2001**

	2001	2000
	IR£'000	IR£'000
Opening National Debt	28,755,003	31,383,909
Increase / (Decrease) in National Debt (nominal)	(258,761)	(2,628,906)
Represented by:		
Exchequer (Surplus)/Deficit (Note 15)	(514,098)	(2,502,449)
Effect of Foreign Exchange Rate Movements	10,365	(63,655)
Bond Tranching: net excess of proceeds over nominal liability	5,279	238,456
Bond Cancellations: net excess of cancellation cost over nominal liability	6,243	(124,593)
Movement in CSRA current balance (Note 10)	43,852	(176,640)
Nitrigin Éireann Teoranta Borrowings (Note 15)	189,556	-
Other nominal movements	42	(25)
	(258,761)	(2,628,906)
Closing National Debt IR£	28,496,242	28,755,003
Closing National Debt EUR	36,182,763	36,511,322

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

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS

1 Total Service Cost

	Notes	Charged on Foreign Currency Clearing Account IR£'000	Charged on Central Fund IR£'000	Charged on CSRA IR£'000	Total Service Cost 2001 IR£'000
Interest paid					
Medium / Long Term Debt	2	82,102	52,176	952,268	1,086,546
Short Term Debt	3	19,317	53,006	20,392	92,715
National Savings Schemes	4	-	34,038	283,360	317,398
Other Movements	5	3,252,531	(3,140,197)	(58,044)	54,290
Sinking Fund payments	6	-	-	376,469	376,469
Fees and Expenses	7	1,014	12,585	10	13,609
Expenses of NTMA		380	6,722	-	7,102
Interest received on deposits with Central Bank and other banks		(83)	-	(74,117)	(74,200)
		<u>3,355,261</u>	<u>(2,981,670)</u>	<u>1,500,338</u>	<u>1,873,929</u>
Inter Account movement		-	1,456,487	(1,456,487)	-
Net cash paid		<u>3,355,261</u>	<u>(1,525,183)</u>	<u>43,851</u>	<u>1,873,929</u>

The total charged on the Foreign Currency Clearing Account and on Central Fund, £1,830,078,000 represents the charge on the Exchequer for the Service of National Debt, corresponding with these entries on the Exchequer Account (page 7) :

Sinking Fund	£376,469,000
Other Service of National Debt	£1,453,609,000

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Interest on Medium / Long Term Debt	Total Cost 2001 IR£'000	Total Cost 2000 IR£'000
Irish Government Bonds listed on		
The Irish Stock Exchange	726,947	795,264
Other Irish Government Public Bond Issues	122,639	171,406
Private Placements	113,994	118,550
European Investment Bank Loans	29,323	37,494
Medium Term Notes	36,622	39,871
Miscellaneous Debt	57,021	19,443
Borrowings from Central Bank	-	410
	<hr/> 1,086,546 <hr/> <hr/>	<hr/> 1,182,438 <hr/> <hr/>
3 Interest on Short Term Debt	Total Cost 2001 IR£'000	Total Cost 2000 IR£'000
Commercial Paper	80,049	123,994
Borrowings from Funds under the control of the Minister for Finance	12,666	15,869
	<hr/> 92,715 <hr/> <hr/>	<hr/> 139,863 <hr/> <hr/>
4 Interest on National Savings Schemes	Total Cost 2001 IR£'000	Total Cost 2000 IR£'000
Savings Certificates	182,311	148,549
Savings Bonds	92,972	128,339
National Instalments Savings	42,820	34,632
Prizes in respect of Prize Bonds	6,585	5,961
Small Savings Reserve (Note 9)	(7,290)	29,197
	<hr/> 317,398 <hr/> <hr/>	<hr/> 346,678 <hr/> <hr/>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other Movements

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

6 Sinking Fund Payments

Under the Finance Act, 1950 and under the prospectus covering the issue of certain loans, specified amounts were provided for the redemption of debt. The sums provided and applied in 2001 were as follows:

	IR£'000
Capital Services Redemption Account (Note 13)	376,469
	<hr/> 376,469 <hr/>

7 Fees and Expenses

	Total Cost 2001 IR£'000	Total Cost 2000 IR£'000
Expenses of Savings Certificates	3,446	3,335
Expenses of Prize Bonds	3,918	3,838
Expenses of Savings Bonds	1,658	1,824
Expenses of National Instalment Savings	2,075	1,883
Expenses of Savings Stamps	824	843
Expenses of Foreign Loans	1,688	2,189
	<hr/> 13,609 <hr/>	<hr/> 13,912 <hr/>

8 Medium / Long Term Debt

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

	As at 31 December 2001 IR£million	As at 31 December 2000 IR£million
Debt due for repayment within 1 year	3,820	2,719
Debt due for repayment between 2 and 5 years	6,989	10,582
Debt due for repayment in more than 5 years	8,417	8,685
	<hr/> 19,226 <hr/>	<hr/> 21,986 <hr/>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 National Savings Schemes

Amounts shown in respect of Savings Certificates, National Instalment Savings, Savings Bonds and Prize Bonds are net of IR£8.3 million (2000 : IR£ 1.4 million) being cash balances held by An Post, TSB Bank and the Prize Bond Company. An Post and the Prize Bond Company act as the registrar for the respective schemes.

As these financial statements are prepared on a cash basis the liabilities do not include the sum of IR£ 1,814 million (2000 : IR£1,873 million), being the estimate of the amount of accrued interest at 31 December 2001 in respect of Savings Bonds, Savings Certificates and National Instalment Savings.

Section 160 of the Finance Act 1994, provided for the establishment of a fund to be known as the Small Savings Reserve Fund. It provided for IR£ 60 million to be paid into the fund in 1994 and in each year thereafter for such sums, if any, as the Minister for Finance may decide. Where in any calendar year interest payment on encashments of small savings exceed 11 per cent of total interest accrued on such savings at the end of the immediately preceding calendar year, the resources of the fund may be applied towards meeting so much of those interest payments which, as a percentage of the said total interest accrued, exceed 11 per cent. The actual interest cost for 2001 was 16.98 per cent of the interest accrued at the 31 December 2000 of IR£1,873m. The Minister decided that £7m would be drawn down in 2001 from the fund to meet the excess over 11 per cent.

	IR£ million
Estimated accrued interest at 31 December 2001	1,814
Small Savings Reserve Fund	
Balance at 1 January 2001	(882)
Amount provided during 2001	7
Balance at 31 December 2001 (Note 16)	(875)
Estimated accrued interest not provided for at 31 December 2001	<u>939</u>

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

10 Liquid Assets

	Opening balance at 1 January 2001 IR£'000	Movements during 2001 IR£'000	Closing balance at 31 December 2001 IR£'000
Exchequer Account	1,129,264	143,394	1,272,658
Capital Services Redemption Account			
Current Balance (Note 13)	634,972	(43,852)	591,120
Commercial Deposits*	<u>196,891</u>	<u>(196,891)</u>	<u>-</u>
	<u>1,961,127</u>	<u>(97,349)</u>	<u>1,863,778</u>

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

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Derivatives

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

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

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

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

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

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

	31 December 2001		31 December 2000	
	Nominal IR£million	Present Value IR£million	Nominal IR£million	Present Value IR£million
Interest Rate Swaps	2,618	(9)	2,638	15
Currency Swaps & Foreign Exchange Contracts	7,809	332	5,234	335
	<u>10,427</u>	<u>323</u>	<u>7,872</u>	<u>350</u>

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

12 National Debt

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

	As at 31 December 2001 IR£million	As at 31 December 2000 IR£million
Euro Basket Currencies *	26,864	27,096
Sterling	1,658	1,665
US Dollar	(26)	(5)
Swiss Franc	-	(1)
Japanese Yen	-	-
	<hr/>	<hr/>
	28,496	28,755
	<hr/>	<hr/>

* This figure is net of liquid assets as at 31 December 2001 IR£1,864m (31 December 2000 IR£1,961m)

13 Capital Services Redemption Account

This account is used to record;

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

NATIONAL DEBT OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Foreign Currency Clearing Accounts	IR£'000	
Balance at 1 January 2001		-
Deposit interest received		
Amounts received under the Finance Act, 1988 [S67 (8)]	13,225,996	
Amounts paid under the Finance Act, 1970 [S54 (7)]	<u>(16,478,527)</u>	(3,252,531)
Foreign Currency Borrowing receipts	8,478,344	
Foreign Currency Borrowing payments	<u>(5,123,085)</u>	3,355,259
Interest paid on Foreign Currency Borrowings (Note 1)		
- Medium/Long Term Debt	(82,102)	
- Short Term Debt	<u>(19,317)</u>	(101,419)
Expenses of Foreign Currency Borrowings (Note 1)		(1,014)
Expenses of NTMA		(380)
Balance at 31 December 2001		-

15 Nitrigin Éireann Teoranta Borrowings

In implementation of the provisions of the Nitrigin Éireann Teoranta Act, 2001, the Minister for Finance took over the debt in 2001 which increased the National Debt by IR£190m. The Minister for Finance delegated to the Agency the function of discharging the borrowings. The Agency discharged the borrowings during 2001.

16 Borrowings from Funds under the control of the Minister for Finance

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

	As at 31 December 2001 IR£million	As at 31 December 2000 IR£million
Post Office Savings Bank Fund	20	402
Small Savings Reserve Fund	875	882
Ulysses Securitisation plc	173	165
Deposit Monies Investment Account	1,143	1,525
	2,211	2,974