

## DEFENCE

Account of the sum expended, in the year ended 31 December 2007, compared with the sum granted and of the sum which may be applied as appropriations-in-aid in addition thereto:

- for the salaries and expenses of the Office of the Minister for Defence, including certain services administered by that Office; for the pay and expenses of the Defence Forces; and for payment of certain grants-in-aid

- for deferred surrender of unspent appropriations for capital supply services under Section 91 of the Finance Act 2004.

Service	Estimate Provision €000	Outturn €000	Closing Accruals €000
<b>ADMINISTRATION</b>			
A.1. SALARIES, WAGES AND ALLOWANCES	18,721	17,777	-
A.2. TRAVEL AND SUBSISTENCE	450	295	16
A.3. INCIDENTAL EXPENSES	552	449	4
A.4. POSTAL AND TELECOMMUNICATIONS SERVICES	816	769	39
A.5. OFFICE MACHINERY AND OTHER OFFICE SUPPLIES AND RELATED SERVICES	2,208	1,938	(235)
A.6. OFFICE PREMISES EXPENSES	1,681	1,427	137
A.7. CONSULTANCY SERVICES	50	-	-
A.8. VALUE FOR MONEY AND POLICY REVIEWS	137	46	-
<b>DEFENCE FORCES</b>			
B. PERMANENT DEFENCE FORCE: PAY	460,194	454,685	-
C. PERMANENT DEFENCE FORCE: ALLOWANCES	56,788	54,054	-
D. RESERVE DEFENCE FORCE: PAY, ETC.	12,541	8,839	-
E. CHAPLAINS AND OFFICIATING CLERGYMEN: PAY AND ALLOWANCES	1,260	1,375	-
F. CIVILIANS ATTACHED TO UNITS: PAY, ETC.	40,346	38,761	-
G. DEFENSIVE EQUIPMENT	40,955	43,005	(2,544)
H. AIR CORPS: EQUIPMENT AND EXPENSES	39,125	42,254	(1,602)
I. MILITARY TRANSPORT	11,530	15,924	683
J. NAVAL SERVICE: EQUIPMENT AND EXPENSES	13,330	13,495	918
K. BARRACK EXPENSES AND ENGINEERING EQUIPMENT	17,949	17,830	520
L. BUILDINGS			
	<i>Current Year Provision</i>		
	40,246		
	<i>Deferred Surrender</i>		
	<u>2,600</u>	42,846	37,045
M. ORDNANCE, CLOTHING AND CATERING	18,679	23,501	(2)
N. COMMUNICATIONS AND INFORMATION TECHNOLOGY	10,046	11,679	253
O. MILITARY TRAINING	3,731	3,010	2
P. TRAVEL AND FREIGHT SERVICES	4,941	5,382	182
Q. MEDICAL EXPENSES	3,230	3,636	106
R. LANDS	1,181	1,233	35
S. EQUITATION	998	966	109
T. COMPENSATION	7,638	4,678	669
U. MISCELLANEOUS EXPENDITURE	3,591	3,530	136
<b>OTHER SERVICES</b>			
V. COSTS ARISING DIRECTLY FROM IRELAND'S PARTICIPATION IN THE E.U.'S EUROPEAN SECURITY AND DEFENCE POLICY	1,258	1,339	-
W. CIVIL DEFENCE BOARD (GRANT-IN-AID)	6,099	6,099	-

**Defence****Vote 36**

Service	€000	Estimate Provision €000	Outturn €000	Closing Accruals €000
<b>OTHER SERVICES (cont'd)</b>				
X. IRISH RED CROSS SOCIETY (GRANT-IN-AID)		931	931	-
Y. COISTE AN ASGARD (GRANT-IN-AID) (NATIONAL LOTTERY FUNDED)		<u>879</u>	<u>879</u>	=
<b>Gross Total</b>				
<i>Current Year Provision</i>	822,081			
<i>Deferred Surrender</i>	<u>2,600</u>	824,681	816,831	320
<i>Deduct :-</i>				
Z. APPROPRIATIONS-IN-AID		<u>24,951</u>	<u>21,287</u>	<u>2,577</u>
<b>Net Total</b>				
<i>Current Year Provision</i>	797,130			
<i>Deferred Surrender</i>	<u>2,600</u>	<u>799,730</u>	<u>795,544</u>	<u>(2,257)</u>
<b>SURPLUS FOR THE YEAR</b>		<b>€4,186,338</b>		
<b>DEFERRED SURRENDER under Section 91 of the Finance Act 2004</b>		<b>€3,000,000</b>		
<b>SURPLUS TO BE SURRENDERED</b>		<b>€1,186,338</b>		

The Statement of Accounting Policies and Principles and Notes 1 to 15 form part of this Account.

## NOTES

**1 EXCEPTIONS TO GENERAL ACCOUNTING POLICIES**

Military stocks are valued at average cost. Other stocks are valued at their most recent purchase price.

Military equipment is depreciated using the straight line method with a residual value.

A detailed register is maintained of Land and Buildings administered by the Department of Defence. However, as valuations for all of these properties are not available, they are not included in the Statement of Capital Assets (Note 4).

In the Statement of Capital Assets (Note 4) furniture and fittings exclude items with a value below €600.

**2 OPERATING COST STATEMENT FOR 2007**

	€000	€000	€000
<b>Net Outturn</b>			795,544
<b>Changes in Capital Assets</b>			
Purchases Cash	(61,989)		
Depreciation	41,560		
Loss on Disposals	<u>1,521</u>	(18,908)	
<b>Assets under Development</b>			
Cash Payments (Note 5)		(24,691)	
<b>Changes in Net Current Assets</b>			
Increase in Closing Accruals	10,060		
Increase in Stock	<u>(3,883)</u>	<u>6,177</u>	<u>(37,422)</u>
<b>Direct Expenditure</b>			758,122
<b>Expenditure Borne Elsewhere</b>			
Net Allied Services Expenditure		8,365	
Notional Rents		<u>3,993</u>	<u>12,358</u>
<b>Operating Cost</b>			<u>770,480</u>

## 3 STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2007

	€000	€000	€000
<b>Capital Assets (Note 4)</b>			396,756
<b>Assets under Development (Note 5)</b>			<u>8,890</u>
			405,646
<b>Current Assets</b>			
Stocks (Note 14)		222,538	
Prepayments <sup>1</sup>			
2005	2,197		
2006	11,684		
2007	<u>5,952</u>	19,833	
Accrued Income		2,625	
Other Bank and Cash balances		9,171	
PMG Balance and Cash	5,939		
Orders Outstanding	<u>(1,292)</u>	<u>4,647</u>	
<b>Total Current Assets</b>		<u>258,814</u>	
<b>Less Current Liabilities</b>			
Accrued Expenses		6,272	
Deferred Income		48	
Other Credit Balances:			
Suspense	6		
Payroll Deductions	322		
Due to State (Note 15)	<u>10,288</u>	10,616	
Net Liability to the Exchequer (Note 6)		<u>3,202</u>	
<b>Total Current Liabilities</b>		<u>20,138</u>	
<b>Net Current Assets</b>			<u>238,676</u>
<b>Net Assets</b>			<u>644,322</u>

<sup>1</sup>The total figure includes downpayments of €2m in 2005 for aircraft upgrade; €10.7m in 2006 and a further €2m in 2007 for helicopters; and €1m in 2006 and a further €2.7m in 2007 for defensive equipment.

4 STATEMENT OF CAPITAL ASSETS AS AT 31 DECEMBER 2007<sup>1</sup>

	Military Equipment €000	Office/IT Equipment €000	Furniture and Fittings €000	Totals €000
Cost or Valuation as at 1 January 2007	695,086	40,153	1,957	737,196
Additions	71,400	2,970	92	74,462
Disposals	<u>(4,261)</u>	<u>(1,293)</u>	<u>(44)</u>	<u>(5,598)</u>
Gross Assets as at 31 December 2007	<u>762,225</u>	<u>41,830</u>	<u>2,005</u>	<u>806,060</u>
<b>Accumulated Depreciation</b>				
Opening Balance as at 1 January 2007	343,731	26,717	1,373	371,821
Depreciation for the year	36,875	4,583	102	41,560
Depreciation on Disposals	<u>(2,874)</u>	<u>(1,173)</u>	<u>(30)</u>	<u>(4,077)</u>
Cumulative Depreciation as at 31 December 2007	<u>377,732</u>	<u>30,127</u>	<u>1,445</u>	<u>409,304</u>
<b>Net Assets as at 31 December 2007</b>	<u>384,493</u>	<u>11,703</u>	<u>560</u>	<u>396,756</u>

<sup>1</sup>The Department of Defence administers land (approx. 8,200 hectares) and buildings at 100 different locations, as well as 21 properties outside of barracks which serve as married quarters. The disposal of these married quarters continues to be pursued. As indicated in Note 1, Land and Buildings are not included in this Statement.

## 5 STATEMENT OF CAPITAL ASSETS UNDER DEVELOPMENT AS AT 31 DECEMBER 2007

	In-House Computer Applications €000	Construction Contracts <sup>1</sup> €000	Totals €000
Amounts brought forward at 1 January 2007	-	5,315	5,315
Cash Payments for the Year	-	24,691	24,691
Transferred to Asset Register	-	<u>(21,116)</u>	<u>(21,116)</u>
Amounts carried forward at 31 December 2007	-	<u>8,890</u>	<u>8,890</u>

<sup>1</sup>Notional transfer to Asset Register. Land and Buildings are not shown in the Statement of Capital Assets.

## 6 NET LIABILITY TO THE EXCHEQUER

## Reconciliation of Surplus to be Surrendered at year end to Debtor and Creditor Balances held at 31 December 2007

	€000	€000
Surplus to be surrendered		1,186
Deferred Surrender		3,000
Exchequer Grant Undrawn		<u>(984)</u>
Net Liability to the Exchequer		<u>3,202</u>
<b>Represented by:</b>		
<b>Debtors</b>		
Net PMG position and cash	4,647	
Other Bank and Cash balances	<u>9,171</u>	13,818
<b>Creditors</b>		
Due to State (Note 15)	(10,288)	
Credit Balances: Suspense and payroll deductions	<u>(328)</u>	<u>(10,616)</u>
		<u>3,202</u>

## 7 EXPLANATION OF THE CAUSES OF VARIATION BETWEEN OUTTURN AND ESTIMATE PROVISION

Sub-head	Less/(More) Than Provided €000	Explanation
A.2.	155	The saving is due to expenditure on travel and in particular on non-EU travel being less than anticipated.
A.7.	50	The saving is due to consultancy services not being required during 2007.
A.8.	91	The saving is due to the amount of staff time used in carrying out reviews being lower than anticipated.
D.	3,702	The saving is due to the numbers of Reserve Personnel who attended full-time training being less than provided for in the Estimate.
E.	(115)	The excess is due mainly to an increase in the number of temporary and part-time chaplains during 2007.
G.	(2,050)	The excess is due to the purchase of essential additional defensive equipment required for operational use by the Defence Forces.
H.	(3,129)	The excess is due mainly to higher than anticipated maintenance and repair costs for aircraft (including Garda aircraft).

Sub-head	Less/(More) Than Provided €000	Explanation
I.	(4,394)	The excess is due to the requirement to purchase additional vehicles and equipment in preparation for the Nordic Battle Group and EUFOR Chad deployments.
L.	5,801	The saving is mainly due to slower than anticipated progress on certain major building projects.
M.	(4,822)	The excess is due mainly to the requirement to purchase ordnance equipment and clothing in preparation for the Nordic Battle Group and EUFOR Chad deployments.
N.	(1,633)	The excess is due mainly to the requirement to purchase communications equipment and services related to the Nordic Battle Group and EUFOR Chad deployments, and Ireland's Lead Nation status in KFOR.
O.	721	The saving is due mainly to the deferral of the development of proposed new training facilities.
P.	(441)	The excess is due mainly to travel and freight requirements related to the Nordic Battle Group and EUFOR Chad deployments.
Q.	(406)	The excess is due mainly to the increase in Defence Forces personnel receiving treatment in hospital, and to preparations for the Nordic Battle Group and EUFOR Chad deployments.
T.	2,960	Expenditure under this subhead is subject to a number of unpredictable variables, including the number and value of awards and settlements.
V.	(81)	The excess is due to the requirement to make a payment which was not provided for in respect of common costs relating to EU missions, specifically the EUFOR Chad mission.

## 8 APPROPRIATIONS-IN-AID

	Estimated €	Realised €
1. Receipts from United Nations in respect of overseas allowances, etc.	7,641,000	10,206,322
2. Receipts from EU in respect of fishery protection costs	2,100,000	-
3. Receipts from banks in respect of cash escort services	6,260,000	6,474,652
4. Receipts from occupation of official quarters	320,000	299,360
5. Receipts from rations on repayment	1,200,000	1,430,430
6. Receipts from other issues on repayment	80,000	76,450
7. Receipts for aviation fuel	30,000	44,532
8. Receipts on discharge by purchase	100,000	123,099
9. Lands and premises :-		
(1) Rents, etc.	400,000	467,791
(2) Sales	6,200,000	1,617,426
10. Sale of surplus stores	25,000	32,690
11. Refunds in respect of services of seconded personnel	100,000	66,712
12. Miscellaneous	<u>495,000</u>	<u>447,253</u>
<b>Total</b>	<b><u>24,951,000</u></b>	<b><u>21,286,717</u></b>

### Explanation of Variations

- The surplus arose due to the payment of arrears by the UN.
- The shortfall arose because receipts due from the EU were not received in 2007.
- The shortfall is due to fewer personnel occupying and paying for official quarters.
- The surplus is due to higher numbers of personnel availing of rations during 2007.

**Explanation of Variations**

7. The surplus is due to a higher than anticipated number of aircraft purchasing aviation fuel at Casement Aerodrome.
8. The surplus is due to the number of personnel discharged by purchase being higher than anticipated.
9. The shortfall is due to sales of a number of properties not being completed as anticipated in 2007.
11. The shortfall arose because the number and duration of secondments was less than anticipated.
12. Receipts under this heading are difficult to forecast because there are a number of variable factors involved.

**9 COMMITMENTS****(A) Global Commitments**

The global figure for commitments likely to arise in 2008 and subsequent years is estimated to be €63m. This includes €23m for the purchase of defensive equipment; €19m for the purchase and modification of aircraft; and €16m for a number of building projects.

**(B) Multi-annual Capital Commitments**

Expenditure in 2007 and commitments to be met in subsequent years on foot of capital projects where legally enforceable contracts were in place at 31 December 2007:

	€
Expenditure	24,691,253
Commitments to be met in subsequent years	15,989,724

**10 MATURED LIABILITIES**

Matured Liabilities outstanding at year end amounted to €543,102.

**11 DETAILS OF EXTRA REMUNERATION**

	Amount Paid €	Number of Recipients	Recipients of €6,350 or more	Max. Individual Payment of €6,350 or more €
Higher, special or additional duties	191,471	138	7	19,502
Overtime and extra attendance	1,074,081	471	56	14,586
Miscellaneous	<u>22,400</u>	2	2	11,500
Total extra remuneration	<u>1,287,952</u>			

**Notes:**

Amounts of €36,811 and €5,424 were received from Votes 1 and 2 respectively by military officers for performing duties as Aides-de-Camp to the President and An Taoiseach.

Certain individuals received extra remuneration in more than one category.

## 12 MISCELLANEOUS ITEMS

As agreed with the Department of Finance under the delegated Administrative Budget scheme, a carryover of €985,000 is included in the Defence Estimate for 2008.

Under the provisions of Section 91 of the Finance Act 2004, €3,000,000 of unspent allocation in respect of the capital element of Subhead L. was carried forward to 2008.

At 31 December 2007, there were 1,625 personal injury claims (879 in respect of alleged loss of hearing) on hand, of which 1,281 have been referred to the State Claims Agency.

This account includes the sums indicated below in respect of the remuneration and travel and subsistence costs, as appropriate, of military personnel working with various organisations:

<b>Organisation</b>	<b>€</b>
United Nations Missions	48,572,855
Military Staffs (EU, PSC, EUMS etc.), Brussels	2,009,072
Organisation for Security and Co-operation in Europe	837,075
European Union Missions	627,121
Nordic Battle Group	551,523
Permanent Mission of Ireland to the UN, New York	61,544

Of the sum of €48.6m for UN missions, €27.7m relates to missions the full costs of which are borne by the State. The remaining €20.9m relates to missions (UNMIL and UNIFIL) in respect of which limited costs reimbursement arrangements apply, and under which €2.6m was recoverable from the UN. That sum, together with €1.7m representing the full amount of personnel costs outstanding at end-2006, was received during 2007. In addition, a further €5.9m was received during 2007 in respect of equipment costs, comprising €2.7m for 2007 and €3.2m in respect of the full amount of equipment costs outstanding at end-2006. The sum outstanding from the UN at end-2007 was €0.14m for equipment costs and nil for personnel costs.

This account includes the sum of €93,527 in respect of the remuneration and travel and subsistence costs of a civil servant seconded to the European Council in Brussels.

This account includes the sum of €233,686 in respect of the remuneration and travel and subsistence costs of three military officers seconded to the Representative Association of Commissioned Officers. Office accommodation and postal and telecommunications services were provided without repayment for the Association (S4/8/90 and S4/9/90).

This account includes the sum of €196,760 in respect of the remuneration of military personnel seconded to the Permanent Defence Force Other Ranks Representative Association and a sum of €68,568 in respect of office accommodation and postal and telecommunications services for the Association (S4/8/90 and S4/9/90).

This account includes the sum of €38,092 in respect of operating costs for the Reserve Defence Force Representative Association. Office accommodation was provided without charge for the Association (S4/14/93).

This account includes the sum of €83,217 in respect of the remuneration of one military officer on loan to the Defence Forces Canteen Board (S4/30/40 and S4/11/58).

Assistance was rendered without charge to the Garda Síochána in disposing of explosive materials (S4/17/63).

Air Corps aircraft were provided without charge to other Government Departments and the Garda Síochána.

This account includes the full operating costs of the Garda fixed-wing aircraft and one Garda helicopter and the pilot costs only of the second Garda helicopter.

Air Corps aircraft were provided without charge to the Health Service Executive for ambulance missions (S72/7/75).

Institutional and outpatient services were afforded to Defence Forces personnel and to the dependants of enlisted personnel in civilian hospitals without application of the statutory charge and in military hospitals without charge to the Health Service Executive (S4/40/51 and S72/7/75).

Loss of or damage to stores, equipment or property for which negligence could not be attributed to any person resulted in the sum of €189,556 being written off (S4/11/62).



Ten cases of damage to military vehicles resulted in the sum of €12,049 being written off (S4/11/62).

Contributions amounting to €50,000 were made by the Department to four organisations in memory of a deceased member of the Defence Forces.

A total of €22,421 was spent on awards under the Scheme for the Recognition of Exceptional Performance comprising 2 individual awards of €600 and €1,000, and 34 group awards ranging from €100 to €1,500.

### 13 NATIONAL LOTTERY FUNDING

Subhead	Description	€
Y.	Coiste an Asgard (Grant-in-Aid)	<u>879,000</u>

### 14 STOCKS

Stocks at 31 December 2007 comprise:	<b>€000</b>
Military Stocks	222,413
Stationery, Manuals, etc.	62
IT Consumables, etc.	<u>63</u>
	<u>222,538</u>

### 15 DUE TO THE STATE

The amount due to the State at 31 December 2007 consisted of:	<b>€000</b>
Income Tax	4,898
Pay Related Social Insurance	5,054
Withholding Tax	199
Relevant Contracts Tax	101
Pension Contributions	<u>36</u>
	<u>10,288</u>

**MICHAEL HOWARD**

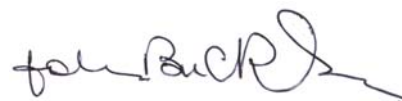
Accounting Officer  
DEPARTMENT OF DEFENCE  
31 March 2008

**Certificate of the Comptroller and Auditor General**

I have audited the Appropriation Account of the Vote for the Department of Defence for 2007 under Section 3 of the Comptroller and Auditor General (Amendment) Act, 1993. The Appropriation Account has been prepared in accordance with the Statement of Accounting Policies and Principles on pages v-viii. The responsibilities of the Accounting Officer and the Comptroller and Auditor General, and the basis of the audit opinion are set out on pages iii-v.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Department of Defence. The Appropriation Account is in agreement with the books of account.

In my opinion the Appropriation Account properly presents the receipts and expenditure of the Vote for the year ended 31 December 2007. Attention is drawn to Chapter 11 of the report for 2007 prepared by me pursuant to Section 3 of the Act.



**JOHN BUCKLEY**  
Comptroller and Auditor General  
19 September 2008