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An Roinn Airgeadais
Department of Finance



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2 March, 2012

Ms Eimear Lavelle
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

Dear Ms Lavelle

I refer to your letter to the Secretary General of the Department of Finance dated 5th December, 2011 from Mr Brian Flanagan, Blackrock, Co Dublin regarding his suggestions on the treatment of the accounts of the National Asset Management Agency.

Mr Flanagan suggested that either the Comptroller and Auditor General or NAMA should produce “shadow” pro-forma accounts for NAMA showing its acquired loans at par value and indicating the full extent of the capital and interest write downs/offers to complement the accounts being produced by NAMA.

He also raised some concerns about the treatment of interest in NAMA’s original business plan and he raised concerns about the accounting treatment of loans and interest payable in NAMA’s second business plan and its subsequent published reports.

This Department understands that NAMA will provide additional disclosures regarding the movement in the par value of NAMA’s loans. NAMA has indicated to the Department that it is to engage with the Office of the Comptroller and Auditor General on how best to provide such additional disclosure in respect of the movement in the par value of NAMA’s acquired loans in their 2011 Annual Report and Financial Accounts.

The provision of additional information in the 2011 Annual Report and Financial Accounts which will be agreed with the Comptroller and Auditor General represents a satisfactory way of providing more information on the treatment of par loans rather than developing a set of shadow pro-forma accounts.



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In respect of concerns raised about the accounting treatment for loans and interest payable, the Department understands that NAMA has provided a detailed response to the Committee in respect of the accounting treatment adopted which is in accordance with International Financial Reporting Standards (IFRS), which NAMA is required to adopt.

The Comptroller and Auditor General made some suggestions at the Committee on Public Accounts in October, 2011 as to how the NAMA accounts and related disclosures could be amended to explain the difference between the accounting treatment of interest and actual interest received. The Department understands that there are discussions on going between NAMA and the Office of the Comptroller and Auditor General on this issue with a view to providing additional disclosure and information in the 2011 Annual Accounts and Financial Statement.

I trust that this explains the position for the Committee.



Pat Leahy
Principal