

NOTES TO AND FORMING PART OF THE ACCOUNTS

13. Mortgage Loan Funding Surplus/(Deficit)

The mortgage loan funding position on the balance sheet is as follows:

	2006 Loan Annuity €	2006 Rented Equity €	2006 Total €	2005 Total €
Mortgage Loans/Equity Receivable (LT Mortgage Shared Own Note 3)	23,038,143	7,777,547	30,815,690	26,208,968
Mortgage Loans/Equity Payable (Mort Loans Shared Own Note 8)	(16,177,579)	(7,422,779)	(23,600,357)	(31,417,942)
Surplus/(Deficit) in Funding @ 31st December	6,860,564	354,768	7,215,333	(5,208,974)

Long term advances and the corresponding long-term loans were included for the first time in the Accounting Records of Donegal County Council at 01/01/2002. Donegal County Council had a number of mortgage loan redemption reserves included in the Capital Account at 01/01/2002.

In accordance with Departmental guidelines, the reserves have been included with the mortgage related long term advances and together with corresponding long term liabilities at 01/01/2002 gave an Historical Opening Funding Gap of €5,847,432 at that date. A write-off to the value of €520,000 was made in 2005 to the Historical Mortgage Funding Gap, with a further write-off to the value of €2,820,000 made in 2006 (funded from proceeds of sale of assets approved by Members in March 2007).

The balance as at the 31st December 2006 for the Historical Opening Funding Gap of €2,507,432 may be reduced to nil in 2007 (subject to realisation of disposal of asset proceeds and the Members approval).