

NOTES ON AND FORMING PART OF THE ACCOUNTS

13. Mortgage Loan Funding Surplus/(Deficit)

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

	2004	2004	2004	2003
	Loan Annuity	Rented Equity	Total	Total
	€	€	€	€
Mortgage Loans/Equity Receivable (LT Mortgage Shared Own Note 3)	17,989,556	5,764,406	23,753,962	17,542,733
Mortgage Loans/Equity Payable (Mort Loans Shared Own Note 8)	(21,405,070)	(5,918,891)	(27,323,960)	(26,022,143)
Surplus/(Deficit) in Funding @ 31st December	(3,415,513)	(154,485)	(3,569,998)	(8,479,410)

NOTE: Cash on Hand relating to Redemptions and Relending

€

8,124,315

€4,220,176 of €8,124,315 relates to balances at 1st January, 2002 and has been included in the Historical Gap at 1st January, 2002 accordingly.

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 has a number of mortgage loan redemption reserves included in the Capital Account at 01/01/2002.

In accordance with Department guidance, the reserves have been included with the mortgage related long term advances and corresponding long term liabilities at 01/01/2002 go give an Historical Opening funding gap of €5,847,432.

Surplus/(Deficit) in funding @ 31st December 2004
Historical Opening funding gap @ 1st January 2002

2004
€
(3,569,998)
5,847,432
2,277,434

The net credit of €2,277,434 at 31/12/2004 represents the "cumulative" credit on mortgage related lending and borrowing, i.e. taking into consideration the loan redemption reserves as already noted, and the net movement for the year.

The possibility and extent to which the opening deficit can be dealt with in the context of maturity timing differences arising between loans payable to the funding agencies and loans receivable from the borrowers has been examined. The outcome of this examination is being assessed with a view to discussing it with the Department of Environment, Heritage and Local Government. We have not included any provisions in the Annual Revenue Budget pending the outcome of these discussions.