

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The increase in the provision for impairment of trade receivables at Bristol Water comprised:

	2012	2011
As at January 1	(21,438)	—
As at business acquisition	—	(21,262)
Charge to statement of income	(6,181)	(1,206)
Amounts written off during the year as uncollectable	6,225	447
Net foreign exchange difference	(513)	583
<b>As at December 31</b>	<b>(21,907)</b>	<b>(21,438)</b>

Charges for impaired receivables have been included in the consolidated statement of income as part of operating expenses.

The other classes within trade and other receivables do not contain impaired assets.

Bristol Water has created an IAS 39 portfolio provision, but cannot identify which receivables are specifically impaired. Bristol Water policy is to consider a receivables impairment to be allocated on a collective basis and only impaired for the purposes of IFRS 7 disclosures when the loss can be specifically identified with the receivable.

Bristol Water is required to continue providing residential customers with water regardless of payment.

## NOTE 7. OTHER ASSETS

	Dec 31, 2012	Dec 31, 2011
Prepaid expenses	3,665	4,140
Inventory of spare parts and consumable supplies	3,553	3,308
	<u>7,218</u>	<u>7,448</u>

The cost of inventories recognized in operating expenses for the year ended December 31, 2012 was \$1,232 (December 31, 2011 – \$1,289).

## NOTE 8. LOANS RECEIVABLE

The following table summarizes the loans receivable from Värmevärden and Chapais:

	Maturity	Interest Rate	Dec 31, 2012	Dec 31, 2011
Värmevärden	2021	7.944%	34,768	81,587
Chapais:				
Tranche A (original principal \$ 9,391)	2015	10.8%	3,675	4,659
Tranche B (original principal \$ 3,624)	2019	4.9%	562	562
Tranche C (original principal \$ 2,558)	2016	—%	—	—
			<u>39,005</u>	86,808
Less: current portion			(1,096)	(984)
<b>Total long-term loans receivable</b>			<b><u>37,909</u></b>	<b>85,824</b>

Accrued interest on the loans receivable in the amount of \$63 for the year ended December 31, 2012 is included in accounts receivable (December 31, 2011 – \$42).

The estimated fair value of the loans receivable as at December 31, 2012 and 2011 approximates their carrying values.