

(ii) Receivables

Receivables comprise conservancy and service debtors, other debtors and interest receivables. Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial. Allowances are made for doubtful debts that may not be recoverable.

Irrecoverable debts are written off as bad debts in the Income and Expenditure Statement in accordance with the Town Councils Financial Rules.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term bank deposits that are subject to an insignificant risk of changes in value.

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Income and Expenditure Statement. Changes in the carrying amount of the allowance account are recognised in the Income and Expenditure Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Creditors and accrued expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis, except when the recognition of interest would be immaterial.