



BILLET D'ÉTAT

XIII
2004

WEDNESDAY, 28th JULY, 2004

ACCOUNTS OF THE STATES
FOR 2003

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B I L L E T D ' É T A T

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 28th JULY, 2004,** immediately after the meeting already convened for that day, for the purpose of considering the States Accounts for 2003.

D. V. G. CAREY
Bailiff and Presiding Officer

The Royal Court House,
Guernsey.
The 9th July, 2004.

**Letter of the Minister of the Treasury
and Resources Department**

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St. Peter Port
Guernsey
GY1 1FH

28 May 2004

Dear Sir,

I enclose a copy of the accounts of the States of Guernsey for the year ended 31 December 2003 together with the Auditors' report thereon.

I should be grateful if you would lay this matter before the States with the appropriate propositions.

Yours faithfully,

L.S. TROTT

Minister
Treasury and Resources Department

STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS

The Treasury and Resources Department is responsible for the preparation of accounts for each financial year which fairly summarise the transactions made during the year and for selecting suitable accounting policies. In preparing those accounts the Treasury and Resources Department relies on information supplied by various States Departments. Each States Department is expected to:

- apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent.

All States Departments acknowledge responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States of Guernsey.

STATEMENT OF INTERNAL FINANCIAL CONTROLS

It is the responsibility of each States Department to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus Departments are responsible for safeguarding the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Every States Department is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that States Departments are subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources.
- Review and appraisal of the soundness, adequacy and application of internal controls by States Internal Audit.
- The requirement for all audit reports to be tabled at a meeting of the relevant States Departments to ensure that all Department members are aware of their financial affairs.
- Regular review of the performance and security of the States' financial assets.

Through their staff recruitment and training States Departments strive to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The States internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the accounts are subject to independent external audit by auditors appointed by the States.

INDEPENDENT AUDITORS' REPORT TO THE TREASURY AND RESOURCES DEPARTMENT

We have audited the accounts on pages 14 to 83, 102 and 105 to 111 which have been prepared under the accounting policies set out on page 6.

Respective duties of the Treasury and Resources Department and the auditors

As described in the statement of responsibilities for the preparation of annual accounts, the Treasury and Resources Department is responsible for the preparation of accounts for each financial year which fairly summarise the transactions made during that year and for selecting suitable accounting policies. Our responsibilities, as independent auditors, are established by the UK Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts fairly summarise the transactions made during that year and are prepared in accordance with the accounting policies set out on page 6. We also report to you if, in our opinion, the Treasury and Resources Department has not kept proper accounting records, or if we have not yet received all the information and explanations we require for our audit.

We read the information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and whether the accounting policies are appropriate to the States of Guernsey's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free of material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts fairly summarise the transactions of the States of Guernsey made during the year ended 31 December 2003 and have been properly prepared in accordance with the accounting policies set out on page 6.

KPMG

CHARTERED ACCOUNTANTS

Guernsey
28 May 2004

STATES OF GUERNSEY ACCOUNTING POLICIES

1. The accounts of the States of Guernsey comprising those Committees set out on pages 14 to 83, 102 and 105 to 111 are prepared under the historical cost convention with the exception of the Consolidated Superannuation Fund accounts, the Contingency Reserve Fund accounts and other financial investments which have been adjusted by the revaluation of investments.
2. Investments in States Trading Entities in respect of Guernsey Post Ltd. and Guernsey Electricity Ltd. reflect the basis of valuation attributed to the net undertaking transferred from the States Trading Boards to the commercialised entities in accordance with The States Trading Companies (Bailiwick of Guernsey) Law, 2001. The values of other shareholdings are carried at cost.
3. Income and expenditure is dealt with on an accruals basis.
4. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
5. Stock is valued at the lower of cost and net realisable value.
6. Investments in the Consolidated Superannuation Fund, Contingency Reserve Fund and other financial investments are included at market prices ruling at the year end. For valuation purposes investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling at the year end.
7. In the Consolidated Superannuation Fund, realised and unrealised gains and losses on investments are adjusted on the members' capital accounts in proportion to their average balance during the year. Interest and dividends are similarly apportioned.
8. Interest receivable on the General Revenue Account is shown within the Advisory and Finance Committee accounts. Other interest is shown in the respective funds and accounts to which it relates.

STATES TREASURER'S REPORT

For the Year Ended 31 December 2003

Introduction

The purpose of this report is to give a brief overview of the major financial highlights of the outturn of General Revenue for 2003. Full details of individual Committees' income and expenditure are shown in the following pages of this Billet d'Etat. Following the review of the Machinery of Government, this is the last set of year end accounts based on the old States Committee Structure.

General Revenue Account Income and Expenditure

In summary, the outturn for 2003 compared to 2002 was as follows:

	2003	2002
	£m	£m
Income	288.0	288.3
Expenditure	254.4	239.7
Operating Surplus	<u>33.6</u>	<u>48.6</u>

Commentary

Although the Operating Surplus for 2003 exceeds earlier predictions by over £2m, it is still a fall of £15m compared to that of 2002.

The main reason for the fall in Operating Surplus was the increase in ongoing revenue expenditure which, after taking into account changes in accounting treatment and inflation, increased by 3.0% in real terms (2002: 3.1%).

The major increases in expenditure in 2003 compared to 2002 were due to increases in Health Services (£5.0m), Education (£4.0m) and Social Insurance and Supplementary Benefits (£4.1m).

These increases in expenditure had been anticipated and committees were able to fund the extra expenditure from existing resources, i.e. all General Revenue committees remained within their authorised budget.

As anticipated, the amount of income tax receivable in 2003 was affected by the higher level of tax refunds as a result of the change from a previous year to a current year basis of assessment.

Income in 2003 was also reduced compared to 2002 by £2.1m of income offsets (various rent, fees and fines). Other income streams were broadly in line with predictions.

During 2003 capital income was £5.0m (2002: £14.0m) of which £5.0m (2002: £13.8m) was in respect of the sale proceeds of Guernsey Telecoms Limited.

During 2003, the States acquired Cabernet Limited (being the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited) for £5m. This was a strategic decision to provide the Island with security over its vital air links, in particular into Gatwick airport.

STATES TREASURER'S REPORT

For the Year Ended 31 December 2003

During 2003 capital expenditure was £51.1m (2002: £32.9m). Major areas of expenditure during the year included the following:

	£m
• Board of Administration: Royal Courts extension	2.4
• Board of Administration: Energy from Waste	0.6
• Board of Health: La Corbinerie care wards	3.7
• Board of Health: Premises, equipment etc.	4.3
• Education Council: ICT Strategy and related works	3.3
• Education Council: Site Development Plan	3.7
• Home Affairs Committee: Prison extension	5.3
• Housing Authority: Housing Association Fund	7.7
• Housing Authority: States Houses Fund	2.1
• Public Thoroughfares Committee: Pumping stations, foul water and sewers	3.5
• Recreation Committee: Beau Sejour Centre redevelopment	3.2
• Traffic Committee: New buses	2.7

General Revenue Account

The overall position of the General Revenue Account at 31 December 2003 was as follows:

	£m	£m
Operating surplus		33.6
Add: capital receipts and release of reserves		6.0
		<u>39.6</u>
Less: Appropriations		
Capital Fund	17.8	
Capital Reserve	15.0	
Contingency Fund	<u>23.8</u>	
		<u>56.6</u>
		(17.0)
Add: Balance Brought forward from 2002		<u>55.7</u>
Balance as at 31 December 2003		<u>38.7</u>

Capital Fund

The Capital Fund represents the amounts allocated and available to committees to fund their individual capital programmes. The movements on the Capital Fund for the year can be summarised as follows:

	£m	£m
Balance of Fund as at 1.1.03		41.3
Net appropriations for the year	17.8	
Transfers from Capital Reserve	63.0	
Committee expenditure in year	<u>(51.1)</u>	
		<u>29.7</u>
Balance of Fund as at 31.12.03		<u>71.0</u>

STATES TREASURER'S REPORT

For the Year Ended 31 December 2003

Capital Reserve

The Capital Reserve is used to accumulate funds for future capital projects of exceptional size or where insufficient information on the cost of particular projects is available. The movements on the Capital Reserve for the year can be summarised as follows:

	£m	£m
Balance of Fund as at 1.1.03		98.1
Appropriation from Revenue Account	15.0	
Interest received	5.4	
Transfers to Capital Fund	(63.0)	
		<hr/> (42.6)
Balance of Fund as at 31.12.03		<hr/> 55.5 <hr/>

Following the 2004 Budget debate in December 2003, the States approved a further transfer to the Capital Reserve at the beginning of 2004 of £7.0m.

Contingency Reserve Fund

The purpose of the Contingency Reserve Fund is to provide protection against major emergencies including economic downturns having a severe adverse effect on the Island. The movements on the Contingency Reserve Fund for the year can be summarised as follows:

	£m	£m
Balance of Fund as at 1.1.03		147.8
Appropriation from Revenue Account		23.8
Net appreciation of investments and interest received	5.0	
Investment management fees	(0.3)	
Net investment gain		4.7
Balance of Fund as at 31.12.03		<hr/> 176.3 <hr/>

The balance of the Fund as at 31.12.03 represents 69% of the equivalent of one year's revenue expenditure based on the actual expenditure for 2003 (2002: 62%).

Following the 2004 Budget debate in December 2003, the States approved a further transfer to the Fund at the beginning of 2004 of £5.0m.

Changes to the Format of the Year-End Accounts

In recent years a number of important changes have been made to the year-end accounts, for example the introduction of Statements of Internal Financial Controls, Statements of Activities and Performance for the Trading Undertakings. Furthermore, the format of various Miscellaneous Accounts and Funds has been revised, in line with best practice, to clarify and simplify them.

In the 2001 report a revised format for the accounts of the Ports was introduced. The Ports accounts have been further enhanced in this year's report and, for the first time, these accounts include a summary balance sheet with a value for the capital assets of the Harbours and Airport.

STATES TREASURER'S REPORT

For the Year Ended 31 December 2003

Appointment of External Auditors

In 2002, following a competitive tender process, the States approved the appointment of KPMG as auditors of all of the States accounts. It was the stated intention at that time that there should be no major review of the reappointment of external auditors for a period of five years unless the appointment proved unsatisfactory in any significant respect. Following the incorporation of the business of KPMG, with effect from 1 January 2004, the firm is now practicing as KPMG Channel Islands Limited.

It is therefore recommended that the States appoint the firm of KPMG Channel Islands Limited as auditors of all States accounts for the year ending 31 December 2004.

D M Clark B.Sc, FCA
States Treasurer
28 May 2004

INCOME AND EXPENDITURE SUMMARY

	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Income				
Income Tax	238,968	236,822	226,842	201,491
Other Taxes	43,224	36,649	35,641	34,641
Miscellaneous Revenue Income	5,777	14,849	16,009	16,428
	<hr/>	<hr/>	<hr/>	<hr/>
	287,969	288,320	278,492	252,560
Revenue Expenditure	(254,390)	(239,728)	(221,228)	(199,377)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus	33,579	48,592	57,264	53,183
Capital Income	5,023	13,991	1,095	682
	<hr/>	<hr/>	<hr/>	<hr/>
	£38,602	£62,583	£58,359	£53,865
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Expenditure				
Major Construction and Development Projects	23,205	19,099	8,947	3,533
Miscellaneous Capital Works	6,925	3,388	3,886	4,660
Transfers to States Housing Funds	9,789	3,000	12,590	-
Equipment, Machinery and Vehicles	5,869	2,479	2,970	2,122
ICT Projects	5,319	4,854	6,572	3,582
	<hr/>	<hr/>	<hr/>	<hr/>
	£51,107	£32,820	£34,965	£13,897
	<hr/>	<hr/>	<hr/>	<hr/>

GENERAL REVENUE APPROPRIATION ACCOUNT

	2003 £	2002 £	2001 £	2000 £
Operating Surplus	33,579,260	48,592,025	57,263,610	53,182,991
Capital Income	5,023,248	13,990,821	1,095,091	682,479
	<hr/>	<hr/>	<hr/>	<hr/>
	38,602,508	62,582,846	58,358,701	53,865,470
Appropriated as follows				
Capital Fund - General	(17,600,000)	(21,475,000)	(31,600,305)	(23,521,702)
Capital Fund - Reserve	(15,000,000)	(23,000,000)	(19,000,000)	(13,900,000)
Contingency Reserve Fund	(23,800,000)	(5,000,000)	(6,200,000)	(7,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Transfer to / (from) General Revenue Account Reserve	(£17,797,492)	£13,107,846	£1,558,396	£9,443,768
	<hr/>	<hr/>	<hr/>	<hr/>

GENERAL REVENUE INCOME AND EXPENDITURE

SUMMARY OF GENERAL REVENUE

	Accounts 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£
REVENUE INCOME						
Advisory and Finance Committee	17,160,595		17,703,000		19,521,785	
Agriculture and Countryside Board	7,678		12,200		7,465	
Arts Committee	-		-		-	
Board of Administration	15,362,930		15,258,000		15,489,463	
Board of Health	1,402,576		1,336,700		1,710,694	
Board of Industry	-		-		-	
Cadastre Committee	3,974,011		3,908,000		3,862,320	
Children Board	-		-		-	
Civil Defence Committee	-		-		-	
Civil Service Board	-		-		-	
Education Council	-		-		-	
Gambling Control Committee	26,248		28,800		26,081	
Guernsey Social Security Authority	-		-		-	
Heritage Committee	-		-		-	
Home Affairs Committee	-		-		-	
Horticulture Committee	-		-		-	
Housing Authority	673,718		602,000		722,820	
Income Tax Authority	243,884,139		243,200,000		241,812,563	
Island Development Committee	-		-		-	
Island Reception Committee	-		-		-	
Liberation Celebrations Committee	-		-		-	
Overseas Aid Committee	-		-		-	
Probation Service Committee	-		-		-	
Public Assistance Authority	-		-		-	
Public Thoroughfares Committee	1,974		2,000		1,850	
Recreation Committee	10,361		13,000		8,326	
Sea Fisheries Committee	1,326		1,500		1,853	
States Traffic Committee	5,463,398		5,009,000		5,154,287	
Tourist Board	-		-		-	
Transport Board	-		-		-	
TOTAL REVENUE INCOME	287,968,954		287,074,200		288,319,507	
		287,968,954		287,074,200		288,319,507
		287,968,954		287,074,200		288,319,507

INCOME AND EXPENDITURE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
REVENUE EXPENDITURE								
Advisory and Finance Committee	17,444,069		20,394,309		18,358,000		17,634,560	
Agriculture and Countryside Board	2,926,958		3,153,543		2,906,000		2,845,297	
Arts Committee	113,441		115,000		115,000		150,620	
Board of Administration	8,309,109		9,900,200		7,971,500		8,446,151	
Board of Health	62,741,483		64,260,000		62,500,000		57,794,238	
Board of Industry	2,825,520		3,848,800		3,450,000		2,698,496	
Cadastre Committee	207,914		238,500		205,000		196,425	
Children Board	5,513,131		5,998,350		5,730,000		5,624,824	
Civil Defence Committee	85,400		125,600		125,000		112,355	
Civil Service Board	1,376,307		1,445,550		1,300,000		1,251,233	
Education Council	52,122,498		53,204,652		51,370,000		48,097,841	
Gambling Control Committee	2,984		11,000		6,000		5,485	
Guernsey Social Security Authority	55,265,443		55,964,750		55,850,150		51,136,761	
Heritage Committee	1,150,632		1,579,425		1,215,000		1,138,878	
Home Affairs Committee	14,984,592		16,297,485		15,600,000		14,361,530	
Horticulture Committee	927,288		1,137,750		1,220,000		914,984	
Housing Authority	2,637,055		2,840,500		2,715,000		2,330,116	
Income Tax Authority	4,013,980		4,211,332		3,810,000		3,616,880	
Island Development Committee	1,962,896		2,441,650		2,055,000		1,847,792	
Island Reception Committee	13,041		21,000		21,000		6,886	
Liberation Celebrations Committee	72,522		75,000		55,000		61,359	
Overseas Aid Committee	1,229,856		1,231,558		1,200,000		1,146,607	
Probation Service Committee	362,825		369,750		320,000		296,290	
Public Assistance Authority	723,797		763,100		664,300		617,114	
Public Thoroughfares Committee	7,490,557		8,027,000		7,900,000		7,272,010	
Recreation Committee	1,706,769		1,721,750		1,300,000		1,773,422	
Sea Fisheries Committee	324,808		326,877		310,000		256,131	
States Traffic Committee	2,963,450		3,053,250		2,785,000		2,917,630	
Tourist Board	4,066,212		4,480,050		4,250,000		4,611,488	
Transport Board	825,157		825,750		825,000		564,079	
TOTAL REVENUE EXPENDITURE	254,389,694		268,063,481		256,131,950		239,727,482	
		254,389,694		268,063,481		256,131,950		239,727,482
OPERATING SURPLUS		33,579,260		22,435,219		30,942,250		48,592,025
		287,968,954		290,498,700		287,074,200		288,319,507

COMMITTEE REVENUE INCOME

	Accounts 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£
ADVISORY AND FINANCE COMMITTEE						
Administration						
Interest receivable	11,074,443				13,154,760	
Less net amount due to third parties	(10,433,318)				(12,255,918)	
General Revenue Account interest receivable	641,125				898,842	
Unrealised gain / (loss) on revaluation of investments (Note a)	(192,438)				71,165	
	448,687		1,200,000		970,007	
Fees, charges, etc.	-		-		5,902	
Surplus on Notes and Coins Account	681,912		700,000		873,432	
Television Tender Payments	18,967		18,000		20,775	
		1,149,566		1,918,000		1,870,116
Courts and Crown Revenues						
Greffe						
Court fees	-		-		198,885	
Document duty	13,562,929		7,050,000		8,187,183	
Fees and certificates	-		-		256,469	
Leasehold duty	2,500		5,000		24,930	
Licences	-		-		46,297	
Transfer duty	-		-		1,148	
	13,565,429		7,055,000		8,714,912	
Fixed Penalties						
	426,245		250,000		251,640	
Magistrates Court						
Fees	-		-		15,450	
Sergeant and Sheriff						
Fees	-		-		122,905	
Fines and costs	237,027		180,000		171,403	
	237,027		180,000		294,308	
Crown Revenues						
Receipts from H. M. Treasury	1,589,195		7,700,000		7,910,371	
Naturalisation fees	-		-		3,870	
Passport fees	-		-		186,974	
Less payments to H.M. Government	-		-		(186,974)	
Legalisation of documents	-		-		84,120	
	1,589,195		7,700,000		7,998,361	
		15,817,896		15,185,000		17,274,671
States Trading Companies Dividends		193,133		600,000		376,998
TOTAL REVENUE INCOME		17,160,595		17,703,000		19,521,785
AGRICULTURE AND COUNTRYSIDE BOARD						
Administration						
Farm loans interest		7,678		12,200		7,465
TOTAL REVENUE INCOME		7,678		12,200		7,465

COMMITTEE REVENUE INCOME

	Accounts 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£
BOARD OF ADMINISTRATION						
Customs and Immigration						
Import duties on foreign goods	357,299		366,800		445,314	
CAP charges	-		100		-	
Impôts :						
Beer	1,896,286		1,775,000		1,813,455	
Cider	219,984		207,000		210,407	
Motor Spirit	1,993,779		2,042,000		2,061,937	
Spirits	1,811,276		1,590,000		1,690,374	
Tobacco	7,101,703		7,300,000		6,324,180	
Wine	2,108,454		2,110,000		2,086,403	
Rent and sundries	12,692		-		12,185	
	15,501,473		15,390,900		14,644,255	
Less Import duties paid to Sark	(1,831)		(1,700)		(2,773)	
Impôts collected for Sark	(156,737)		(160,000)		(182,690)	
	<u>15,342,905</u>		<u>15,229,200</u>		<u>14,458,792</u>	
Land Management						
Beaches						
Permits, etc.	-		-		340	
	<u>-</u>		<u>-</u>		<u>340</u>	
Herm						
Rent	-		-		33,792	
	<u>-</u>		<u>-</u>		<u>33,792</u>	
		-		-		34,132
Property						
Foulon Cemetery						
Fees	-		-		59,445	
St. Peter Port contribution	-		-		30,000	
	<u>-</u>		<u>-</u>		<u>89,445</u>	
		-		-		
Ships Registry						
Transferred from Ports Holding Account	20,025		28,800		27,755	
Central Services						
Rents, fees etc.	-		-		879,339	
		-		-		
TOTAL REVENUE INCOME		15,362,930		15,258,000		15,489,463
BOARD OF HEALTH						
Health Care Services						
Fees	1,091,051		1,032,900		1,229,301	
Health Studies and Nursing Services						
Fees	2,830		6,200		25,878	
Social Care Services						
Fees	308,695		297,600		455,515	
TOTAL REVENUE INCOME		1,402,576		1,336,700		1,710,694

COMMITTEE REVENUE INCOME

	Accounts 2003	Budget 2003	Accounts 2002
CADASTRE COMMITTEE	£ £	£ £	£ £
Cadastre, Rent control and collection of Tax on Rateable Values	3,974,011	3,908,000	3,862,320
TOTAL REVENUE INCOME	3,974,011	3,908,000	3,862,320
GAMBLING CONTROL COMMITTEE	£ £	£ £	£ £
Administration Fees	26,248	28,800	26,081
TOTAL REVENUE INCOME	26,248	28,800	26,081
HOUSING AUTHORITY	£ £	£ £	£ £
Residential Homes Residents fees, etc.	673,718	602,000	722,820
TOTAL REVENUE INCOME	673,718	602,000	722,820
INCOME TAX AUTHORITY	£ £	£ £	£ £
Dwellings profit tax	18,930	-	-
Exempt company fees	4,896,896	5,100,000	4,990,762
Income tax collected	238,968,313	238,100,000	236,821,801
TOTAL REVENUE INCOME	243,884,139	243,200,000	241,812,563

COMMITTEE REVENUE INCOME

	Accounts 2003	Budget 2003	Accounts 2002
PUBLIC THOROUGHFARES COMMITTEE	£ £	£ £	£ £
Administration			
Sewers Connection loans interest	1,974	2,000	1,850
TOTAL REVENUE INCOME	1,974	2,000	1,850
RECREATION COMMITTEE	£ £	£ £	£ £
Policy Implementation and Administration			
Interest on loans to sporting bodies	10,361	13,000	8,326
TOTAL REVENUE INCOME	10,361	13,000	8,326
SEA FISHERIES COMMITTEE	£ £	£ £	£ £
Administration			
Fisheries licences	50	-	100
Fisheries loans interest	1,276	1,500	1,753
TOTAL REVENUE INCOME	1,326	1,500	1,853
STATES TRAFFIC COMMITTEE	£ £	£ £	£ £
Administration and Vehicle Registration and Licensing			
Automobile tax	5,428,025	4,960,000	5,123,592
Sale of registration marks	35,373	49,000	30,695
TOTAL REVENUE INCOME	5,463,398	5,009,000	5,154,287

Note :

- a) The unrealised gain / (loss) on revaluation of investments relates to investments held for both General Revenue and third parties. The investments are normally held until maturity; therefore it is not anticipated that any gain or loss will crystallise.

ADVISORY AND FINANCE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises	141,830		150,000		150,000		141,832	
Staff	3,523,491		3,825,250		3,825,000		3,128,508	
Supplies and services	1,655,128		2,121,500		1,940,000		1,582,471	
Audit fees	47,307		50,000		50,000		41,259	
Consultants fees	320,682		469,133		220,000		396,392	
Contracted-out work	141,550		250,000		230,000		107,234	
Contribution to local television subtitling	45,024		45,000		45,000		37,440	
	5,875,012		6,910,883		6,460,000		5,435,136	
Less sundry recoveries	(36,344)		(30,000)		(30,000)		(43,584)	
notes and coins recoveries	(53,000)		(48,000)		(48,000)		(49,620)	
		5,785,668		6,832,883		6,382,000		5,341,932
Audit Commission								
Staff	213,364		223,800		220,000		215,468	
Supplies and services	19,769		30,000		30,000		26,350	
Consultants fees	165		-		-		-	
Contracted-out work	63,174		279,528		180,000		10,754	
		296,472		533,328		430,000		252,572
Commonwealth Parliamentary Association								
Annual contribution to General Council (Vote 29.1.86)	23,070		24,000		24,000		22,460	
Conferences, etc.	20,813		28,200		28,200		14,236	
	43,883		52,200		52,200		36,696	
Less operating income	(2,101)		(5,200)		(5,200)		(45)	
		41,782		47,000		47,000		36,651
Census 2001 (Vote 16.3.00)		(6,475)		-		-		9,416
Courts and Crown Revenues								
Bailiff								
Staff	729,814		689,500		650,000		572,901	
Supplies and services	153,687		170,000		170,000		166,276	
Consultants fees	-		2,000		2,000		9,123	
	883,501		861,500		822,000		748,300	
Court of Appeal	117,917		80,000		80,000		64,032	
Court Buildings								
Premises	80,067		90,000		90,000		75,611	
Staff	33,025		40,800		40,000		37,761	
Supplies and services	10,433		7,500		7,500		6,651	
	123,525		138,300		137,500		120,023	
Greffe								
Premises	1,710		2,000		2,000		1,943	
Staff	796,707		772,800		750,000		694,858	
Supplies and services	156,516		141,000		125,000		125,771	
Consultants fees	-		3,000		3,000		-	
	954,933		918,800		880,000		822,572	
Less operating income	(596,420)		(620,000)		(630,000)		(18,997)	
	358,513		298,800		250,000		803,575	
Interception of Communications	180		8,000		8,000		1,621	
Law Officers								
Premises	13,351		20,000		20,000		12,558	
Staff	1,578,423		1,550,300		1,485,000		1,334,443	
Supplies and services	187,761		203,000		203,000		145,565	
Consultants fees	(3,474)		115,000		115,000		94,812	
	1,776,061		1,888,300		1,823,000		1,587,378	
Less operating income	(61,442)		(25,000)		(25,000)		(48,941)	
	1,714,619		1,863,300		1,798,000		1,538,437	

ADVISORY AND FINANCE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Courts and Crown Revenues (continued)								
Magistrates Court								
Staff	127,993		135,500		130,000		123,602	
Supplies and services	10,663		7,000		7,000		4,343	
	<u>138,656</u>		<u>142,500</u>		<u>137,000</u>		<u>127,945</u>	
Less operating income	(17,000)		(18,000)		(18,000)		-	
	<u>121,656</u>		<u>124,500</u>		<u>119,000</u>		<u>127,945</u>	
Sergeant and Sheriff								
Premises	2,632		6,000		6,000		2,162	
Staff	288,294		293,550		288,500		283,354	
Supplies and services	28,404		36,000		36,000		31,684	
	<u>319,330</u>		<u>335,550</u>		<u>330,500</u>		<u>317,200</u>	
Less operating income	(132,375)		(120,000)		(120,000)		-	
	<u>186,955</u>		<u>215,550</u>		<u>210,500</u>		<u>317,200</u>	
Crown Revenues								
Annual allocation to H.E. Lieutenant Governor : Establishment allowance and salary	537,351		551,900		539,000		513,144	
Government house - Repairs, furniture, equipment etc.	12,683		13,000		13,000		12,810	
Maintenance of prisoners in the United Kingdom	316,334		320,000		300,000		257,547	
Legal proceedings fees, tithes, Greffe record books, etc.	79,175		67,500		67,500		59,845	
Passports	40,547		41,000		41,000		39,370	
	<u>986,090</u>		<u>993,400</u>		<u>960,500</u>		<u>882,716</u>	
Less operating income	(3,720)		(2,000)		(2,000)		-	
Passport Fees	(216,201)		(175,000)		(175,000)		-	
Payments to HM Government	216,201		175,000		175,000		-	
	<u>982,370</u>		<u>991,400</u>		<u>958,500</u>		<u>882,716</u>	
		4,489,236		4,581,350		4,383,500		4,603,849
Data Protection Office								
Premises	20,891		21,000		21,000		26,868	
Staff	114,988		125,600		124,000		120,014	
Supplies and services	57,244		30,000		30,000		30,852	
	<u>193,123</u>		<u>176,600</u>		<u>175,000</u>		<u>177,734</u>	
Less operating income	(23,925)		(25,000)		(12,000)		-	
		169,198		151,600		163,000		177,734
Elections								
Staff	61,176		60,000		-		-	
Supplies and services	46,996		49,000		29,000		3,516	
Consultants fees	2,606		-		-		-	
		110,778		109,000		29,000		3,516
Grants								
Golden Jubilee Celebrations	-		-		-		53,933	
Guernsey Financial Services Commission	300,000		300,000		300,000		300,000	
Priaux Library	191,000		191,000		191,000		196,113	
Royal Court Fund	10,000		10,000		10,000		10,000	
	<u>501,000</u>		<u>501,000</u>		<u>501,000</u>		<u>560,046</u>	
Less sundry recoveries	(9,206)		-		-		(8,221)	
		491,794		501,000		501,000		551,825
Guernsey Tax Tribunal Allowances		4,853		13,000		13,000		8,081
Guernsey Technical Services								
Premises	5,938		7,000		7,000		12,990	
Staff	1,895,678		1,944,150		1,900,000		1,744,545	
Supplies and services	242,499		270,000		270,000		269,439	
Consultants fees	14,475		23,000		23,000		11,947	
Contracted-out work	60,225		86,000		86,000		58,442	
	<u>2,218,815</u>		<u>2,330,150</u>		<u>2,286,000</u>		<u>2,097,363</u>	
Less operating income	(305,018)		(266,000)		(266,000)		(258,501)	
		1,913,797		2,064,150		2,020,000		1,838,862
Legal Aid Scheme								
Administration	66,564		100,000		120,000		90,981	
Civil Legal Aid	761,796		740,000		640,000		375,896	
Criminal Legal Aid	650,893		760,000		740,000		550,095	
		1,479,253		1,600,000		1,500,000		1,016,972

ADVISORY AND FINANCE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Parole Review Committee								
Allowances	7,052		4,000		4,000		4,003	
Supplies and services	2,151		10,000		10,000		-	
		9,203		14,000		14,000		4,003
Payments to States Members								
Allowances	919,588		935,000		980,000		885,744	
Pensions and pension contributions	149,531		155,000		145,000		135,419	
		1,069,119		1,090,000		1,125,000		1,021,163
States Tenancies Independent Review Tribunal								
Allowances	-		500		500			199
		15,854,678		17,537,811		16,608,000		14,866,775
Use of Accumulated Unspent Balances		-		-		(150,000)		-
		15,854,678		17,537,811		16,458,000		14,866,775
Strategic and Corporate Measures								
Commercialisation of Trading Boards								
Supplies and services	-		-		-		1,889	
Consultants fees and contracted-out work	7,344		-		-		30,600	
Non Executive Director fees	-		-		-		1,667	
		7,344		-		-		34,156
Corporate Finance Advice - Equity Partner								
Consultants fees	-		-		-		1,327,370	
		-		-		-		1,327,370
National / International Relationships								
Consultants fees and contracted-out work		204,195		627,409		450,000		272,591
Other Corporate, Economic, Social and Environmental Initiatives								
Staff	2,000		-		20,000		-	
Supplies and services	38,497		91,045		50,000		66,455	
Consultants fees	121,245		441,795		230,000		86,833	
Contracted-out work	-		50,000		50,000		-	
Grants	-		24,142		-		-	
		161,742		606,982		350,000		153,288
Review of the Machinery of Government in Guernsey								
Staff	124,596		150,000		150,000		24,855	
Supplies and services	10,746		30,000		30,000		5,979	
Consultants fees	65,009		237,457		70,000		65,209	
		200,351		417,457		250,000		96,043
Survey of Guernsey Living Standards								
Supplies and services	3,190		5,000		5,000		9,189	
Consultants fees and contracted-out work	2,445		45,000		45,000		21,244	
		5,635		50,000		50,000		30,433
Training - Guernsey Training Agency								
Grant to Training Agency Trust	-		-		-		150,000	
Nelson Place Rent	-		-		-		47,389	
		-		-		-		197,389
		579,267		1,701,848		1,100,000		2,111,270
Alderney - Domestic Account Net Revenue cash allocation								
Formula led headings	(385,304)		(306,000)		(510,000)		(607,332)	
Non-formula led headings	1,395,428		1,460,650		1,310,000		1,263,847	
		1,010,124		1,154,650		800,000		656,515
TOTAL REVENUE EXPENDITURE		17,444,069		20,394,309		18,358,000		17,634,560

Notes:

a) Related Party Transactions

Deputy F.J. Roper is a Director of Royal London Asset Management C.I. Limited which charged the States £226,254 in respect of investment management fees during 2003 (2002: £252,462).

b) Non Audit Services

The 2003 revenue expenditure of this Committee includes non-audit services provided by KPMG amounting to £14,500 (2002: £92,877).

AGRICULTURE AND COUNTRYSIDE BOARD

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises	460		500		500		-	
Staff	88,551		87,250		85,600		82,422	
Supplies and services	16,809		22,100		22,100		20,487	
Consultants fees	38,246		29,500		29,500		45,142	
Contracted-out work	20,000		26,000		26,000		20,000	
		164,066		165,350		163,700		168,051
Advisory and Environmental Services								
Staff	50,581		50,600		49,700		48,043	
Supplies and services	12,126		7,500		7,500		10,479	
Consultants fees	12,268		4,500		4,500		2,736	
Contracted-out work	5,312		5,000		5,000		7,802	
		80,287		67,600		66,700		69,060
Bovine Spongiform Encephalopathy								
Compensation payments		600		3,000		6,000		600
Central Services								
Premises	8,785		9,300		9,300		7,361	
Staff	38,193		37,400		36,800		34,753	
Supplies and services	16,747		19,900		19,900		14,670	
		63,725		66,600		66,000		56,784
Cull Cattle								
Premises	3,416		6,300		6,300		4,476	
Supplies and services	102,308		124,200		94,200		58,196	
Compensation payments	52,950		60,000		100,000		54,750	
Contracted-out work	32,400		32,400		32,400		31,500	
	191,074		222,900		232,900		148,922	
Less operating income	(5,172)		-		-		-	
		185,902		222,900		232,900		148,922
Dairy Farm Management Payment Scheme		1,918,408		2,025,000		2,000,000		1,947,077
Farm Services								
Premises	11,621		7,000		7,000		8,798	
Staff	154,299		152,000		149,500		147,557	
Supplies and services	43,344		75,400		75,400		66,165	
	209,264		234,400		231,900		222,520	
Less operating income	(48,776)		(37,700)		(37,700)		(39,924)	
		160,488		196,700		194,200		182,596
Farm Waste Systems Grant Scheme		214,343		214,343		-		111,315
Foot and Mouth Disease								
Staff	-		-		-		859	
Supplies and services	-		-		-		834	
Contracted-out work	-		-		-		232	
		-		-		-		1,925
Organic Milk Support Scheme		11,719		50,000		50,000		25,406
Slaughter House								
Premises	23,811		17,700		17,700		16,118	
Supplies and services	3,978		2,100		2,100		3,123	
Contracted-out work	16,800		16,800		16,800		16,300	
	44,589		36,600		36,600		35,541	
Less operating income	(3,313)		(4,000)		(4,000)		(5,437)	
		41,276		32,600		32,600		30,104
Subsidies and Grants								
Royal Guernsey Agricultural and Horticultural Society Breed Promotion Campaign		20,361		25,000		25,000		33,561
Veterinary and Animal Welfare Services								
Staff	40,727		58,950		58,100		39,383	
Supplies and services	15,756		16,200		16,200		21,513	
Contracted-out work	9,300		9,300		9,300		9,000	
		65,783		84,450		83,600		69,896
Total Ordinary Revenue Expenditure		2,926,958		3,153,543		2,920,700		2,845,297
Use of Accumulated Unspent Balances		-		-		(14,700)		-
TOTAL REVENUE EXPENDITURE		2,926,958		3,153,543		2,906,000		2,845,297

Note :

Related Party Transactions

Mr J. Watts (a Non-States Member of the Agriculture and Countryside Board from 1 May 2002) received £197,935 in respect of the Dairy Farm Management Payment Scheme and cull cattle compensation (2002: £92,574)

ARTS COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Cultural Activities Inside the Island								
Supplies and Services	1,147		1,000		1,000		1,063	
Consultants fees	-		-		-		10,931	
Grants	54,794		56,500		56,500		53,395	
Victor Hugo Promotion	-		-		-		27,731	
		55,941		57,500		57,500		93,120
Grant to Friends of St. James Association (Vote 25.4.90)		57,500		57,500		57,500		57,500
TOTAL REVENUE EXPENDITURE		113,441		115,000		115,000		150,620

BOARD OF ADMINISTRATION

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Alderney Airport Trading Loss		483,705		574,900		563,300		513,020
Alderney Breakwater								
Premises	8,200		23,100		23,100		22,918	
Staff	98,243		154,950		152,100		106,231	
Supplies and services	16,438		27,000		27,000		37,915	
Contracted-out work	265,124		240,000		240,000		239,819	
	388,005		445,050		442,200		406,883	
Less Contribution from States of Alderney	(15,000)		(15,000)		(15,000)		(15,145)	
		373,005		430,050		427,200		391,738
Central Administration								
Administration								
Staff	382,768		420,550		404,400		408,593	
Supplies and services	336,238		356,200		56,200		45,997	
	719,006		776,750		460,600		454,590	
Emergency Services								
Supplies and services	5,513		9,600		9,600		5,269	
Contracted-out work	38,848		34,200		34,200		33,891	
	44,361		43,800		43,800		39,160	
Grants								
L'Ancrese Commons Council (Vote 28.2.01)	30,000		30,000		30,000		30,000	
Royal National Lifeboat Institution (Vote 13.6.28)	300		300		300		300	
	30,300		30,300		30,300		30,300	
		793,667		850,850		534,700		524,050
Customs and Immigration								
Premises	256,271		243,900		214,900		216,740	
Staff	3,112,085		3,098,050		2,965,800		2,682,745	
Supplies and services	664,074		819,700		712,400		576,798	
	4,032,430		4,161,650		3,893,100		3,476,283	
Less recoveries	(19,491)		(22,800)		(22,800)		(36,759)	
	4,012,939		4,138,850		3,870,300		3,439,524	
Less operating income	-		-		(9,300)		-	
		4,012,939		4,138,850		3,861,000		3,439,524

BOARD OF ADMINISTRATION

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Customs and Immigration - Drug Strategy								
Staff	43,624		90,250		85,000		36,791	
Supplies and services	75,879		121,000		60,000		92,314	
Consultants fees	23,217		14,000		-		7,475	
Grants	65,417		70,000		55,000		50,431	
		208,137		295,250		200,000		187,011
Energy Efficiency								
Staff	-		-		2,500		-	
Supplies and services	-		-		-		6,843	
Consultants fees	16,323		20,250		12,700		6,348	
	16,323		20,250		15,200		13,191	
Less recoveries	(1,000)		-		-		-	
		15,323		20,250		15,200		13,191
Land Management								
Beaches								
Staff	21,848		15,250		15,000		25,966	
Supplies and services	23,818		30,000		30,000		82,351	
Contracted-out work	93,409		100,000		100,000		84,645	
Upkeep and repair	56,490		67,300		67,300		11,294	
	195,565		212,550		212,300		204,256	
Less operating income	(290)		-		(400)		-	
	195,275		212,550		211,900		204,256	
Cliff Paths								
Contracted-out work	109,607		127,800		127,800		118,735	
Coastal Management								
Contracted-out work	76,239		74,000		74,000		76,907	
Upkeep and repairs	74,981		93,500		93,500		80,527	
	151,220		167,500		167,500		157,434	
Environment								
Premises	3,045		500		500		3,082	
Staff	112,542		157,400		151,700		105,960	
Supplies and services	39,215		49,100		39,600		31,979	
Consultants fees	-		-		-		1,950	
Contracted-out work	78,051		86,850		74,500		71,710	
Environmental enhancement	35,616		36,600		34,100		36,978	
Environment 2000	12,838		19,000		19,000		14,046	
	281,307		349,450		319,400		265,705	
Less recoveries	(235)		(5,000)		(5,000)		(770)	
	281,072		344,450		314,400		264,935	
Lihou Island								
Premises, upkeep and repairs	1,890		3,500		3,500		1,699	
Supplies and services	235		2,500		2,500		160	
	2,125		6,000		6,000		1,859	
Less recoveries	(1,000)		(1,500)		(1,500)		(1,355)	
	1,125		4,500		4,500		504	
Herm								
Upkeep and repairs	12,482		11,800		7,500		4,900	
Less operating income	(33,742)		(35,000)		(33,800)		-	
	(21,260)		(23,200)		(26,300)		4,900	
Parks, Gardens and Plantations								
Premises	28,543		39,500		39,500		52,282	
Contracted-out work	580,817		573,500		573,500		544,841	
	609,360		613,000		613,000		597,123	
Less recoveries	-		-		-		(1,437)	
	609,360		613,000		613,000		595,686	
		1,326,399		1,446,600		1,412,800		1,346,450

BOARD OF ADMINISTRATION

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Property								
Foulon Cemetery								
Premises	32,283		44,500		21,500		36,448	
Staff	65,920		66,200		64,900		59,695	
Supplies and services	1,856		5,200		5,200		4,009	
Contracted-out work	86,041		78,000		56,000		65,869	
	186,100		193,900		147,600		166,021	
<i>Less operating income</i>	(119,517)		(115,000)		(120,000)		-	
	66,583		78,900		27,600		166,021	
Markets								
Staff	6,902		6,600		6,500		78,538	
	6,902		6,600		6,500		78,538	
<i>Less recoveries</i>	-		-		-		(18,878)	
	6,902		6,600		6,500		59,660	
		73,485		85,500		34,100		225,681
Waste Services								
Bulk Refuse								
Staff	11,500		12,600		12,400		12,034	
Supplies and services	220,786		217,000		217,000		173,133	
	232,286		229,600		229,400		185,167	
Paper Savers Scheme								
Collection Points	20,027		25,000		25,000		21,806	
Baling and export	111,904		97,800		97,800		102,966	
	131,931		122,800		122,800		124,772	
Recycling of Waste								
Premises	36,568		30,200		30,200		28,626	
Staff	112,236		135,750		133,400		119,027	
Supplies and services	198,020		129,100		129,100		156,896	
	346,824		295,050		292,700		304,549	
<i>Less recoveries</i>	(63,136)		(45,000)		(45,000)		(60,253)	
	283,688		250,050		247,700		244,296	
Refuse Disposal and Land Reclamation								
Premises	86,739		36,800		36,800		60,919	
Staff	450,844		496,750		487,500		385,251	
Supplies and services	627,219		533,300		526,300		697,671	
Consultants fees	30,979		25,600		25,600		46,958	
Contracted-out work	352,180		383,000		353,000		44,585	
Preparation and completion of sites	121,201		125,000		125,000		122,728	
	1,669,162		1,600,450		1,554,200		1,358,112	
<i>Less operating income</i>	(3,120,418)		(2,200,000)		(2,200,000)		(2,926,373)	
	(1,451,256)		(599,550)		(645,800)		(1,568,261)	
		(803,351)		2,900		(45,900)		(1,014,026)
Use of Accumulated Unspent Balances		6,483,309		7,845,150		7,002,400		5,626,639
		-		-		(765,900)		-
		6,483,309		7,845,150		6,236,500		5,626,639

BOARD OF ADMINISTRATION

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Central Services								
Insurance and Risk Management								
Staff	41,667		42,350		41,600		41,198	
Supplies and services	10,215		36,000		36,000		6,734	
Contracted-out work	20,824		60,000		60,000		110,232	
Insurance premiums and transfers to Insurance Deductible Fund	2,158,515		2,200,000		2,200,000		1,850,697	
	2,231,221		2,338,350		2,337,600		2,008,861	
<i>Less recoveries</i>	(1,051,863)		(1,190,000)		(1,190,000)		(1,078,603)	
		1,179,358		1,148,350		1,147,600		930,258
Property Services								
Premises	661,321		743,500		695,700		793,130	
Staff	271,930		248,800		244,300		180,020	
Supplies and services	29,699		40,700		40,700		41,574	
Consultants fees	33,103		21,000		15,000		8,764	
Public conveniences - Contracted-out work	433,791		417,700		386,000		420,956	
Rent	437,583		450,000		450,000		444,810	
	1,867,427		1,921,700		1,831,700		1,889,254	
<i>Less operating income</i>	(1,220,985)		(1,015,000)		(1,015,000)		-	
		646,442		906,700		816,700		1,889,254
Use of Accumulated Unspent Balances		1,825,800		2,055,050		1,964,300		2,819,512
		-		-		(229,300)		-
		1,825,800		2,055,050		1,735,000		2,819,512
TOTAL REVENUE EXPENDITURE		8,309,109		9,900,200		7,971,500		8,446,151

BOARD OF HEALTH

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Central Services								
Premises	617,176		629,569		-		525,963	
Staff	1,893,491		1,841,400		1,736,400		1,797,412	
Supplies and services	1,960,767		1,765,420		2,720,900		2,457,033	
Consultants fees	62,942		75,500		75,500		52,212	
Contracted-out work	37,934		-		-		20,910	
Grants - St John Ambulance and Rescue Service - ex gratia pensions	3,274		11,400		11,400		6,564	
	4,575,584		4,323,289		4,544,200		4,860,094	
<i>Less recoveries</i>	(130,499)		(138,844)		(1,085,000)		(763,405)	
	4,445,085		4,184,445		3,459,200		4,096,689	
<i>Less operating income</i>	(477,516)		(310,000)		(310,000)		(559,440)	
		3,967,569		3,874,445		3,149,200		3,537,249

BOARD OF HEALTH

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Health Care Services								
Premises	1,406,290		1,850,231		2,303,800		1,473,966	
Staff	13,599,075		13,227,644		12,852,600		13,139,835	
Supplies and services	7,507,820		7,930,200		8,405,200		7,814,539	
Consultants fees	31,545		49,300		133,300		1,230	
Contracted-out work	658,073		743,600		301,600		754,618	
Grants								
St John Ambulance and Rescue Service - general purposes	1,509,300		1,409,300		1,409,300		1,421,595	
Maintenance of patients in UK hospitals	1,879,398		1,229,800		947,000		966,075	
Reciprocal health agreements	2,503,206		2,855,200		2,855,200		2,781,144	
	29,094,707		29,295,275		29,208,000		28,353,002	
Less recoveries	(737,856)		(930,200)		(1,430,200)		(1,371,654)	
	28,356,851		28,365,075		27,777,800		26,981,348	
Less operating income	(489,709)		(343,500)		(343,500)		(409,904)	
		27,867,142		28,021,575		27,434,300		26,571,444
Health Studies and Nursing Services								
Premises	35,577		69,600		69,600		28,182	
Staff	20,231,293		20,365,100		19,171,000		18,463,950	
Supplies and services	2,361,722		2,440,700		2,743,700		1,654,781	
Consultants fees	495		-		-		350	
Contracted-out work	31,099		45,600		45,600		25,344	
	22,660,186		22,921,000		22,029,900		20,172,607	
Less recoveries	(15,430)		(33,900)		(33,900)		(15,636)	
	22,644,756		22,887,100		21,996,000		20,156,971	
Less operating income	(1,345,055)		(1,199,200)		(1,199,200)		(1,371,489)	
		21,299,701		21,687,900		20,796,800		18,785,482
Public Health and Strategy								
Premises	(6,530)		-		-		2,700	
Staff	851,574		779,180		717,900		675,176	
Supplies and services	477,871		540,200		540,200		417,280	
Consultants fees	744		3,100		3,100		236	
Contracted-out work	4,000		4,600		4,600		-	
Grants	195,591		193,200		193,200		172,104	
Tobacco control	137,655		135,000		135,000		102,181	
	1,660,905		1,655,280		1,594,000		1,369,677	
Less recoveries	(14,180)		(17,600)		(17,600)		(9,301)	
	1,646,725		1,637,680		1,576,400		1,360,376	
Less operating income	(1,117)		(1,100)		(1,100)		(6,767)	
		1,645,608		1,636,580		1,575,300		1,353,609
Service Development		-		-		1,009,100		-
Social Care Services								
Premises	157,649		289,000		289,000		155,908	
Staff	6,266,425		6,777,200		6,640,200		5,819,225	
Supplies and services	1,069,264		1,495,300		1,495,300		1,190,857	
Consultants fees	3,015		-		-		-	
Contracted-out work	44,145		37,800		37,800		17,480	
Grants	141,600		141,600		141,600		169,336	
Maintenance of patients in UK hospitals	775,590		800,000		432,800		607,477	
	8,457,688		9,540,900		9,036,700		7,960,283	
Less recoveries	(73,692)		(66,900)		(246,900)		(35,905)	
	8,383,996		9,474,000		8,789,800		7,924,378	
Less operating income	(422,533)		(434,500)		(254,500)		(377,924)	
		7,961,463		9,039,500		8,535,300		7,546,454
TOTAL REVENUE EXPENDITURE		62,741,483		64,260,000		62,500,000		57,794,238

BOARD OF INDUSTRY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff	108,892		102,250		100,500		105,766	
Supplies and services	39,701		29,800		11,300		16,633	
Consultants fees	-		-		-		3,500	
Contracted-out work	20,991		10,000		10,000		10,000	
		169,584		142,050		121,800		135,899
Business Development Services								
Staff	85,174		84,850		83,300		73,219	
Supplies and services	18,106		26,500		26,500		12,115	
Exhibition support	71,785		90,000		90,000		76,834	
Guernsey Enterprise Agency	25,000		25,000		25,000		25,000	
Promotion of light industry	80,730		75,400		75,400		73,960	
	280,795		301,750		300,200		261,128	
Less recoveries	(2,150)		(6,000)		(6,000)		(836)	
		278,645		295,750		294,200		260,292
Central Services								
Premises	33,788		35,800		35,800		28,312	
Staff	146,894		144,200		141,500		133,667	
Supplies and services	64,476		76,400		76,400		56,531	
		245,158		256,400		253,700		218,510
Economic and Strategic Advisory Service								
Staff	83,073		80,050		78,600		54,089	
Supplies and services	10,560		22,000		17,000		71,049	
Consultants fees	33,485		46,700		46,700		11,226	
Contracted-out work	784		19,500		19,500		8,455	
	127,902		168,250		161,800		144,819	
Less recoveries	(40,870)		(46,000)		(46,000)		(81,970)	
		87,032		122,250		115,800		62,849
Employment Services								
Staff	42,855		44,150		55,100		34,784	
Supplies and services	10,608		33,900		33,900		21,243	
Field workers wages	53,167		222,400		237,400		88,733	
Contracted-out work	8,359		5,000		5,000		1,023	
	114,989		305,450		331,400		145,783	
Less recoveries	(6,603)		(6,000)		(6,000)		(11,706)	
		108,386		299,450		325,400		134,077
Guernsey Promotional Agency		169,425		200,000		200,000		150,000
Health and Safety Executive								
Staff	218,546		214,650		197,300		174,800	
Supplies and services	51,926		80,100		80,100		29,548	
	270,472		294,750		277,400		204,348	
Less recoveries	-		(6,300)		(6,300)		-	
	270,472		288,450		271,100		204,348	
Less operating income	(8,249)		(12,000)		(12,000)		(5,789)	
		262,223		276,450		259,100		198,559
Industrial Relations Services								
Premises	141		15,000		15,000		-	
Staff	147,431		141,750		128,200		128,808	
Supplies and services	22,593		47,100		47,100		29,855	
Contracted-out work	-		10,000		10,000		19,653	
		170,165		213,850		200,300		178,316
Promotion of E-Business								
Premises	-		-		35,000		134	
Staff	197,767		202,000		202,000		185,621	
Supplies and services	310,198		753,000		778,000		480,006	
Consultants fees	104,306		190,000		150,000		135,288	
Grants	23,046		55,000		35,000		55,094	
		635,317		1,200,000		1,200,000		856,143
Strategic Projects								
Consultants fees	73,977		225,000		100,000		59,440	
Less recoveries	(29,712)		-		-		(34,440)	
		44,265		225,000		100,000		25,000

BOARD OF INDUSTRY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Trading Standards Services								
Staff	175,042		212,800		208,000		147,923	
Supplies and services	38,157		41,500		41,500		28,163	
Contracted-out work	1,117		-		-		300	
	214,316		254,300		249,500		176,386	
<i>Less operating income</i>	(2,904)		(1,700)		(1,700)		(2,591)	
		211,412		252,600		247,800		173,795
Training								
Grant to Guernsey Agency Trust	295,470		300,000		300,000		-	
Investors in People	19,530		15,000		15,000		7,294	
Nelson Place rent	49,150		50,000		50,000		-	
		364,150		365,000		365,000		7,294
Utilities - Regulatory Framework								
Supplies and services	75,070		-		-		-	
Consultants fees	-		-		-		297,762	
Contracted-out work	4,688		-		-		-	
		79,758		-		-		297,762
Total Ordinary Revenue Expenditure		2,825,520		3,848,800		3,683,100		2,698,496
Use of Accumulated Unspent Balances		-		-		(233,100)		-
TOTAL REVENUE EXPENDITURE		2,825,520		3,848,800		3,450,000		2,698,496

CADASTRE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Cadastre, Rent control and collection of Tax on Rateable Values								
Premises	4,447		7,000		7,000		4,934	
Staff	207,667		212,500		189,000		177,973	
Supplies and services	18,708		29,000		29,000		25,817	
	230,822		248,500		225,000		208,724	
<i>Less recoveries</i>	(22,908)		(10,000)		(10,000)		(12,299)	
		207,914		238,500		215,000		196,425
Use of Accumulated Unspent Balances		-		-		(10,000)		-
TOTAL REVENUE EXPENDITURE		207,914		238,500		205,000		196,425

CHILDREN BOARD

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Central Services								
Premises	54,797		95,500		80,500		63,430	
Staff	724,733		670,250		638,100		612,663	
Supplies and services	440,646		466,000		401,000		323,002	
Consultants fees	144,414		140,000		100,000		78,954	
	<u>1,364,590</u>		<u>1,371,750</u>		<u>1,219,600</u>		<u>1,078,049</u>	
<i>Less recoveries</i>	(2,600)		(2,500)		(2,500)		(1,735)	
		1,361,990		1,369,250		1,217,100		1,076,314
Community Services								
Premises	38,827		37,200		37,200		34,685	
Staff	1,066,053		1,118,050		1,057,400		1,103,331	
Supplies and services	45,937		64,700		64,700		48,248	
Grants	2,425		-		-		-	
	<u>1,153,242</u>		<u>1,219,950</u>		<u>1,159,300</u>		<u>1,186,264</u>	
<i>Less recoveries</i>	(580)		(100)		(100)		(215)	
		1,152,662		1,219,850		1,159,200		1,186,049
Home Finding Services								
Premises	34,789		35,700		35,700		51,047	
Staff	1,216,991		1,151,750		1,096,200		1,088,035	
Supplies and services	114,387		111,600		111,600		116,177	
Local fostering and adoption	487,326		523,000		523,000		472,891	
Out of Island placements	1,150,988		1,595,000		1,595,000		1,640,388	
	<u>3,004,481</u>		<u>3,417,050</u>		<u>3,361,500</u>		<u>3,368,538</u>	
<i>Less recoveries</i>	(6,002)		(7,800)		(7,800)		(6,077)	
		2,998,479		3,409,250		3,353,700		3,362,461
TOTAL REVENUE EXPENDITURE		5,513,131		5,998,350		5,730,000		5,624,824

CIVIL DEFENCE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises		9,513		28,750		28,750		19,856
Staff		43,199		42,600		42,000		47,020
Supplies and services		33,529		55,100		55,100		46,279
		<u>86,241</u>		<u>126,450</u>		<u>125,850</u>		<u>113,155</u>
<i>Less recoveries</i>		(841)		(850)		(850)		(800)
TOTAL REVENUE EXPENDITURE		85,400		125,600		125,000		112,355

CIVIL SERVICE BOARD

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Administration							
Staff		796,612			770,800		741,976
Supplies and services		491,085			524,200		424,316
Consultants fees		96,083			37,000		100,888
		1,383,780			1,332,000		1,267,180
<i>Less recoveries</i>		(7,473)			(12,000)		(15,947)
		1,376,307			1,320,000		1,251,233
Use of Accumulated Unspent Balances		-			(20,000)		-
TOTAL REVENUE EXPENDITURE		1,376,307			1,300,000		1,251,233

EDUCATION COUNCIL

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Administration							
Premises		339,294			147,600		381,043
Staff		1,888,382			2,052,600		1,273,173
Supplies and services		449,850			301,000		496,562
Appointment of teachers		584,563			565,900		533,614
Consultants fees		122,078			95,000		42,987
		3,384,167			3,162,100		2,727,379
<i>Less recoveries</i>		(303)			(4,000)		(2,443)
		3,383,864			3,158,100		2,724,936
<i>Less operating income</i>		(186,416)			(80,000)		(119,461)
		3,197,448			3,078,100		2,605,475
Central Services							
Premises		233,191			226,000		213,071
Staff		1,768,901			1,453,400		1,661,552
Supplies and services		1,302,343			2,327,600		1,253,360
Grants							
Library service - payments to Guille Alles Library		311,900			307,900		296,500
Youth Service		148,130			60,000		135,811
		3,764,465			4,374,900		3,560,294
<i>Less recoveries</i>		(40,846)			(50,100)		(56,024)
		3,723,619			4,324,800		3,504,270
Further Education							
Apprenticeship Scheme							
Grants to employers		763,575			643,800		549,008
College of Further Education							
Premises		131,294			141,300		137,655
Staff		4,426,175			4,230,400		4,189,812
School supplies		659,258			688,400		632,934
		5,216,727			5,060,100		4,960,401
<i>Less recoveries</i>		(47,696)			(50,000)		(51,797)
		5,169,031			5,010,100		4,908,604
<i>Less operating income</i>		(586,828)			(570,000)		(589,251)
		4,582,203			4,440,100		4,319,353
		5,345,778			5,083,900		4,868,361

EDUCATION COUNCIL

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Grants and Scholarships								
Blanchelande College	418,334		410,000		60,000		472,573	
Elizabeth College	1,674,880		1,673,000		1,743,000		1,701,228	
Ladies College	1,311,838		1,325,100		1,318,100		1,294,131	
Southampton University	500		500		500		500	
Sports	75,602		74,100		74,100		71,800	
Maintenance grants	166,933		185,700		185,700		151,264	
	3,648,087		3,668,400		3,381,400		3,691,496	
Less recoveries	(35,715)		(30,000)		(30,000)		(33,232)	
		3,612,372		3,638,400		3,351,400		3,658,264
Schools								
Secondary sector								
Premises	681,506		832,800		828,600		583,617	
Staff	11,461,517		11,317,200		11,091,500		10,516,409	
School supplies	975,898		1,149,360		877,100		842,421	
	13,118,921		13,299,360		12,797,200		11,942,447	
Less recoveries	(22,761)		(28,000)		(28,000)		(23,736)	
	13,096,160		13,271,360		12,769,200		11,918,711	
Primary sector								
Premises	885,775		759,472		659,500		607,607	
Staff	9,432,455		9,455,800		9,630,700		8,974,086	
School supplies	369,148		410,860		390,200		372,203	
	10,687,378		10,626,132		10,680,400		9,953,896	
Less recoveries	(38,152)		(9,500)		(9,500)		(19,707)	
	10,649,226		10,616,632		10,670,900		9,934,189	
Voluntary sector								
Premises	43,296		41,500		38,500		37,433	
Staff	1,059,160		1,057,000		1,031,100		996,024	
School supplies	40,852		48,100		39,900		40,716	
	1,143,308		1,146,600		1,109,500		1,074,173	
		24,888,694		25,034,592		24,549,600		22,927,073
Special Education								
Special Education Services								
Premises	28,386		27,200		27,200		24,022	
Staff	1,615,784		1,898,700		1,495,300		1,395,316	
Supplies and services	65,562		53,400		49,300		51,431	
Grants	81,054		77,500		71,100		69,780	
Residential placements	717,020		1,027,000		1,027,000		743,515	
	2,507,806		3,083,800		2,669,900		2,284,064	
Schools								
Premises	110,393		110,800		103,800		102,360	
Staff	2,062,373		2,047,400		1,972,100		1,888,001	
School supplies	84,391		83,560		60,400		66,240	
	2,257,157		2,241,760		2,136,300		2,056,601	
Less recoveries	(1,338)		(500)		(500)		(678)	
	2,255,819		2,241,260		2,135,800		2,055,923	
		4,763,625		5,325,060		4,805,700		4,339,987
		45,531,536		46,515,052		45,193,500		41,903,430
Use of Accumulated Unspent Balances		-		-		(93,500)		-
		45,531,536		46,515,052		45,100,000		41,903,430
Guille Alles Library								
Grant	889,600		889,600		820,000		789,000	
Higher and Advanced Education		5,701,362		5,800,000		5,800,000		5,405,411
Use of Accumulated Unspent Balances		-		-		(350,000)		-
		5,701,362		5,800,000		5,450,000		5,405,411
TOTAL REVENUE EXPENDITURE		52,122,498		53,204,652		51,370,000		48,097,841

Note :

Non Audit Services

The 2003 revenue expenditure of this Committee includes non-audit services provided by KPMG amounting to £14,000 (2002: £9,500).

GAMBLING CONTROL COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff		2,780		4,000		4,000		3,888
Supplies and services		204		2,000		2,000		694
Casino gaming proposals		-		5,000		5,000		903
		2,984		11,000		11,000		5,485
Use of Accumulated Unspent Balances		-		-		(5,000)		-
TOTAL REVENUE EXPENDITURE		2,984		11,000		6,000		5,485

GUERNSEY SOCIAL SECURITY AUTHORITY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Non Contributory Services								
Premises		19,935		30,000		38,300		31,886
Staff		784,963		801,500		750,000		726,350
Supplies and services		350,706		491,250		537,200		398,995
Attendance and invalid care allowance		1,726,490		1,800,000		1,840,000		1,734,245
Concessionary TV licences for the elderly		402,370		400,000		395,000		397,483
Family allowance		7,111,995		7,120,000		7,160,000		6,831,848
Medical expenses assistance scheme		77,112		90,000		60,000		56,199
Special Christmas payments		75		-		150		100
Supplementary benefit scheme		9,043,368		9,100,000		9,250,000		9,593,747
		19,517,014		19,832,750		20,030,650		19,770,853
Grants								
General provision for grants to charities approved by States Resolution		-		162,000		157,500		-
Guernsey Branch of the Samaritans		4,315		-		-		4,120
Guernsey Citizens Advice Bureau		22,650		-		-		21,120
Guernsey Welfare Service		39,000		-		-		36,370
Guernsey Womens Refuge Ltd		16,970		-		-		16,210
Relate		18,050		-		-		17,240
Salvation Army		16,160		-		-		15,440
The Methodist Church (Wesley)		20,000		-		-		16,000
Womens Royal Voluntary Service		24,600		-		-		23,500
		161,745		162,000		157,500		150,000
Health Service								
States grant		7,891,332		8,055,000		8,020,000		6,295,470
Social Insurance								
States grant		26,470,879		26,625,000		26,430,000		24,920,438
Long-Term Care Insurance								
States grant		1,224,473		1,290,000		1,285,000		-
		55,265,443		55,964,750		55,923,150		51,136,761
Use of Accumulated Unspent Balances		-		-		(73,000)		-
TOTAL REVENUE EXPENDITURE		55,265,443		55,964,750		55,850,150		51,136,761

HERITAGE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Archive Service								
Premises	5,178		5,300		5,300		5,214	
Staff	117,656		122,800		117,600		111,120	
Supplies and services	22,594		30,300		30,300		32,559	
		145,428		158,400		153,200		148,893
Historic Sites								
Premises	19,692		30,650		29,400		23,414	
Staff	100,485		112,100		109,900		78,165	
Supplies and services	22,121		23,200		23,200		30,085	
Consultants fees	14,609		36,900		36,900		5,258	
Upkeep, repair and restoration	116,119		325,533		152,800		67,305	
	273,026		528,383		352,200		204,227	
Less operating income	(406)		(2,000)		(2,000)		(469)	
		272,620		526,383		350,200		203,758
Museums and Galleries								
Premises	30,598		28,000		28,000		34,400	
Staff	705,828		737,200		721,300		723,630	
Supplies and services	203,190		310,642		273,500		270,779	
Consultants fees	8,177		66,000		36,000		3,526	
Contracted-out work	2,015		2,000		2,000		1,848	
Upkeep, repair and restoration	18,930		12,000		12,000		14,152	
	968,738		1,155,842		1,072,800		1,048,335	
Less operating income								
Sale of souvenirs and pamphlets	(78,757)		(78,000)		(78,000)		(64,384)	
Less cost of sales	30,986		28,500		28,500		47,421	
Catering sales	(1,142)		(1,300)		(1,300)		(10,007)	
Less cost of sales	2,907		1,000		1,000		12,345	
	(46,006)		(49,800)		(49,800)		(14,625)	
Admission charges	(163,205)		(207,000)		(207,000)		(190,958)	
Entertainment events - ticket sales	(17,073)		(45,000)		(51,900)		(56,018)	
Rent, etc.	(11,004)		(9,400)		(2,500)		(507)	
	(237,288)		(311,200)		(311,200)		(262,108)	
		731,450		844,642		761,600		786,227
1204 Celebrations		1,134		50,000		-		-
Use of Accumulated Unspent Balances		1,150,632		1,579,425		1,265,000		1,138,878
		-		-		(50,000)		-
TOTAL REVENUE EXPENDITURE		1,150,632		1,579,425		1,215,000		1,138,878

COMMITTEE FOR HOME AFFAIRS

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Fire Brigade							
Premises	66,375		74,500	74,500		97,570	
Staff	2,392,810		2,393,300	2,348,000		2,225,371	
Supplies and services	334,646		388,400	329,400		448,143	
	<u>2,793,831</u>		<u>2,856,200</u>	<u>2,751,900</u>		<u>2,771,084</u>	
Less recoveries	-		(1,200)	(1,200)		(192)	
	<u>2,793,831</u>		<u>2,855,000</u>	<u>2,750,700</u>		<u>2,770,892</u>	
Less operating income	(1,571)		(700)	(700)		(6,909)	
	<u>2,792,260</u>		<u>2,854,300</u>	<u>2,750,000</u>		<u>2,763,983</u>	
Police Force							
Premises	123,572		150,000	150,000		116,905	
Staff	7,563,061		8,216,350	8,050,000		7,434,132	
Supplies and services	1,667,314		2,208,000	2,208,000		1,660,103	
Grants	38,000		38,000	-		-	
	<u>9,391,947</u>		<u>10,612,350</u>	<u>10,408,000</u>		<u>9,211,140</u>	
Less recoveries	(54,420)		(43,000)	(43,000)		(46,719)	
	<u>9,337,527</u>		<u>10,569,350</u>	<u>10,365,000</u>		<u>9,164,421</u>	
Less operating income	(24,468)		(7,000)	(7,000)		(9,493)	
	<u>9,313,059</u>		<u>10,562,350</u>	<u>10,358,000</u>		<u>9,154,928</u>	
Use of Accumulated Unspent Balances	-		-	(208,000)		-	
	<u>9,313,059</u>		<u>10,562,350</u>	<u>10,150,000</u>		<u>9,154,928</u>	
States Prison							
Premises	199,306		214,825	192,800		155,155	
Staff	2,126,179		2,042,700	1,956,700		1,817,728	
Supplies and services	568,140		623,310	550,500		472,995	
	<u>2,893,625</u>		<u>2,880,835</u>	<u>2,700,000</u>		<u>2,445,878</u>	
Less recoveries	(14,352)		-	-		(3,259)	
	<u>2,879,273</u>		<u>2,880,835</u>	<u>2,700,000</u>		<u>2,442,619</u>	
TOTAL REVENUE EXPENDITURE	14,984,592		16,297,485	15,600,000		14,361,530	

COMMITTEE FOR HORTICULTURE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff	141,038		175,100		167,800		147,381	
Supplies and services	9,514		17,600		17,600		8,061	
Consultants fees	11,302		31,000		31,000		21,099	
	161,854		223,700		216,400		176,541	
<i>Less recoveries</i>	(32,880)		(40,500)		(40,500)		(34,799)	
		128,974		183,200		175,900		141,742
Central Services								
Premises	18,245		19,300		19,300		15,289	
Staff	79,323		77,750		76,400		72,180	
Supplies and services	34,783		41,300		41,300		30,442	
		132,351		138,350		137,000		117,911
Industry Services and Support								
Advisory Support Scheme	27,592		50,000		50,000		20,889	
Interest Subsidy Scheme (Votes 31.7.86 and 30.11.88)	130,385		150,000		300,000		168,781	
Market Development Scheme	107,285		185,000		185,000		63,557	
Quality Audit								
Staff	8,680		8,550		8,500		8,243	
Supplies and services	-		-		-		239	
	8,680		8,550		8,500		8,482	
Technical Services								
Staff	116,841		116,850		114,700		158,377	
Supplies and services	30,017		40,600		40,600		18,299	
Consultants fees	-		-		-		587	
	146,858		157,450		155,300		177,263	
<i>Less operating income</i>	(35,442)		(35,000)		(35,000)		(46,100)	
	111,416		122,450		120,300		131,163	
		385,358		516,000		663,800		392,872
Community Horticultural Services								
Arboricultural Services								
Staff	47,015		45,350		44,500		41,777	
Supplies and services	35,109		37,200		37,200		34,899	
Consultants fees	1,055		800		800		-	
Contracted-out work	74,366		47,500		47,500		67,534	
	157,545		130,850		130,000		144,210	
<i>Less recoveries</i>	(13,920)		(1,200)		(1,200)		(9,476)	
	143,625		129,650		128,800		134,734	
Corporate Guernsey								
Floral Guernsey	38,056		43,500		43,500		62,393	
Plant Health								
Staff	57,993		57,950		56,900		55,066	
Supplies and services	50,156		75,100		30,100		18,666	
	108,149		133,050		87,000		73,732	
<i>Less recoveries</i>	(7,000)		(5,000)		(5,000)		(7,000)	
	101,149		128,050		82,000		66,732	
<i>Less operating income</i>	(2,225)		(1,000)		(1,000)		(1,400)	
	98,924		127,050		81,000		65,332	
		280,605		300,200		253,300		262,459
		927,288		1,137,750		1,230,000		914,984
Use of Accumulated Unspent Balances		-		-		(10,000)		-
TOTAL REVENUE EXPENDITURE		927,288		1,137,750		1,220,000		914,984

HOUSING AUTHORITY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff	707,288		778,750		755,700		647,266	
Supplies and services	197,858		236,500		236,500		161,306	
Consultants fees	3,595		15,000		15,000		33,131	
		908,741		1,030,250		1,007,200		841,703
Corporate Housing Programme								
Staff	62,993		64,000		-		-	
Supplies and services	859		-		-		-	
		63,852		64,000		-		-
Document Duty and Treizieme Grant Scheme		138,169		150,000		215,000		108,589
Residential Homes								
Premises	106,601		133,900		133,900		108,813	
Staff	1,199,096		1,243,550		1,223,600		1,134,061	
Supplies and services	150,505		147,400		147,400		140,705	
	1,456,202		1,524,850		1,504,900		1,383,579	
Less recoveries	(4,909)		(3,600)		(3,600)		(3,755)	
		1,451,293		1,521,250		1,501,300		1,379,824
Youth Housing Project		75,000		75,000		-		-
		2,637,055		2,840,500		2,723,500		2,330,116
Use of Accumulated Unspent Balances		-		-		(8,500)		-
TOTAL REVENUE EXPENDITURE		2,637,055		2,840,500		2,715,000		2,330,116

INCOME TAX AUTHORITY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises		60,279		52,800		52,800		46,897
Staff		2,874,801		2,960,614		2,764,800		2,598,687
Supplies and services		1,072,387		1,180,418		974,900		966,084
Audit fee		-		-		-		5,212
Consultants fees		6,513		17,500		17,500		-
TOTAL REVENUE EXPENDITURE		4,013,980		4,211,332		3,810,000		3,616,880

ISLAND DEVELOPMENT COMMITTEE

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Administration							
Staff		1,690,551	1,848,950		1,789,200		1,532,621
Supplies and services		256,970	495,800		495,800		256,859
Consultants fees		21,833	100,000		100,000		60,095
		<u>1,969,354</u>	<u>2,444,750</u>		<u>2,385,000</u>		<u>1,849,575</u>
<i>Less recoveries</i>		(423)	(100)		(100)		(263)
		<u>1,968,931</u>	<u>2,444,650</u>		<u>2,384,900</u>		<u>1,849,312</u>
<i>Less operating income</i>		(6,035)	(3,000)		(3,000)		(1,520)
		<u>1,962,896</u>	<u>2,441,650</u>		<u>2,381,900</u>		<u>1,847,792</u>
Use of Accumulated Unspent Balances		-	-		(326,900)		-
TOTAL REVENUE EXPENDITURE		1,962,896	2,441,650		2,055,000		1,847,792

ISLAND RECEPTION COMMITTEE

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Provision of hospitality to visitors		13,041	21,000		21,000		6,886
TOTAL REVENUE EXPENDITURE		13,041	21,000		21,000		6,886

LIBERATION CELEBRATIONS COMMITTEE

	Accounts 2003		Total Authorised 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
Liberation Day							
Co-ordination and staging of celebrations		115,317	110,000		90,000		99,889
<i>Less recoveries</i>		(42,795)	(35,000)		(35,000)		(38,530)
TOTAL REVENUE EXPENDITURE		72,522	75,000		55,000		61,359

OVERSEAS AID COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Supplies and services		798		2,500		2,500		900
Contributions to aid overseas								
Africa								
Agriculture and fisheries	86,662						60,236	
Education	139,266						95,848	
Health	269,470						261,403	
Integrated development	194,684						174,790	
	690,082						592,277	
Indian sub-continent								
Agriculture and fisheries	35,204						36,368	
Education	45,226						98,173	
Health	108,142						63,458	
Integrated development	62,440						4,977	
	251,012						202,976	
Latin America and the Caribbean								
Agriculture and fisheries	23,974						-	
Education	24,997						7,174	
Health	23,661						37,337	
Integrated development	15,975						-	
	88,607						44,511	
Other Asia and Pacific								
Agriculture and fisheries	22,500						64,915	
Education	21,940						23,420	
Health	14,945						55,904	
Integrated development	109,972						61,704	
	169,357						205,943	
		1,199,058		1,199,058		1,197,500		1,045,707
Emergency Disaster Relief								
Donation to Goma, Democratic Republic of Congo, Volcano Crisis Appeal (AFC 29.1.02)	-		-		-		50,000	
Donation to Liberia Crisis Appeal (AFC 20.8.03)	30,000		30,000		-		-	
Donation to Southern Africa Famine Crisis Appeal (AFC 7.8.02)	-		-		-		50,000	
		30,000		30,000		-		100,000
TOTAL REVENUE EXPENDITURE		1,229,856		1,231,558		1,200,000		1,146,607

PROBATION SERVICE COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises		8,651		9,500		9,500		9,098
Staff		310,938		324,750		275,000		262,174
Supplies and services		43,236		35,500		35,500		25,018
TOTAL REVENUE EXPENDITURE		362,825		369,750		320,000		296,290

PUBLIC ASSISTANCE AUTHORITY

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises	1,769		3,200		3,200		2,489	
Staff	63,318		60,900		59,800		56,861	
Supplies and services	10,140		11,300		11,300		18,991	
		75,227		75,400		74,300		78,341
Grants to Parochial Outdoor Assistance Boards		362,158		380,000		298,000		263,864
Medical Assistance Scheme		12,063		10,000		6,300		8,522
Welfare Hostel - St Julian's House								
Premises	39,726		46,100		46,100		41,228	
Staff	302,797		304,200		299,000		288,800	
Supplies and services	51,389		42,400		42,400		48,337	
Consultants fees	125		1,500		1,500		1,300	
	394,037		394,200		389,000		379,665	
Less recoveries	(7,168)		(6,500)		(6,500)		(6,792)	
	386,869		387,700		382,500		372,873	
Less operating income	(112,520)		(90,000)		(90,000)		(106,486)	
		274,349		297,700		292,500		266,387
		723,797		763,100		671,100		617,114
Use of Accumulated Unspent Balances		-		-		(6,800)		-
TOTAL REVENUE EXPENDITURE		723,797		763,100		664,300		617,114

PUBLIC THOROUGHFARES COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Supplies and services		5,810		6,700		6,700		10,901
Pumping Stations								
Supplies and services	159,034		220,500		220,500		166,379	
Upkeep and repairs	491,425		461,000		461,000		432,834	
		650,459		681,500		681,500		599,213
Retaining Walls								
Upkeep and repairs		380		20,000		20,000		25,324
Sewage Tankers								
Staff	1,119,768		1,239,400		1,218,600		1,109,125	
Contracted out work	468,452		530,000		530,000		487,965	
	1,588,220		1,769,400		1,748,600		1,597,090	
Less operating income	(1,279,603)		(1,250,000)		(1,250,000)		(1,260,024)	
		308,617		519,400		498,600		337,066
Sewers and outfalls								
Consultants fees	124,856		150,000		150,000		160,247	
Sewer descaling	90,900		77,400		77,400		84,000	
Sewer rehabilitation	995,758		1,000,000		1,000,000		835,049	
Upkeep and repairs	175,335		200,000		200,000		229,105	
		1,386,849		1,427,400		1,427,400		1,308,401
Surface water outfalls and streams								
Staff	36,789		35,550		34,900		36,925	
Supplies and services	1,046		5,500		5,500		1,075	
Rehabilitation and separation	375,236		500,000		500,000		459,856	
Upkeep and repairs	375,406		260,000		230,000		253,922	
		788,477		801,050		770,400		751,778

PUBLIC THOROUGHFARES COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Upkeep of roads								
Staff	75,918		29,950		29,400		71,322	
Supplies and services	7,940		5,000		5,000		6,246	
Resurfacing and reconstruction	2,907,731		3,200,000		3,200,000		2,972,785	
Road cleaning	1,031,150		1,070,000		995,000		946,013	
Upkeep and repairs	327,226		266,000		266,000		242,961	
		4,349,965		4,570,950		4,495,400		4,239,327
TOTAL REVENUE EXPENDITURE		7,490,557		8,027,000		7,900,000		7,272,010

RECREATION COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Outdoor Sports Facilities								
Premises	192,397		176,300		105,300		101,224	
Staff	141,080		131,400		128,800		120,115	
	333,477		307,700		234,100		221,339	
<i>Less operating income</i>	(168,746)		(135,500)		(135,500)		(124,271)	
		164,731		172,200		98,600		97,068
Policy Implementation and Administration								
Staff	149,482		165,700		162,900		141,818	
Supplies and services	18,651		43,800		66,800		24,452	
		168,133		209,500		229,700		166,270
Sports Development								
Staff	55,422		56,500		55,700		51,486	
Supplies and services	6,762		9,800		41,500		9,988	
Grants								
General	60,076		65,000		65,000		65,246	
Commonwealth Games	-		-		-		2,652	
Island Games 2003	-		-		-		271,038	
Sport specific development officers	35,448		35,000		35,000		16,222	
		157,708		166,300		197,200		416,632
Beau Sejour Centre								
Premises	374,284		463,200		463,200		273,704	
Staff	2,025,429		1,951,750		1,917,200		1,744,622	
Operating expenditure	973,279		901,700		847,000		765,376	
	3,372,992		3,316,650		3,227,400		2,783,702	
<i>Less operating income</i>	(2,106,795)		(2,092,900)		(2,352,900)		(1,610,250)	
	1,266,197		1,223,750		874,500		1,173,452	
<i>Less funding from Channel Islands Lottery</i>	(50,000)		(50,000)		(100,000)		(80,000)	
		1,216,197		1,173,750		774,500		1,093,452
TOTAL REVENUE EXPENDITURE		1,706,769		1,721,750		1,300,000		1,773,422

Note :

Non Audit Services

The 2003 revenue expenditure of this Committee includes non-audit services provided by KPMG amounting to £3,900.

SEA FISHERIES COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff	185,857		173,800		168,800		159,482	
Supplies and services	22,798		33,800		33,800		18,966	
Consultants fees	29,246		15,000		15,000		11,987	
	237,901		222,600		217,600		190,435	
Less operating income	(500)		-		-		-	
		237,401		222,600		217,600		190,435
Central services								
Premises	6,757		7,100		7,100		5,662	
Staff	29,304		28,800		28,300		26,733	
Supplies and services	12,883		15,300		15,300		11,284	
		48,944		51,200		50,700		43,679
Vessel running costs		38,463		53,077		41,700		22,017
TOTAL REVENUE EXPENDITURE		324,808		326,877		310,000		256,131

STATES TRAFFIC COMMITTEE

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration and Vehicle Registration and Licensing								
Premises	13,385		19,500		19,500		11,517	
Staff	770,877		840,250		822,000		735,573	
Supplies and services	219,921		249,600		249,600		308,740	
Consultants fees	22,638		14,000		14,000		16,640	
Contracted-out work	94,137		66,000		66,000		23,800	
	1,120,958		1,189,350		1,171,100		1,096,270	
Less operating income	(417,818)		(419,500)		(419,500)		(399,873)	
		703,140		769,850		751,600		696,397
Public Transport Department								
Other Public Transport Support								
Supplies and services	7,144		9,000		9,000		7,954	
Public transport development	25,095		38,000		209,900		-	
	32,239		47,000		218,900		7,954	
Scheduled Bus Service Support								
Supplies and services	14,005		18,000		18,000		23,244	
Bus promotions	17,679		36,000		50,000		24,494	
Contract payments	1,789,697		1,752,400		1,326,500		1,486,066	
Fleet maintenance	1,220		5,500		5,500		1,445	
Leasing Charges	(279,289)		(290,000)		(300,000)		(1,260)	
	1,543,312		1,521,900		1,100,000		1,533,989	
School Bus Service Support								
Contract payments	194,071		230,000		230,000		280,217	
School Bus Service Vouchers								
Voucher payments	7,377		7,400		7,400		11,013	
Less recoveries	(2,290)		(1,500)		(1,500)		(2,226)	
	5,087		5,900		5,900		8,787	
		1,774,709		1,804,800		1,554,800		1,830,947
Traffic Department								
Supplies and services	86,768		84,000		84,000		16,657	
Consultants fees	31,602		10,000		10,000		1,095	
Maintenance of car parks and traffic lights	53,283		56,600		56,600		63,885	
Road improvements	7,560		10,000		10,000		12,603	
Signs and lines facilities	306,388		318,000		318,000		296,046	
		485,601		478,600		478,600		390,286
TOTAL REVENUE EXPENDITURE		2,963,450		3,053,250		2,785,000		2,917,630

TOURIST BOARD

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises	58,858		92,300		92,300		70,276	
Staff	513,149		583,450		572,500		524,697	
Supplies and services	155,101		200,100		183,100		180,662	
Consultants fees	131,668		163,900		81,600		328,573	
Contracted-out work	34,300		35,800		35,800		34,698	
	893,076		1,075,550		965,300		1,138,906	
Less recoveries	(5,487)		(5,000)		(5,000)		(3,012)	
sales of merchandise	(38,525)		(46,100)		(46,100)		(47,525)	
	849,064		1,024,450		914,200		1,088,369	
Less operating income	(35,588)		(37,000)		(37,000)		(36,758)	
		813,476		987,450		877,200		1,051,611
Sales and Marketing								
Staff	332,808		365,700		361,300		319,936	
Marketing activities	2,620,540		2,774,050		2,759,300		2,827,784	
	2,953,348		3,139,750		3,120,600		3,147,720	
Less recoveries	-		-		-		(3,000)	
sales of advertising space	(192,992)		(191,500)		(191,500)		(214,141)	
		2,760,356		2,948,250		2,929,100		2,930,579
Product Development								
Staff	167,822		181,950		178,300		163,799	
Development activities	329,838		373,900		356,900		476,395	
	497,660		555,850		535,200		640,194	
Less recoveries	(5,280)		(5,500)		(5,500)		(5,280)	
	492,380		550,350		529,700		634,914	
Less operating income	-		(6,000)		(6,000)		(5,616)	
		492,380		544,350		523,700		629,298
		4,066,212		4,480,050		4,330,000		4,611,488
Use of Accumulated Unspent Balances		-		-		(80,000)		-
TOTAL REVENUE EXPENDITURE		4,066,212		4,480,050		4,250,000		4,611,488

TRANSPORT BOARD

	Accounts 2003		Total Authorised 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Staff	42,441		40,750		40,000		-	
Supplies and services	9,807		6,000		6,000		7,090	
Consultants fees	5,889		29,000		29,000		45,141	
	58,137		75,750		75,000		52,231	
Less recoveries	-		-		-		(50)	
		58,137		75,750		75,000		52,181
Transport Links - Financial Concessions		767,020		750,000		750,000		511,898
TOTAL REVENUE EXPENDITURE		825,157		825,750		825,000		564,079

CAPITAL INCOME AND EXPENDITURE

COMMITTEE CAPITAL INCOME

	Accounts 2003	Budget 2003	Accounts 2002
	£	£	£
ADVISORY AND FINANCE COMMITTEE			
Sale of Guernsey Telecoms Limited (Vote 30.5.02)	5,000,000	5,000,000	13,800,000
BOARD OF ADMINISTRATION			
Sale of small areas of land / granting of wayleaves	1,100	-	52,000
BOARD OF INDUSTRY			
Fieldworkers vehicles / equipment	375	-	700
HOUSING AUTHORITY			
Sale of incompatible housing stock (Vote 31.1.96)	-	20,000	130,000
SEA FISHERIES COMMITTEE			
Loans Fund capital repayments (Vote 10.7.97)	21,773	5,270	7,821
Per published accounts 2002	-	-	300
TOTAL CAPITAL INCOME	5,023,248	5,025,270	13,990,821

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
ADVISORY AND FINANCE COMMITTEE								
Consultants fees and site investigations - net expenditure / (recovery)		(95,116)		(100,000)		375,000		(566,436)
Corporate finance and purchasing system (Votes 31.1.01 and 12.12.01 : £5,000,000)		221,077		300,000		850,000		360,042
Corporate IT projects		566,392		750,000		800,000		66,721
Courts IT equipment replacement (AFC 23.7.03 : £85,000)		39,040		85,000		-		-
Government House vehicle replacement (AFC 2.4.03 : £12,000)		10,842		10,842		-		-
Guernsey Technical Services vehicle replacement (AFC 3.12.03 : £7,500)		7,500		-		-		-
Law Officers Chambers IT equipment replacement (AFC 23.7.03 : £50,000)		38,816		50,000		-		-
Property Condition Surveys - Phase I (AFC 10.9.03 and 22.10.03 : £120,000)		110,685		102,800		-		-
Royal Court House - Security measures (AFC 1.5.02, 2.10.02 and 24.6.03 : £59,307)		59,307		59,307		150,000		-
States of Alderney net Capital Expenditure		957,064		1,257,876		560,870		638,570
Treasury Loans System replacement (AFC 2.7.03 : £60,000)		36,321		30,000		75,000		-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		-		400,000		-	
Equipment, Machinery and Vehicles	-		-		30,000		-	
ICT Projects	-		-		125,000		-	
		-		-		555,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		314,848
TOTAL ADVISORY AND FINANCE COMMITTEE CAPITAL EXPENDITURE		1,951,928		2,545,825		3,365,870		813,745
	£	£	£	£	£	£	£	£
AGRICULTURE AND COUNTRYSIDE BOARD								
AI Services van replacement (AFC 8.1.03 : £20,000)		14,676		14,676		8,000		-
Animal carcass crane (AFC 18.9.02 : £16,000)		15,055		15,055		-		-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works		-		15,000		40,000		-
TOTAL AGRICULTURE AND COUNTRYSIDE BOARD CAPITAL EXPENDITURE		29,731		44,731		48,000		-

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF ADMINISTRATION								
Alderney Airport net Capital Expenditure		8,094		205,500		115,000		334,034
Central Services								
Belvedere Road resurfacing (AFC 26.11.02 : £80,700)		-		80,700		-		-
Bulwer Avenue boiler replacement (Vote 19.6.02 : £28,115)		3,685		4,600		-		23,465
Courts extension and refurbishment (Vote 27.12.00 and 31.10.02 : £17,500,000)		2,446,048		1,700,000		6,000,000		440,154
Government House tennis courts resurfacing (AFC 2.10.02 : £25,190)		5,190		5,000		-		20,000
Public conveniences								
Grandes Rocques disabled facilities (AFC 24.7.02 : £64,000)		53,319		60,800		32,000		3,149
St Julians Avenue refurbishment/disabled facilities (AFC 23.9.03 : £40,000)		-		40,000		40,000		-
Southside refurbishment (AFC 14.8.02 : £25,000)		15,000		25,000		-		-
St Barnabas renovation (Vote 28.5.03 : £1,500,000)		71,488		50,000		-		-
St James								
Contribution to works (AFC 15.1.03 : £20,000)		20,000		20,000		-		-
External conservation works (Vote 29.1.03 : £770,000)		708,427		760,000		600,000		-
Sir Charles Frossard House - Housing Authority relocation / rationalisation (Vote 29.9.99 : £970,400)		925		25,500		-		34,440
St. Peter Port car parking and quay enhancement (Votes 9.1.02 and 28.3.03 : £800,000)		9,455		63,000		50,000		236,818
Town Arsenal flats refurbishment (Vote 30.1.02 : £579,007)		130,191		114,500		279,000		464,364
Customs and Immigration								
Airport CCTV including contribution from Committee for Home Affairs (Vote 31.5.02 : £526,000)		200,514		2,500		450,000		19,336
Alderney Customs Office (AFC 9.7.02 : £31,100)		3,266		3,000		15,350		27,472
Covert equipment replacement (Vote 16.4.03 : £9,200)		8,449		9,200		-		-
Drug/explosive detection equipment (AFC 13.3.02 : £33,395)		1,469		-		-		30,838
Freight Accounting and Immigration database (Vote 3.9.03 : £182,000)		61,760		182,000		-		-
Intelligence database (AFC 23.10.02 : £133,000)		98,321		133,000		-		-
Search equipment (AFC 11.12.01 : £33,100)		947		-		-		32,126
Server replacement (AFC 22.10.03 : £110,000)		64,100		100,000		110,000		-
Surveillance equipment (AFC 14.6.00 : £42,000)		524		200		-		2,311
Tape recorders replacement (AFC 20.11.02 : £14,900)		13,827		13,700		-		-
Telephone switchboard replacement (AFC 21.2.01 : £49,750)		4,035		2,400		5,500		8,263
Travel document verification system (AFC 10.12.02 : £19,200)		18,233		18,200		20,000		-

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF ADMINISTRATION (continued)								
Property								
Foulon								
Cremator replacement (Vote 11.5.01 : £928,039)		60,271		74,400		-		375,971
Garden of rest plaque walls (AFC 3.7.02 : £100,000)		31,272		49,100		-		59,033
Path reconstruction (AFC 26.11.02 : £51,000)		40,050		38,200		-		16,226
Market redevelopment - construction phase consultants fees (AFC 20.2.02 : £239,000)		70,719		15,000		50,000		35,770
Saumarez Park Folk Museum courtyard (AFC 8.1.03 : £93,500)		29,015		93,500		-		-
Waste Services								
Energy from waste facility (Vote 28.6.02 and AFC 29.10.02 and 20.11.02 : £2,450,000)		633,232		900,000		115,000		1,135,180
Landfill sites								
Dyson's Quarry gas extraction system (AFC 14.8.02 and 11.3.03 : £90,900)		(2,243)		3,600		-		87,262
Mont Cuet preparation for waste disposal (Vote 27.3.97 : £4,608,679)		101,959		120,000		-		46,490
St Germain area enhancement (AFC 25.8.99 : £55,000)		865		-		-		3,608
Recycling equipment replacement								
Eurobins (AFC 24.6.03 : £20,000)		17,392		20,000		12,500		-
Trucks (AFC 24.6.03 : £90,000)		89,794		90,000		55,000		-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		55,000		1,008,000		-	
Equipment, Machinery and Vehicles	-		250,000		432,000		-	
ICT Projects	-		112,000		105,000		-	
		-		417,000		1,545,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		2,510,085
TOTAL BOARD OF ADMINISTRATION CAPITAL EXPENDITURE		5,019,593		5,439,600		9,494,350		5,946,395

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF HEALTH								
Major construction projects								
Fourth Theatre / Critical Care facility (Vote 31.10.03 : £3,466,000)		427,810	-		-			-
La Corbinerie continuing care wards (Vote 24.4.02 : £6,318,928)		3,728,524	4,400,000		3,000,000			1,239,624
Mignot Memorial Hospital extension and redevelopment (Vote 26.9.03 : £3,820,000)		42,795	250,000		-			-
Site Development Planning costs (Vote 26.9.03 : £4,872,700)		330,944	500,000		-			-
States Analysts Laboratory / Environmental Health Department relocation (Vote 25.6.03 : £3,350,000)		230,882	200,000		-			-
Central Services								
Finance, Purchasing, Information Management and Technology								
Headquarters accommodation replacement (AFC 4.6.03 : £195,000)		187,688	195,000		200,000			-
IT Hardware replacement (AFC 11.6.03 and 20.8.03 : £66,000)		61,750	66,000		23,000			-
IT Hardware replacement (AFC 22.10.03 : £41,000)		38,010	41,000		-			-
Management information system - personnel (AFC 20.5.98 : £89,250)		24,575	32,100		32,874			750
Health Care Services								
Equipment (additional)								
Blood transfusion equipment (AFC 2.10.02 : £53,000)		52,863	52,863		-			-
Cardiology Department equipment (Vote 17.9.03 : £18,500)		18,368	18,500		-			-
Computerised radiology equipment (Vote 28.5.03 : £1,297,000)		77,199	600,000		500,000			-
Day Patient Unit sigmoidoscope (AFC 25.11.03 : £21,000)		20,755	21,000		-			-
La Corbinerie Site delivery systems (Vote 27.8.03 : £30,000)		24,906	30,000		-			-
Microbiology testing equipment (AFC 29.4.03 : £50,000)		49,460	49,460		-			-
Plated meal trolley (AFC 29.4.03 : £9,500)		9,435	9,435		-			-
Theatres / ICU cardiac output monitors (AFC 5.3.03 : £23,500)		23,336	23,336		-			-
Theatres / Loveridge ward / Pathology - uninterruptible power supply (AFC 22.8.01 : £68,545)		2,914	3,500		-			9,664
Transport incubator and medivac stretcher (AFC 9.11.00 : £35,000)		-	1,300		-			3,012

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF HEALTH (continued)								
Health Care Services (continued)								
Equipment (replacement)								
Bedpan washers (AFC 28.10.03 : £15,500)		14,970		15,500		-		-
Cardiology equipment (AFC 11.3.03 : £25,000)		24,702		24,702		-		-
Castel and King Edward VII Hospitals								
Chairs (AFC 23.7.03 : £17,000)		16,388		17,000		-		-
Furniture and Hospital Equipment (AFC 5.12.01 : £83,963)		5,197		5,200		-		63,565
Furniture and Hospital Equipment (AFC 10.1.02 : £63,000)		1,662		1,700		-		61,145
Interim management plan - Phase II (AFC 30.10.01 and 26.3.02 : £67,060)		9,733		9,733		-		41,741
Catering equipment (AFC 18.6.03 : £32,000)		31,832		32,000		-		-
Catering equipment (AFC 25.11.03 : £36,500)		4,300		36,500		-		-
Contrast media injectors (AFC 22.1.03 : £15,000)		14,419		15,000		-		-
CT Scanner software upgrade (AFC 14.8.02 : £14,500)		4,406		14,500		-		-
Day Patient unit equipment (AFC 19.3.03 : £20,000)		19,810		19,810		-		-
Defibrillators (AFC 28.10.03 : £22,000)		21,556		22,000		-		-
Endoscopy washer and associated works (AFC 12.5.99 : £82,870)		6,126		17,900		-		2,215
Hospital beds (AFC 2.10.02 : £104,950)		104,943		104,943		-		-
Main Theatre operating table (AFC 5.3.03 : £20,500)		20,461		20,461		-		-
Ophthalmic laser equipment (AFC 24.6.03 : £30,000)		29,344		30,000		-		-
Orthopaedic surgery equipment (AFC 15.1.03 : £56,000)		55,997		55,997		-		-
Pallet truck and electric tug (AFC 2.7.03 : £19,000)		18,126		19,000		-		-
Pathology department equipment (AFC 9.11.00 : £53,301)		6,100		6,100		-		-
Pathology department equipment (AFC 29.4.03 : £64,000)		46,724		64,000		-		-
Pharmacy Department equipment (AFC 22.10.03 : £31,000)		7,730		31,000		-		-
Photocopiers (AFC 29.7.03 : £25,000)		24,563		24,563		-		-
Radiology mobile image intensifier (AFC 18.9.02 : £117,000)		-		1,700		-		115,254
Ultrasound equipment (AFC 7.5.03 : £420,000)		320,000		420,000		-		-

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF HEALTH (continued)								
Health Care Services (continued)								
Premises								
Divette ward conversion (AFC 6.3.02 : £46,000)		9,048		9,041		-		36,922
Fire alarm equipment replacement (AFC 18.6.03 : £36,000)		352		36,000		-		-
King Edward VII Hospital								
Fire alarms and nurse call systems replacement (AFC 12.2.03 : £142,000)		111,655		142,000		-		-
New Offices and Chapel (AFC 2.10.02 : £85,639)		82,122		85,000		-		563
La Corbinerie								
Creation of public footpath (AFC 8.5.01, 24.7.01 and 12.6.02 : £16,685)		-		1,400		-		13,661
Footpath lighting (AFC 28.1.03 : £12,000)		15		12,000		-		-
Princess Elizabeth Hospital								
CCTV equipment replacement (AFC 12.5.03 : £16,000)		15,780		15,800		-		-
Clinical waste incinerator(Vote 28.6.01 : £1,576,817)		86,478		141,500		113,651		972,091
Fire extinguishing systems replacement (AFC 29.4.03 : £48,000)		39,867		48,000		-		-
Floor coverings replacement (AFC 11.3.03 : £20,500)		10,474		20,500		-		-
Mechanical plant (AFC 13.3.01 : £161,785)		6,670		6,600		-		7,346
Mortuary upgrading (AFC 8.1.03 : £154,600)		147,338		154,600		143,000		-
Pharmacy refurbishment (Vote 27.6.01 : £598,555)		13,092		55,600		-		285,006
Transitional care unit (AFC 2.10.02 : £64,200)		61,548		58,000		-		1,737
Victoria Wing isolation rooms (AFC 7.3.01 and 6.3.02 : £81,912)		964		964		-		131
Workshop relocation (Vote 23.10.02 : £148,000)		105,734		148,000		-		-
Human Resources								
Premises								
Arlington Court - conversion and extension (Vote 28.6.00 : £1,075,558)		27,825		50,500		-		23,408
Rosewood, Grande Rue, St Martins purchase (AFC 15.10.03 : £900,000)		900,000		-		-		-

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF HEALTH (continued)								
Social Care Services								
Chateau Reve								
Extension (AFC 4.10.00, 9.11.00 and 3.12.03 : £67,276)		4,620		4,600		-		-
Main drain connection (AFC 23.4.03 : £15,000)		15,000		15,000		-		-
Duchess of Kent House								
Window frames / doors replacement - phase I (AFC 21.11.01 : £21,982)		2,548		3,300		-		18,659
Window frames / doors replacement - phase II (AFC 2.10.02 : £27,600)		21,862		27,600		-		-
Mignot Memorial Hospital								
Day Centre (AFC 3.7.02 : £96,500)		23,214		21,900		-		74,524
Radiology equipment replacement (AFC 20.12.02 : £30,000)		29,485		29,485		50,000		-
States Analysts Laboratory - Equipment replacement (AFC 18.9.02 : £29,500)		(304)		2,100		-		27,361
Vehicles								
Diesel vans replacement (AFC 23.7.03 : £28,000)		27,447		28,000		-		-
Estates department vehicles replacement (AFC 23.10.02 : £34,000)		18,668		18,668		-		14,450
General purpose vans replacement (AFC 24.9.02 : £25,850)		(1,200)		(1,200)		-		-
Mignot Memorial Hospital diesel van replacement (AFC 29.7.03 : £10,000)		8,684		10,000		-		-
Services for older people vehicle (AFC 29.10.02 : £24,000)		23,406		23,406		-		-
Sheltered Workshop pick-up truck replacement (AFC 27.8.03 : £13,000)		12,844		13,000		-		-
Proposed New Projects Per Capital Programme								
Major Construction and Development Projects	-		-		2,200,000		-	
Miscellaneous Capital Works	-		485,000		1,124,000		-	
Equipment, Machinery and Vehicles	-		422,600		357,000		-	
ICT Projects	-		41,000		500,000		-	
		-		948,600		4,181,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		2,338,069
TOTAL BOARD OF HEALTH CAPITAL EXPENDITURE		7,966,539		9,632,767		8,243,525		5,350,898

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
BOARD OF INDUSTRY								
Employment Services vehicle replacement (AFC 2.4.03 : £11,000)		10,495		10,495		12,000		-
Health and Safety portacabin replacement (AFC 2.4.03 : £9,000)		8,803		8,803		-		-
Health and Safety van replacement (AFC 4.12.02 : £12,500)		12,500		12,500		14,000		-
Raymond Falla House extension and alterations (Vote 28.5.03 : £476,000)		91,934		243,000		500,000		-
Proposed New Projects Per Capital Programme								
Equipment, Machinery and Vehicles		-		-		16,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		16,953
TOTAL BOARD OF INDUSTRY CAPITAL EXPENDITURE		123,732		274,798		542,000		16,953
CHILDREN BOARD								
Community Action Programme								
Garden Hill refurbishment (AFC 17.5.00 : £58,643)		2,914		1,000		-		3,853
Les Genats Family Centre (AFC 17.7.02 : £249,950)		212,113		213,500		-		36,097
Rue des Pins Family Centre (AFC 3.4.02 : £74,350)		18,566		13,200		-		61,073
Secure Unit refurbishment (AFC 23.9.03 : £240,000)		38,687		240,000		-		-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		-		139,000		-	
Equipment, Machinery and Vehicles	-		20,000		15,000		-	
ICT Projects	-		55,000		-		-	
		-		75,000		154,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		8,070
TOTAL CHILDREN BOARD CAPITAL EXPENDITURE		272,280		542,700		154,000		109,093

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
EDUCATION COUNCIL								
Education Development Plan								
Essential Maintenance Programme (Vote 27.2.03 : £2,250,000)		454,768	1,000,000		-			-
Phase I								
Le Rondin Special Needs School (Vote 27.2.03 : £13,900,000)		1,003,640	375,000		-			168,098
Project execution plan (Votes 25.4.02 and 27.2.03 : £6,000,000)		2,274,647	1,325,000		2,500,000			265,877
Information and Communication Technology Strategy - Phases II and III		-	587,000		836,000			-
Communications equipment, server and software (Vote 27.7.00, AFC 8.8.01 and 17.9.03 : £362,561)		8,477	34,000		34,000			89,451
Electrical improvements and associated building works								
Preparatory works Contract 1 (AFC 24.5.00 and 21.6.00 : £74,962)		17,842	-		-			2,594
Primary Schools								
Amherst temporary classrooms / network connections (AFC 22.5.02 : £151,962)		27,789	31,500		-			120,454
Notre Dame, St Andrew's and St Mary and St Michael (AFC 30.7.02 : £245,000)		18,214	52,700		-			192,219
St Sampsons, Haute Capelles and Amherst (AFC 8.1.03 : £300,216)		242,416	300,200		300,000			-
Vale, St Martins and St. Annes (AFC 8.1.03 : £641,226)		588,955	641,200		640,000			-
Secondary Schools								
Final Phase (AFC 22.5.02 : £1,282,562)		123,949	330,000		-			952,315
Grammar School alterations (AFC 22.5.02 , 20.11.02 and 25.3.03 : £330,550)		316,935	250,000		330,000			-
Phase I (AFC 17.7.01 : £852,032)		46,330	17,100		-			196,299
St Peter Port School (AFC 16.1.02 : £206,364)		5,196	11,200		-			195,106
Surveys, etc. (Vote 27.7.00 and AFC 30.10.01 and 9.12.03 : £232,249)		55,510	52,500		-			41,174
Equipment and services (Research Machines) (Vote 27.7.00 : £5,753,013)		1,413,772	1,719,000		480,800			1,261,877
Network Managed Services consultants (Vote 4.6.03 : £60,000)		33,307	60,000		60,000			-
Project management - limited local area networks (AFC 25.7.00, 20.2.02 and 9.12.03 : £200,000)		23,161	56,100		-			41,146
Strategic project management - Phase III		143,022	118,300		-			169,745
Training (AFC 18.4.01 and 9.12.03 : £445,000)		195,494	251,600		175,000			193,311

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
EDUCATION COUNCIL (continued)								
Other projects								
Asbestos testing and removal								
College of Further Education and other minor works (AFC 1.8.01 : £19,382)		399	-	-				10,868
Consultants fees (AFC 6.2.02 : £100,000)		28,816	40,300	-				59,650
St Sampsons Secondary School boiler room (AFC 20.10.00 : £23,765)		2,500	-	-				-
Various small contracts under £20,000 (AFC 20.10.00 : £215,000)		4,820	5,000	-				12,123
College of Further Education temporary classrooms (AFC 22.5.02 : £90,148)		10,166	10,000	-				76,980
Fire detection and prevention system consultants fees (AFC 29.1.02 : £85,535)		22,447	75,600	-				9,881
Forest Primary School redevelopment (Vote 25.3.98 : £2,825,297)		5,193	10,000	-				7,370
Hautes Capelles Junior School - Modernisation and extensions (Vote 1.6.95 : £2,979,316)		458	458	-				17,621
La Couperderie modifications (AFC 22.10.03 : £225,000)		189,871	-	-				-
La Mare de Carteret temporary classrooms (Vote 27.5.03 : £80,000)		73,498	80,000	80,000				-
Oakvale School temporary classrooms (Vote 27.5.03 : £66,000)		67,709	66,000	66,000				-
Purchase of land Rue des Monts, St Sampsons (AFC 8.5.02 : £30,396)		30,396	30,396	-				-
St. Annes School extension (Vote 28.6.00 : £674,624)		46,207	45,000	-				3,874
School telephone switchboard replacements (AFC 4.12.02 : £54,300)		55,193	54,300	-				-
School workshops health and safety review phases II and III (AFC 11.7.01 and 28.5.02 : £123,650)		1,587	1,700	-				97,601
Vauvert School								
Boiler replacement (AFC 2.5.02 : £14,045)		19,262	-	-				-
Dry rot and maintenance repairs (Vote 27.6.01 : £250,000)		5,645	-	-				74,262
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		325,000		2,104,000		-	
Equipment, Machinery and Vehicles	-		20,000		40,000		-	
		-	345,000		2,144,000			-
Other Capital Expenditure Per 2002 Accounts		-	-		-			222,597
TOTAL EDUCATION COUNCIL CAPITAL EXPENDITURE		7,557,591	7,976,154		7,645,800			4,482,493

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
HERITAGE COMMITTEE								
Asterix, Gallo-roman wreck - preservation treatment work (Vote 27.1.99 : £159,520)		-	30,000		30,000			30,000
Castle Cornet								
Main electricity cable replacement (AFC 6.6.01 : £45,000)		-	16,800		16,852			-
Guernsey Museum and Art Gallery								
CCTV installation (AFC 20.11.02 : £9,000)		8,685	9,000		9,000			-
Heating ventilation system replacement / new art gallery (Vote 28.5.97 : £263,299)		3,790	6,900		-			-
Roller shutters (AFC 20.11.02 : £13,000)		13,000	13,000		-			-
St Barnabas conversion (Vote 28.5.03 : £1,350,000)		-	-		150,000			-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		-		31,000		-	
Equipment, Machinery and Vehicles	-		-		30,000		-	
		-	-		61,000			-
Other Capital Expenditure Per 2002 Accounts		-	-		-			28,179
TOTAL HERITAGE COMMITTEE CAPITAL EXPENDITURE		25,475	75,700		266,852			58,179
COMMITTEE FOR HOME AFFAIRS								
Fire Brigade / Police Force radio system replacement (Vote 27.9.01 : £1,625,000)		918,796	1,100,000		-			38,355
Fire Brigade								
Equipment (additional)								
Vehicle exhaust extraction system (AFC 16.1.02 : £35,353)		-	11,600		10,353			23,681
Wireless / Staff car (AFC 11.3.03 : £11,000)		11,236	11,000		-			-
Equipment (replacement)								
Compressor (AFC 13.3.01 : £17,362)		-	1,200		-			791
Light strike vehicle (AFC 19.9.01 : £119,515)		847	2,900		-			47,258
Rescue equipment (AFC 23.7.03 : £9,000)		8,936	9,000		8,750			-
Water Tanker (AFC 3.7.02 : £96,500)		96,398	96,500		56,500			-
Wireless / Staff car (AFC 23.7.03 : £11,000)		10,453	11,000		-			-
Workshop service vehicle (AFC 11.3.03 : £16,000)		13,378	16,000		18,500			-
Information Technology								
Computer development programme phase I (AFC 20.12.00 : £42,000)		(263)	-		-			24,106
Computer development programme phase II (AFC 23.9.03 : £13,000)		4,732	-		-			-
Equipment upgrades (AFC 4.12.02 : £12,500)		11,666	10,000		10,250			-
Management information system (AFC 13.6.01 : £74,800)		-	4,300		-			70,500

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
COMMITTEE FOR HOME AFFAIRS (continued)								
Fire Brigade (continued)								
Premises								
Control Room refitting (AFC 30.1.02 : £110,000)		42,795		45,600		62,000		64,318
Control Room relocation (AFC 30.1.02 : £212,490)		218,000		212,000		100,490		-
Police								
Equipment (additional)								
Speed detection radar units (AFC 23.9.03 : £20,000)		19,791		-		-		-
Equipment (replacement)								
Audio / visual radio alarms (AFC 7.3.01 : £15,000)		-		8,000		6,000		1,346
Communications systems upgrade (AFC 19.2.03 : £20,000)		19,971		19,971		15,000		-
Diving Section trailer (AFC 7.3.01 : £9,000)		-		1,400		-		78
Film processing machine (AFC 26.11.02 : £15,000)		12,500		12,500		15,000		-
Photocopiers (AFC 19.2.03 : £19,000)		18,807		19,000		19,000		-
Radio test equipment (AFC 29.3.00 : £23,000)		-		15,600		6,991		3,343
Secure mail system (AFC 29.3.00 : £6,500)		-		6,500		2,000		-
Technical support equipment (AFC 19.2.03 : £28,500)		25,155		15,000		28,500		-
Vehicle weigh pads (AFC 6.11.02 : £15,000)		13,821		15,000		-		-
Vehicles 2002 (AFC 10.4.02 : £59,500)		12,265		19,300		9,500		40,154
Vehicles 2003 (AFC 21.5.03 : £40,000)		38,033		30,000		51,000		-
Voice mail (AFC 7.3.01 : £25,000)		7,991		8,500		13,000		16,481
Information Technology								
Computer development programme (phase 9) (AFC 7.3.01 : £82,000)		1,463		9,000		9,042		24,446
Computer development programme (phase 11) (AFC 19.2.03 : £150,000)		71,493		100,000		125,000		-
Computers replacement/upgrade (AFC 10.4.02 : £60,000)		31,473		28,000		10,000		21,625
Fixed penalty tickets automation (AFC 17.4.02 : £30,000)		330		15,600		5,000		14,331
Intelligence database - phase II (AFC 29.3.00 : £50,000)		15,320		25,000		20,000		450
Intelligence database - phase III (AFC 5.3.03 : £100,000)		90,579		75,000		85,000		-
Ports users national computer system (AFC 10.1.97 : £12,000)		-		6,300		1,315		-
Premises								
CCTV - Alderney Office (AFC 10.4.02 : £47,000)		37,372		35,000		7,000		4,406
CCTV - Headquarters replacement (AFC 19.2.03 : £31,500)		-		20,000		25,000		-
CCTV - Microwave Link replacement (AFC 29.3.00 : £41,780)		5,125		10,000		10,000		2,510

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
COMMITTEE FOR HOME AFFAIRS (continued)							
States Prison							
Equipment (additional)							
Internal communication system (AFC 22.11.00 : £12,000)		-	2,400	-			869
Security searching equipment (AFC 28.1.03 : £10,000)		-	10,000	10,000			-
Equipment (replacement)							
CCTV replacement programme (AFC 6.3.02 : £10,000)		-	5,000	2,000			-
Internal CCTV system upgrade (AFC 6.3.02 : £40,000)		12,416	20,000	20,000			1,307
Laundry equipment replacement (AFC 3.7.02 : £10,000)		-	-	2,000			5,746
Multi Cellular vehicle (AFC 3.9.03 : £65,000)		63,735	50,000	-			-
Personnel Carrier (AFC 28.5.02 : £17,518)		(825)	100	-			17,331
Workshop equipment (AFC 23.9.03 : £10,000)		9,994	8,000	-			-
Information Technology							
Computer development (AFC 6.3.02 : £25,000)		-	-	5,000			24,898
Database phase II (AFC 28.1.03 : £16,000)		8,155	12,000	16,000			-
Premises							
Additional Prisoner accommodation and new visitor facilities (Vote 28.2.03 : £6,500,000)		5,298,416	5,000,000	-			-
Chimneys replacement (AFC 27.5.03 : £32,500)		24,884	24,884	-			-
Emergency lighting replacement (AFC 3.7.02 : £10,000)		1,000	2,000	1,500			7,963
Fencing replacement (AFC 10.9.03 : £335,000)		2,415	-	-			-
Flooring replacement (AFC 3.7.02 : £25,000)		10,885	17,600	12,000			7,325
Foreign Nationals facilities (AFC 6.3.02 : £15,000)		-	7,500	5,000			75
Proposed New Projects Per Capital Programme							
Miscellaneous Capital Works	-		315,500	855,000		-	
Equipment, Machinery and Vehicles	-		295,500	193,500		-	
ICT Projects	-		90,000	50,000		-	
		-	701,000	1,098,500			-
Other Capital Expenditure Per 2002 Accounts		-	-	-			417,537
TOTAL COMMITTEE FOR HOME AFFAIRS CAPITAL EXPENDITURE		7,189,538	7,886,255	1,902,191			881,230

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
HOUSING AUTHORITY								
Courtil Jacques construction and conversion Phase I (Vote 24.9.97 : £727,018)		11,855		20,000		-		-
Courtil Jacques refurbishment Phase II (Vote 26.7.00 : £660,549)		7,773		10,000		-		112,421
Guernsey Youth Housing Project (Vote 10.9.03 : £455,000)		100,309		200,000		-		-
La Guelle Flats six dwellings (Vote 30.6.99 : £479,731)		416		-		-		32,031
Residential Homes lifts upgrade and boiler replacement (AFC 28.8.02 : £70,000)		42,887		40,000		-		21,840
Route de Carteret five dwellings phase II (Vote 29.11.00 : £426,964)		6,164		8,000		-		50,475
Transfer to States Houses Fund (Vote 9.7.03 : £2,089,019)		2,089,019		2,089,019		-		-
Transfer to States Housing Association Fund (Votes 10.7.02 and 9.7.03 : £10,700,000)		7,700,000		7,700,000		1,677,000		3,000,000
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works		-		-		1,380,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		34,111
TOTAL HOUSING AUTHORITY CAPITAL EXPENDITURE		9,958,423		10,067,019		3,057,000		3,250,878
INCOME TAX AUTHORITY								
Electronic Document Management System phases I and II (AFC 24.7.02 and 2.4.03 : £438,000)		355,909		175,400		210,000		70,549
Statistical information database (AFC 5.7.00 : £99,050)		-		4,000		-		21,384
Other Capital Expenditure Per 2002 Accounts		-		-		-		3,828
TOTAL INCOME TAX AUTHORITY CAPITAL EXPENDITURE		355,909		179,400		210,000		95,761
ISLAND DEVELOPMENT COMMITTEE								
Application processing system replacement (AFC 11.7.00 : £98,950)		21,340		31,100		21,975		20,825
IT equipment replacement (AFC 16.7.03 : £15,000)		13,720		15,000		15,000		-
Proposed New Projects Per Capital Programme								
ICT Projects		-		-		10,000		-
TOTAL ISLAND DEVELOPMENT COMMITTEE CAPITAL EXPENDITURE		35,060		46,100		46,975		20,825

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003	Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£
PUBLIC THOROUGHFARES COMMITTEE							
Pumping stations							
Bellegreve foul water pumping station upgrade (AFC 15.11.00 : £90,812)		-	5,000	-		-	
Kimberley Estate foul water pumping station (AFC 29.8.01 : £52,778)		-	(7,500)	-		3,614	
Lowlands foul water pumping station upgrade (AFC 14.1.98 : £66,693)		-	15,000	-		503	
Red Lion pumping station upgrade (AFC 21.11.01 : £50,000)		-	25,000	30,000		16,493	
St. Sampsons Harbour pumping station / North Side firemain extension including contribution from the Committee for Home Affairs (Vote 6.4.00 : £2,146,664)		440,946	150,000	-		905,320	
Scada system replacement (AFC 1.2.00 : £263,105)		(17)	-	-		15,821	
Sewers and outfalls							
Foul water network extension plan		2,976,580	3,250,000	3,100,000		2,294,053	
Les Landes Clos wayleave (Vote 18.9.02 : £2,000)		-	2,000	-		-	
Relining sewers							
La Charroterie Phase III (Vote 25.11.99 : £407,365)		-	40,000	-		69,662	
Robergerie Road foul water drainage (AFC 21.6.00 : £35,037)		-	2,300	-		-	
Route Militaire foul water drainage (AFC 24.5.00 : £82,926)		132	-	-		-	
Sewer connection grants		97,731	60,000	60,000		78,071	
Proposed New Projects Per Capital Programme							
Miscellaneous Capital Works		-	-	540,000		-	
Equipment, Machinery and Vehicles		-	-	275,000		-	
		-	-	815,000		-	
Other Capital Expenditure Per 2002 Accounts		-	-	-		233,815	
TOTAL PUBLIC THOROUGHFARES COMMITTEE CAPITAL EXPENDITURE		3,515,372	3,541,800	4,005,000		3,617,352	

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
RECREATION COMMITTEE								
Beau Sejour Centre								
Asbestos removal (AFC 30.10.01 : £85,118)		40,376		40,000		30,000		78,755
Booking software (AFC 30.7.02 : £50,000)		10,400		10,400		10,000		39,599
Brasserie kitchen equipment replacement (AFC 25.6.02 : £12,000)		1,337		1,300		-		10,663
Furniture replacement (AFC 24.9.02 : £15,000)		15,000		15,000		-		-
Gym equipment replacement (AFC 25.6.02 : £180,000)		179,923		-		-		-
Pool Plant replacement (AFC 21.8.02 : £46,000)		25,139		27,500		-		18,462
Redevelopment (Votes 11.4.01 and 1.11.01 : £9,000,000)		3,164,031		2,075,000		2,400,000		6,002,986
Telephone and emergency PA systems replacement (AFC 13.11.02 : £40,000)		24,359		40,000		-		-
Chouet Pistol Range contribution (AFC 25.3.03 : £47,500)		44,473		46,000		-		-
Cricket wickets replacement (AFC 19.3.03 : £10,000)		9,946		10,000		-		-
Delancey Park								
Closed cycling circuit (AFC 6.3.02 : £60,000)		7,954		8,000		-		45,065
Osmond Priaulx Memorial Playing Field								
Athletic facilities upgrade (AFC 8.8.01 : £108,500)		-		2,100		-		12,042
Changing rooms / clubhouse facilities (with hockey club) (Vote 27.9.01 : £545,184)		168,387		155,000		25,000		431,538
Grandstand (AFC 20.2.02 : £600,000)		119,929		149,500		100,000		435,478
Infield upgrade (AFC 22.8.01 : £99,859)		1,500		1,000		-		13,653
Landscaping and general site enhancement (AFC 22.5.02 : £491,000)		326,975		282,000		241,000		309,068
Sports equipment replacement (AFC 9.4.03 : £40,000)		40,000		40,000		40,000		-
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		57,500		590,000		-	
Equipment, Machinery and Vehicles	-		-		40,000		-	
		-		57,500		630,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		56,800
TOTAL RECREATION COMMITTEE CAPITAL EXPENDITURE		4,179,729		2,960,300		3,476,000		7,454,109
SEA FISHERIES COMMITTEE								
Patrol Vessel rib replacement (AFC 22.10.03 : £33,500)		16,481		17,000		-		-
ICT Projects		-		-		23,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		63,482
TOTAL SEA FISHERIES COMMITTEE CAPITAL EXPENDITURE		16,481		17,000		23,000		63,482

COMMITTEE CAPITAL EXPENDITURE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
STATES TRAFFIC COMMITTEE								
Bus shelters additional (AFC 24.4.01 : £30,000)		22,801		30,000		-		-
Co-ordination of roadworks - CAMS System (AFC 25.6.02 : £200,000)		72,518		85,600		100,000		114,382
New Buses (AFC 22.5.02 : £3,150,000)		2,663,584		2,663,000		2,650,000		486,004
Traffic improvements schemes								
Bosq Lane road widening scheme (AFC 27.5.03 : £60,000)		21,002		61,000		55,000		-
Footes Lane traffic calming measures (AFC 18.9.02 : £10,000)		5,278		6,100		-		3,889
Halfway Junction traffic signals (AFC 17.4.02 : £96,800)		-		-		96,800		-
St. Martins traffic management scheme (AFC 7.8.02 : £58,000)		3,074		38,000		-		-
Traffic Signal replacement programme (AFC 23.4.03 : £1,725,000)		106,611		575,000		-		-
Vehicle Registration and Licensing Department - IT System upgrades (AFC 24.10.00 : £80,000)		-		19,500		-		21,277
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		270,000		690,000		-	
Equipment, Machinery and Vehicles	-		20,000		-		-	
		-		290,000		690,000		-
Other Capital Expenditure Per 2002 Accounts		-		-		-		23,891
TOTAL STATES TRAFFIC COMMITTEE CAPITAL EXPENDITURE		2,894,868		3,768,200		3,591,800		649,443
TOURIST BOARD								
Despatch Department relocation (AFC 10.9.03 : £15,000)		9,422		15,000		-		-
Fortress Guernsey Initiative (Vote 27.10.93 : £500,000)		5,000		5,000		146,500		8,861
Proposed New Projects Per Capital Programme								
Miscellaneous Capital Works	-		60,000		385,000		-	
ICT Projects	-		-		26,000		-	
		-		60,000		411,000		-
TOTAL TOURIST BOARD CAPITAL EXPENDITURE		14,422		80,000		557,500		8,861
TOTAL CAPITAL EXPENDITURE		<u>£51,106,671</u>		<u>£55,078,349</u>		<u>£46,629,863</u>		<u>£32,819,697</u>

Note :

Non Audit Services

The 2003 capital expenditure of the Education Council includes non-audit services provided by KPMG amounting to £29,150.

MISCELLANEOUS ACCOUNTS

SUMMARY OF

	2003 £	2002 £
GENERAL REVENUE BALANCES		
Capital Fund - General	71,036,012	41,293,139
Capital Fund - Reserve	55,479,077	98,139,392
Contingency Reserve Fund	176,298,433	147,784,406
General Revenue Account Reserve	38,723,720	55,664,911
Net Working Capital Reserve	39,528,838	39,528,838
States Trading Entities Reserve	131,598,267	131,598,267
NOTES AND COINS ISSUE		
Notes and coins in circulation	30,915,116	28,908,337
Less face value of precious metal coins	(1,508,059)	(1,367,568)
NOTES AND COINS WITHDRAWN FROM CIRCULATION		
Awaiting re-issue	887,205	1,678,034
Awaiting destruction	841,324	1,921,399
STATES ENTITIES AND OTHER THIRD PARTY DEPOSITS	85,669,094	87,428,578
VARIOUS CAPITAL ACCOUNTS		
Farm Loans Fund	836,876	913,271
Fisheries Loans Fund	-	21,773
Housing Development and Loan Fund	34,671,799	33,476,818
Insurance Deductible Fund	1,357,977	1,072,363
Museum Publications Fund	-	53,313
Sewers Connection Loans Fund	230,000	230,000
Sports Loans Fund	226,751	226,751
States Houses Fund	7,028,420	5,146,276
States Housing Association Fund	9,651,786	8,813,543
Wilfred Carey Purchase Fund	2,634,606	2,607,295
	<hr/>	<hr/>
	£686,107,242	£685,139,136
	<hr/>	<hr/>

BALANCES

	2003 £	2002 £
CASH AND FINANCIAL INVESTMENTS		
Bank Deposits and other Financial Investments	289,040,307	325,367,142
Cash in hand	1,800,305	3,677,479
Contingency Reserve Fund - Investments	176,298,433	147,784,406
INVESTMENT IN STATES TRADING ENTITIES		
Alderney Electricity Ltd.	3,165	3,165
Cabernet Ltd.	5,060,288	-
Guernsey Electricity Ltd.	109,208,844	109,208,844
Guernsey Post Ltd.	22,386,258	22,386,258
LOANS OUTSTANDING		
Asset Purchase Fund	33,758	51,929
Higher Education and Youth Service	638,636	612,852
Energy from Waste Facility	569,775	-
Farm Loans Fund	284,597	275,549
Fisheries Loans Fund	-	21,773
Guernsey Gambling Control Commission	73,736	-
Housing Development and Loan Fund	35,204,034	44,235,336
Office of Utility Regulation	-	150,781
Sewers Connection Loans Fund	87,462	94,260
Sports Loans Fund	183,500	216,750
NET CURRENT ASSETS		
Debtors and prepayments	68,275,519	77,318,595
Stocks	2,922,072	3,026,368
Creditors and Accruals	(16,974,215)	(35,795,085)
Housing Development and Loan Fund - Private Sector Borrowing	(5,000,000)	(8,000,000)
	<u>690,096,474</u>	<u>690,636,402</u>
<i>Less</i> Net Assets held in a fiduciary capacity	<u>(3,989,232)</u>	<u>(5,497,266)</u>
	<u>£686,107,242</u>	<u>£685,139,136</u>

Note :

On 14 May 2003 (Billet d'Etat XI, 2003), the States approved the acquisition of Cabernet Ltd. (the holding company of Aurigny Air Services Ltd. and Anglo Normandy Engineering Ltd.) and authorised the Advisory and Finance Committee, on behalf of the States, to "provide loans or enter into any commercial arrangements as it may deem and consider appropriate, in order to secure the operation of the additional services to Gatwick."

In July 2003, Cabernet Ltd. obtained a £2 million loan facility (guaranteed by the Advisory and Finance Committee, on behalf of the States) from a local financial institution at normal commercial rates and terms.

CAPITAL FUND - GENERAL

	2003 £	2002 £
Balance at 1 January	41,293,139	31,263,541
Appropriation from Revenue Account	17,600,000	21,345,000
Sale of incompatible housing stock (Vote 31.1.96)	-	130,000
Transfers from Capital Fund - Reserve	63,183,700	21,174,045
Transfers from committee Revenue Account unspent balances	220,094	200,250
	<hr/>	<hr/>
	122,296,933	74,112,836
<i>Less</i>		
Committee capital expenditure	(51,106,671)	(32,819,697)
Transfer balance of Economic Development Fund to Capital Reserve	(154,250)	-
	<hr/>	<hr/>
Balance at 31 December	£71,036,012	£41,293,139
	<hr/>	<hr/>

CAPITAL FUND - RESERVE

	2003 £	2002 £
Balance at 1 January	98,139,392	90,120,424
Appropriations from Revenue Account (Votes 12.12.01, 10.7.02, 11.12.02 and 9.7.03)	15,000,000	23,000,000
Interest received	5,369,135	6,193,013
Transfer from Economic Development Fund	154,250	-
<i>Less</i>		
Transfers to Capital Fund - General	(63,183,700)	(21,174,045)
	<hr/>	<hr/>
Balance at 31 December	£55,479,077	£98,139,392
	<hr/>	<hr/>

CONTINGENCY RESERVE FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January	147,784,406	131,714,929
Interest	7,875,219	8,274,449
Investment Management Fees	(302,010)	(278,408)
Net appreciation / (depreciation) of investments - realised and unrealised profits and losses on investments and foreign exchange contracts	(2,859,182)	3,073,436
Transfers from General Revenue (Votes 12.12.01, 11.12.02 and 9.7.03)	23,800,000	5,000,000
Balance at 31 December	<u>£176,298,433</u>	<u>£147,784,406</u>

At 31 December, the Reserve was held as follows:

	2003 £	2002 £
Government Securities	147,154,312	112,450,443
Other Fixed Interest Securities	22,652,519	25,972,713
	<u>169,806,831</u>	<u>138,423,156</u>
Cash Deposits including accrued interest and Investment Management Fees due	6,491,602	9,361,250
	<u>£176,298,433</u>	<u>£147,784,406</u>

GENERAL REVENUE ACCOUNT RESERVE

	2003 £	2002 £
Balance at 1 January	55,664,911	41,757,315
Appropriation for the year	(17,797,492)	13,107,846
Transfer from Farm Loans Fund	76,395	-
Transfer from Notes and Coins Account	1,000,000	1,000,000
Revenue Unspent Balances transferred to Capital Fund - General	(220,094)	(200,250)
Balance at 31 December	<u>£38,723,720</u>	<u>£55,664,911</u>

NET WORKING CAPITAL RESERVE

	2003 £	2002 £
Balance at 1 January and balance at 31 December	<u>£39,528,838</u>	<u>£39,528,838</u>

Note :

Since 1995 committee departments have been formally bringing into account sundry debtors, prepayments and stocks. The net result of the creation of such balances has been transferred to the Net Working Capital Reserve. The Net Working Capital Reserve is purely the result of such accounting adjustments and does not represent an additional resource available for appropriation.

STATES TRADING ENTITIES RESERVE

	2003 £	2002 £
Balance at 1 January	131,598,267	52,389,423
Increase in Investments in:		
Guernsey Electricity Ltd. - at cost (Note a)	-	109,208,844
Decrease in Investment in:		
Guernsey Telecoms Ltd. (Note b)	-	(30,000,000)
Balance at 31 December	<u>£131,598,267</u>	<u>£131,598,267</u>

Represented by:	2003 £	2002 £
Investment in:		
Alderney Electricity Ltd.	3,165	3,165
Guernsey Electricity Ltd.	109,208,844	109,208,844
Guernsey Post Ltd.	22,386,258	22,386,258
	<u>£131,598,267</u>	<u>£131,598,267</u>

Notes :

a) Following the States decision of 13 December 2001 (Billet d'Etat XXIV, 2001), the States Electricity Board transferred net assets to the agreed value of £109,208,844 to Guernsey Electricity Ltd. with effect from 1 February 2002.

b) On 30 May 2002 (Billet d'Etat X, 2002), the States agreed to the sale of 100% of the share capital of Guernsey Telecoms Ltd. to Cable & Wireless plc.

ASSET PURCHASE FUND

	2003 £	2002 £
Balance at 1 January	(51,929)	(35,630)
Assets purchased	-	(30,622)
Repayments	18,171	14,323
Balance at 31 December	(£33,758)	(£51,929)

Notes :

- a) All interest is credited directly to the General Revenue Account and in 2003 this amounted to £2,221.
- b) On 12 July 1995 (Billet d'Etat XV) the States approved the establishment of the Asset Purchase Fund and resolved that the total outstanding balance owed at any one time should not exceed a maximum level of £500,000.

CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

FORFEITED PRIZES ACCOUNT

	2003 £	2002 £
Balance at 1 January	69,967	44,182
Share of forfeited prizes	87,812	71,441
Transfer to Operating Account	(46,873)	(45,656)
Balance at 31 December	£110,906	£69,967

OPERATING ACCOUNT

Forfeited prizes	46,873	45,656
Sale of tickets	917,900	946,700
	964,773	992,356
Agents' commission	(122,961)	(119,805)
Contribution to prize fund including forfeited prizes	(591,539)	(598,578)
Printing and stationery	(66,387)	(64,854)
Promotion	(20,117)	(16,406)
Staff costs	(20,655)	(23,299)
States of Jersey administration charges	(13,768)	(14,200)
Other expenses	(2,661)	(2,809)
Surplus	126,685	152,405
Chief Pleas of Sark - share of surplus	(856)	(902)
States of Alderney - share of surplus	(1,573)	(1,706)
States of Guernsey - share of surplus transferred to Appropriation Account	(124,256)	(149,797)
	£ -	£ -

APPROPRIATION ACCOUNT

Balance at 1 January	9,315	12,030
Share of surplus transferred from Operating Account	124,256	149,797
	133,571	161,827
Donation to Association of Guernsey Charities (Vote 29.3.89)	(78,631)	(72,512)
Transfers to Beau Sejour Centre Account	(50,000)	(80,000)
Balance at 31 December	£4,940	£9,315

Notes :

- a) The balance on the Appropriation Account is payable ultimately to the Beau Sejour Centre under States Resolutions I of 27 September 1972 and XXII of 26 February 1998.
- b) In accordance with the States Resolution of 23 February 1995 (Billet D'Etat V, February 1995), with effect from 2000 any forfeited prize money from expired Draws which remains unused in the current year will be retained for use as a contingency to support the prize funds in future Draws.

FARM LOANS FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January	913,271	913,271
Transfer to General Revenue Account (Vote 11.12.02)	(76,395)	-
Balance at 31 December	<u>£836,876</u>	<u>£913,271</u>

BORROWERS ACCOUNT

Balance at 1 January	275,549	269,725
Advances to borrowers	84,200	88,190
Repayments receivable from borrowers	(75,152)	(82,366)
Balance at 31 December	<u>£284,597</u>	<u>£275,549</u>

FISHERIES LOANS FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January	21,773	29,594
Transfer to General Revenue Account (Vote 10.7.97)	(21,773)	(7,821)
Balance at 31 December	<u>£ -</u>	<u>£21,773</u>

BORROWERS ACCOUNT

Balance at 1 January	21,773	29,594
Repayments receivable from borrowers	(21,773)	(7,821)
Balance at 31 December	<u>£ -</u>	<u>£21,773</u>

HOUSING DEVELOPMENT AND LOAN FUND

REVENUE ACCOUNT

	2003 £	2002 £
Interest receivable		
Borrowers	1,449,495	1,593,537
States of Guernsey	25,156	4,718
Interest payable on borrowing and other fees		
Private Sector	(240,438)	(440,086)
States of Guernsey	(39,232)	(30,823)
Surplus on Revenue Account for the year transferred to Capital Account	<u>£1,194,981</u>	<u>£1,127,346</u>

CAPITAL ACCOUNT

Balance at 1 January	33,476,818	32,349,472
Surplus for year on Revenue Account	1,194,981	1,127,346
Balance at 31 December	<u>£34,671,799</u>	<u>£33,476,818</u>

HOUSING DEVELOPMENT AND LOAN FUND (continued)

BORROWERS ACCOUNT

	2003 £	2002 £
Balance at 1 January	44,235,336	44,050,375
Advances to borrowers	6,596,214	10,588,867
Repayments receivable from borrowers	(15,627,516)	(10,403,906)
Balance at 31 December	<u>£35,204,034</u>	<u>£44,235,336</u>

SUMMARY OF BALANCES AT 31 DECEMBER 2003

Capital Account	34,671,799	33,476,818
Borrowers Account	(35,204,034)	(44,235,336)
	<u>(£532,235)</u>	<u>(£10,758,518)</u>
Represented by:		
Cash balance / (borrowing) with States of Guernsey	4,467,765	(2,758,518)
Private Sector borrowing	(5,000,000)	(8,000,000)
	<u>(£532,235)</u>	<u>(£10,758,518)</u>

Note :

As envisaged when the Housing Development and Loan Fund was established (Billet d'Etat XIII, 1990), the Advisory and Finance Committee has obtained a £25million private sector borrowing facility for the Fund. As at 31 December 2003, the Fund borrowed £5 million (2002: £8 million) from this source.

INSURANCE DEDUCTIBLE FUND

	2003 £	2002 £
Balance at 1 January	1,072,363	899,327
Transfer from General Revenue Account	600,000	450,000
Transfer to Insurance Company in respect of claims	(314,386)	(276,964)
Balance at 31 December	<u>£1,357,977</u>	<u>£1,072,363</u>

MUSEUM PUBLICATIONS FUND

	2003 £	2002 £
Balance at 1 January	53,313	50,530
Interest	-	948
Monographs		
Sales	-	1,775
Cost of sales	-	(1,220)
Stock adjustment	-	1,334
Royalties		
Paid	-	(68)
Received	-	14
Transfer to Heritage Committee	(53,313)	-
Balance at 31 December	<u>£ -</u>	<u>£53,313</u>

NOTE AND COIN ISSUE

NOTES AND COINS IN CIRCULATION

	2003 £ Notes	2003 £ Coins	2002 £ Notes	2002 £ Coins
In circulation at 1 January	22,942,502	6,965,835	21,446,640	6,582,001
Less precious metal coins	-	(1,367,568)	-	(1,091,662)
Less transfer to General Revenue Account Reserve	(340,000)	(660,000)	-	-
	<u>22,602,502</u>	<u>4,938,267</u>	<u>21,446,640</u>	<u>5,490,339</u>
Issued during the year :				
New notes and coins	11,861,525	357,861	10,246,114	410,669
Used notes and coins re-issued	84,312,310	33,836	75,497,400	79,818
	<u>96,173,835</u>	<u>391,697</u>	<u>85,743,514</u>	<u>490,487</u>
Withdrawn during the year :				
To await destruction	(10,002,010)	(1,426)	(8,674,352)	(14,025)
To await re-issue	(83,479,310)	(76,007)	(75,573,300)	(92,627)
	<u>(93,481,320)</u>	<u>(77,433)</u>	<u>(84,247,652)</u>	<u>(106,652)</u>
Less transfer of face value of precious metal coins to Note and Coins Trading Account	-	(140,491)	-	(275,907)
Less transfer to General Revenue Account Reserve	-	(1,000,000)	(340,000)	(660,000)
	<u>£25,295,017</u>	<u>£4,112,040</u>	<u>£22,602,502</u>	<u>£4,938,267</u>
In circulation at 31 December	25,635,017	7,280,099	22,942,502	6,965,835
Less precious metal coins	-	(1,508,059)	-	(1,367,568)
Less transfer to General Revenue Account Reserve	(340,000)	(1,660,000)	(340,000)	(660,000)
	<u>£25,295,017</u>	<u>£4,112,040</u>	<u>£22,602,502</u>	<u>£4,938,267</u>

NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING RE-ISSUE

Awaiting re-issue at 1 January	1,645,700	32,334	1,569,800	19,525
Withdrawn during the year	83,479,310	76,007	75,573,300	92,627
Re-issued during the year	<u>(84,312,310)</u>	<u>(33,836)</u>	<u>(75,497,400)</u>	<u>(79,818)</u>
Awaiting re-issue at 31 December	<u>£812,700</u>	<u>£74,505</u>	<u>£1,645,700</u>	<u>£32,334</u>

NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING DESTRUCTION

Awaiting destruction at 1 January	1,892,002	29,397	547,650	15,372
Withdrawn during the year	10,002,010	1,426	8,674,352	14,025
Destroyed during the year	<u>(11,083,511)</u>	<u>-</u>	<u>(7,330,000)</u>	<u>-</u>
Awaiting destruction at 31 December	<u>£810,501</u>	<u>£30,823</u>	<u>£1,892,002</u>	<u>£29,397</u>

NOTE AND COIN ISSUE (continued)

NOTES AND COINS TRADING ACCOUNT

	2003 £	2002 £
Interest on balance in circulation	905,754	981,544
Royalties on sale of coins		
Royalties receivable	131,492	189,020
Release from reserve of face value of precious metal coins	140,491	275,907
Face value of coins sold	(175,742)	(305,267)
	<u>96,241</u>	<u>159,660</u>
Sundry income	322	257
	<u>1,002,317</u>	<u>1,141,461</u>
Administration		
Premises	(2,200)	(7,916)
Staff	(50,120)	(46,870)
Supplies and services	(31,262)	(23,572)
Note screening	(90,918)	(78,419)
Recoveries	715	432
	<u>(173,785)</u>	<u>(156,345)</u>
Purchase of new notes and coins issued		
Stock at 1 January	(469,398)	(284,519)
Purchases	(49,698)	(296,563)
Stock at 31 December	372,476	469,398
	<u>(146,620)</u>	<u>(111,684)</u>
Surplus for year transferred to General Revenue Account	<u>£681,912</u>	<u>£873,432</u>

SEWERS CONNECTION LOANS FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January and balance at 31 December	<u>£230,000</u>	<u>£230,000</u>

BORROWERS ACCOUNT

Balance at 1 January	94,260	68,589
Advances to borrowers	18,792	49,471
Repayments receivable from borrowers	(25,590)	(23,800)
	<u>£87,462</u>	<u>£94,260</u>
Balance at 31 December		

SPORTS LOANS FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January and balance at 31 December	<u>£226,751</u>	<u>£226,751</u>

BORROWERS ACCOUNT

Balance at 1 January	216,750	136,750
Advances to borrowers	-	100,000
Repayments receivable from borrowers	(33,250)	(20,000)
	<u>£183,500</u>	<u>£216,750</u>
Balance at 31 December		

STATES HOUSES FUND

	2003 £	2002 £
Balance at 1 January	5,146,276	3,660,825
Income		
Interest	213,598	175,121
Rents	7,810,558	7,601,254
Less Rent rebates	(2,214,893)	(2,056,456)
Sale of La Planque Farm (Vote 26.9.03)	273,525	-
Transfer from Housing Authority Capital Allocation (Vote 9.7.03)	2,089,019	-
	<hr/>	<hr/>
	13,318,083	9,380,744
Expenditure		
Administration Charges		
Staff	(624,572)	(549,425)
Supplies and Services	(94,821)	(88,955)
Contracted out work	(29,453)	(26,491)
Consultants fees	(20,081)	(11,306)
States Houses		
Repairs, maintenance, refurbishment and enhancements	(4,905,133)	(2,955,950)
Rates and Taxes	(548,745)	(536,494)
Other expenditure	(66,858)	(65,847)
	<hr/>	<hr/>
Balance at 31 December	£7,028,420	£5,146,276

Note :

The States Housing Authority has responsibility for approximately 2,100 dwellings with an estimated re-instatement value at 2003 prices of £331million.

STATES HOUSING ASSOCIATION FUND

	2003 £	2002 £
Balance at 1 January	8,813,543	8,201,242
Income		
Interest	385,713	349,733
Transfer from Housing Authority Capital Allocation (Votes 10.7.02 and 9.7.03)	7,700,000	3,000,000
	<hr/>	<hr/>
	16,899,256	11,550,975
Expenditure		
Consultants fees	(55,177)	522
Grants to Guernsey Housing Association	(7,192,293)	(2,737,954)
	<hr/>	<hr/>
Balance at 31 December	£9,651,786	£8,813,543

WILFRED CAREY PURCHASE FUND

CAPITAL ACCOUNT

	2003 £	2002 £
Balance at 1 January and balance at 31 December	£1,773,000	£1,773,000

REVENUE ACCOUNT

Balance at 1 January	816,665	789,077
Interest	94,094	105,018
Transferred to Purchase of Exhibits Account	(80,837)	(77,430)
Balance at 31 December	£829,922	£816,665

PURCHASE OF EXHIBITS ACCOUNT

Balance at 1 January	17,630	14,618
Sundry purchases	(66,783)	(74,418)
Transferred from Revenue Account	80,837	77,430
Balance at 31 December	£31,684	£17,630

SUMMARY OF BALANCES

	2003 £	2002 £
Consolidated Superannuation Fund	607,666,591	506,231,771
H M Receiver General	1,060,040	1,015,725
Various charity, amenity and other fund Capital Accounts etc.	554,610	554,093
Various charity, amenity and other fund Revenue Accounts etc.	2,657,878	2,663,480
	<hr/>	<hr/>
	£611,939,119	£510,465,069
	<hr/>	<hr/>

HELD IN A FIDUCIARY CAPACITY

	2003 £	2002 £
Consolidated Superannuation Fund - Investments	607,886,268	503,678,665
Various charity, amenity and other funds etc.		
Investments and bank deposit accounts	63,623	1,289,138
Net Assets held by the States of Guernsey	3,989,228	5,497,266
	<hr/>	<hr/>
	£611,939,119	£510,465,069
	<hr/>	<hr/>

SUPERANNUATION FUND

	2003 £	2002 £
TEACHERS		
Employers' contributions	3,301,429	3,168,333
Teachers' contributions	1,542,379	1,500,262
Transfer values received from :		
Non-members of the fund	1,927,416	1,711,874
Other members of the fund	-	85,834
	<hr/> 6,771,224	<hr/> 6,466,303
Pensions	(4,797,930)	(4,409,529)
Lump sum payments	(1,079,363)	(989,099)
Contributions refunded to teachers	(9,765)	(8,557)
Transfer values paid to :		
Non-members of the fund	(709,605)	(506,432)
Other members of the fund	-	(69,646)
	<hr/> (6,596,663)	<hr/> (5,983,263)
Net additions / (reductions)	174,561	483,040
Returns on Investments:		
Investment management and other fees	(574,732)	(451,606)
Interest, dividends and commission	4,355,703	4,582,121
Net appreciation/(depreciation) of investments - realised and unrealised profits and losses	22,185,837	(28,110,487)
	<hr/> 25,966,808	<hr/> (23,979,972)
Balance at 1 January	131,293,717	154,790,649
Balance at 31 December	<hr/> £157,435,086	<hr/> £131,293,717
COMBINED POOL		
Employers' contributions	8,456,037	7,519,411
Employees' contributions	6,072,052	5,651,943
Medical and hospital staff - receipts from F.S.S.N. in respect of 'frozen' benefits	7,424	-
Post Office employees' contributions - widows and childrens scheme	860	1,227
Refunds of contributions repaid	4,753	3,185
Transfer values received from :		
Non-members of the fund	2,632,439	1,101,800
Other members of the fund	-	69,646
	<hr/> 17,173,565	<hr/> 14,347,212
Pensions	(11,944,141)	(11,028,534)
Lump sum payments	(2,427,694)	(2,554,050)
Contributions refunded to employees	(737,758)	(784,931)
Transfer values paid to :		
Non-members of the fund	(1,013,390)	(952,416)
Other members of the fund	-	(85,834)
	<hr/> (16,122,983)	<hr/> (15,405,765)
Net additions / (reductions)	1,050,582	(1,058,553)
Transfer to Cable and Wireless Guernsey Pension Scheme (Note a)	-	(16,264,480)
Returns on Investments:		
Investment management and other fees	(1,636,133)	(1,322,994)
Interest, dividends and commission	12,399,701	13,423,467
Net appreciation/(depreciation) of investments - realised and unrealised profits and losses	63,158,049	(82,350,551)
	<hr/> 73,921,617	<hr/> (70,250,078)
Balance at 1 January	373,644,905	461,218,016
Balance at 31 December	<hr/> £448,617,104	<hr/> £373,644,905

SUPERANNUATION FUND

	2003 £	2002 £
STATES MEMBERS PENSION FUND		
States contribution	82,305	64,584
Members' contributions	21,562	20,719
Capital payment	35,000	35,000
	<hr/> 138,867	<hr/> 120,303
Pensions	(82,287)	(79,375)
	<hr/> (82,287)	<hr/> (79,375)
Net additions / (reductions)	56,580	40,928
Returns on Investments:		
Investment management and other fees	(5,858)	(4,294)
Interest, dividends and commission	44,396	43,567
Net appreciation/(depreciation) of investments - realised and unrealised profits and losses	226,134	(267,276)
	<hr/> 264,672	<hr/> (228,003)
Balance at 1 January	1,293,149	1,480,224
Balance at 31 December	<hr/> £1,614,401	<hr/> £1,293,149
CONSOLIDATED SUPERANNUATION FUND		
Employers' contributions	11,839,771	10,752,328
Teachers' and other employees' contributions	7,635,993	7,172,924
Capital payment	35,000	35,000
Post Office employees' contributions - widows and childrens scheme	860	1,227
Refunds of contributions repaid	4,753	3,185
Medical and hospital staff - receipts from F.S.S.N. in respect of 'frozen' benefits	7,424	-
Transfer values received from : Non-members of the fund	4,559,855	2,813,674
	<hr/> 24,083,656	<hr/> 20,778,338
Pensions	(16,824,358)	(15,517,438)
Lump sum payments	(3,507,057)	(3,543,149)
Contributions refunded	(747,523)	(793,488)
Transfer values paid to : Non-members of the fund	(1,722,995)	(1,458,848)
	<hr/> (22,801,933)	<hr/> (21,312,923)
Net additions / (reductions)	1,281,723	(534,585)
Transfer to Cable and Wireless Guernsey Pension Scheme (Note a)	-	(16,264,480)
Returns on Investments:		
Investment management and other fees	(2,216,723)	(1,778,894)
Interest, dividends and commission	16,799,800	18,049,155
Net appreciation/(depreciation) of investments - realised and unrealised profits and losses	85,570,020	(110,728,314)
	<hr/> 100,153,097	<hr/> (94,458,053)
Balance at 1 January	506,231,771	617,488,889
Balance at 31 December	<hr/> £607,666,591	<hr/> £506,231,771

Notes :

- a) Following the States decision to sell Guernsey Telecoms Limited to Cable and Wireless plc (Billet d'Etat X, May 2002), a new pension scheme (the Cable and Wireless Guernsey Pension Scheme) was established into which existing employees of the company were entitled to transfer. The accrued past service liabilities of the Superannuation Fund have been decreased as a result of the transfer of these employees by an actuarially calculated amount. A corresponding amount of assets have been transferred to the new scheme from the Superannuation Fund.

SUPERANNUATION FUND

Notes : (continued)

- b) The employees of the States of Guernsey are members of the States of Guernsey Superannuation Fund. This is a defined benefit pension scheme funded by contributions from both employer and employee at rates which are determined on the basis of independent actuarial advice, and which are calculated to spread the expected cost of benefits payable to employees over the period of those employee's expected service lives.

The scheme is a multi entity arrangement and the States of Guernsey have contracted the fund's qualified independent actuaries to identify the actuarial account of each entity and therefore the value of the pension scheme assets and liabilities attributable to each entity. The assets of the scheme are held separately from the other States assets. The fund is under the control of the States Advisory and Finance Committee, which has arranged for it to be invested by professional advisors in a wide range of stock exchange securities.

Contributions to the defined benefit pension scheme are charged to staffing costs so as to spread the cost of pensions over employees' working lives with the States. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was as at 31 December 2001. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Contributions to the scheme increased with effect from 1 January 2003 based on actuarial recommendations. Details of the increases and assumptions are included in an appendix to Billet d'Etat XXXIII for 27 November 2002.

- c) Whilst the States continue to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under Financial Reporting Standard 17 'Retirement Benefits', the following transitional disclosures are required:

(i) The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2003.

(ii) The major assumptions used by the actuary in this valuation were:

	31 December 2003	31 December 2002	31 December 2001
	% p.a.	% p.a.	% p.a.
Discount rate	5.40%	5.50%	5.90%
Inflation	2.80%	2.30%	2.50%
Increases to deferred benefits during deferment	2.90%	2.50%	2.60%
Increases to pensions in payment	2.90%	2.50%	2.60%
Increases to salaries	4.30%	3.80%	4.00%

The assumptions used by the actuary have regard to the yield on AA rated corporate bonds and are also driven by other market yields which, due to the timescale covered, may not necessarily be borne out in practice.

(iii) Market Value of Scheme assets

	Market value at 31 December 2003	Assumed expected return on assets	Market value at 31 December 2002	Assumed expected return on assets	Market value at 31 December 2001	Assumed expected return on assets
	£'000	% p.a.	£'000	% p.a.	£'000	% p.a.
Equities	464,853	7.75%	367,150	7.50%	491,552	8.00%
Bonds	132,342	4.90%	123,705	5.50%	90,848	5.90%
Cash	10,472	3.75%	15,377	4.00%	35,090	3.50%
	<u>607,667</u>		<u>506,232</u>		<u>617,490</u>	
Present value of the schemes liabilities	(737,948)		(599,176)		(543,857)	
Resulting surplus / (deficit) and Net pension asset / (liability)	<u>(130,281)</u>		<u>(92,944)</u>		<u>73,633</u>	

The asset and liability values on the FRS 17 basis reflect market conditions at the year end and can be expected to vary greatly from year to year, without prejudicing the scheme's long term ability to provide the required benefits.

- (iv) A valuation of the funds' investments was made at 31 December 2003. The resulting appreciation together with net realised profits and losses for the year was credited to the accounts of the participating groups in proportion to their average daily balance during 2003. Interest, dividends and commission for the period were credited on the same basis.

The net appreciation in investments for the year including realised and unrealised profits and losses was equal to 16.903% of the balance of the fund at 1 January 2003 (2002, net depreciation 17.932%) or 16.911% of the average daily balance of the fund during the year before crediting or debiting such net appreciation or interest, etc. (2002, net depreciation 18.079%).

Interest, dividends and commissions were equal to 3.318% of the balance of the fund at 1 January 2003 (2002, 2.923%) or 3.320% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2002, 2.947%).

SUPERANNUATION FUND

Notes : (continued)

(v) The movement in the surplus / (deficit) in the scheme can be analysed as follows:

	2003	2002
	£'000	£'000
Surplus / (deficit) in scheme at 1 January	(92,944)	73,632
Movement in the year:		
Cost attributable to current service of staff	(19,969)	(17,405)
Contributions paid in the year	11,875	10,760
Expected return on pension scheme assets	34,870	45,551
Interest on pension scheme liabilities	(32,444)	(31,498)
Actuarial loss:		
Actual return less expected return on pension scheme assets	67,542	(138,105)
Experience gains and losses arising on the scheme liabilities	(14,757)	(10,624)
Change in assumptions underlying the present value of the scheme liabilities	(84,454)	(25,255)
	<u>(31,669)</u>	<u>(173,984)</u>
(Deficit) in scheme at 31 December	<u>(130,281)</u>	<u>(92,944)</u>

CASH FLOW STATEMENT

		2003		2002	
	Note	£	£	£	£
Net cash inflow from operating activities	1		23,264,637		40,219,224
Returns on investments and servicing of finance					
Returns on Investments and Interest received		15,788,470		24,224,237	
Interest paid		(5,064,183)		(6,062,905)	
Net cash inflow from returns on investments and servicing of finance			10,724,287		18,161,332
Investing activities					
Payments to acquire capital assets		(56,166,959)		(32,819,697)	
Payments (net) to acquire financial investments		(1,862,880)		-	
Receipts (net) from sales of financial investments		-		4,103,752	
Receipts from sales of capital assets and capital repayments		5,023,248		13,990,821	
Net cash outflow from investing activities			(53,006,591)		(14,725,124)
Net movement in balances on loans and miscellaneous funds, etc.			7,464,803		(37,942,672)
(Decrease) / Increase in cash	2 & 3		(£11,552,864)		£5,712,760

Notes :

1 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating Surplus	33,579,260	48,592,025
Interest received	(11,074,443)	(13,154,760)
Interest paid	10,433,318	12,255,918
Decrease / (Increase) in stocks	104,296	(502,493)
Decrease / (Increase) in debtors	9,043,076	(18,140,243)
Increase / (Decrease) in creditors	(18,820,870)	11,168,777
Net cash inflow from operating activities	£23,264,637	£40,219,224

2 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£	£
Change in net funds - increase in cash in the year	(11,552,864)	5,712,760
Net funds at 1 January	35,418,516	29,705,756
Net funds at 31 December	£23,865,652	£35,418,516

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2003 £	Movement in net funds £	At 31 December 2003 £
Cash at banks	31,741,037	(9,675,688)	22,065,349
Cash in hand	3,677,479	(1,877,176)	1,800,303
Total	£35,418,516	(£11,552,864)	£23,865,652

The above figures represent amounts pertaining to General Revenue only. The figures in this statement and their classification are approximate only. The statement does not constitute a part of the States Accounts and should not be treated as such.

TRADING UNDERTAKINGS

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Statement of activities and performance

Year ended 31 December 2003

Principal purpose

The Board's principal activities in relation to the Dairy are detailed in the Guernsey Dairy's Business Plan 2004 to 2008.

To operate the Guernsey Dairy in order to:

- Support the policies of the Agriculture & Countryside and in the future the policies of the Department of Commerce & Employment;
- Support a viable dairy industry in Guernsey by purchasing all locally produced milk;
- Satisfy the total consumer demand for fresh milk on Guernsey at an acceptable purchasing price;
- Operate efficiently and in such a manner, that over a given period, the business does no worse than break even in financial terms; and
- Provide a safe and rewarding environment to all staff at the Dairy.

Financial Summary

A deficit of £52,000 was achieved on the Dairy's Revenue Account in 2003, an improvement of £10,000 on 2002's result.

An increase in sales turnover of £236,000 (5.7%) contributed to a gross surplus increase of £146,000 in 2003. On the downside, administration expenses increased by £87,000 (5.5%). Other income was also considerably lower than in 2002, which had been a high figure due to a significant value of paid debts that had previously been written off.

Total liquid milk sales fell by 0.3% in 2003, but sales turnover rose by £112,000 as a result of a mid-year increase of 2p on the recommended retail price of litre and ½ litre cartons.

Organic milk was available for purchase again in 2003 after a 3-year absence. Sales levels have been low, however, with less than 1% of liquid milk sold as organic.

By-product sales rose by £121,000 in 2003, with £75,000 of this increase attributable to ice cream, launched in May 2003. There were also increases in cream and cheese sales. Butter sales revenue fell slightly, in spite of the introduction of butter portions in the spring.

Total costs of sales increased by £90,000 in 2003, a percentage rise of 3.3%. Bearing in mind that ice cream ingredients and packaging purchases amounted to £111,000 (a cost that would not have been borne in 2002), this was a good result.

The level of milk received from local dairy farmers increased by 180,000 litres in 2003, resulting in a lesser requirement to import milk from Jersey. 230,000 less litres were imported than in 2002, meaning that overall milk intake was down by 50,000 litres in 2003.

As mentioned above, administration expenses were up by £87,000 (5.5%) on 2002's figure. The main expense increases in 2003 were:

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Statement of activities and performance - continued Year ended 31 December 2003

Financial Summary – continued

- Advertising & promotion (£19,500 increase) – activity in this area focussed primarily on ice cream in 2003. The Board approved a £30,000 budget for advertising and promotion of ice cream as part of the overall budget for the ice cream project.
- Fuel, light, power and water (£17,000 increase) – the running of the ice cream plant has contributed to the majority of this increase.
- Repairs & maintenance (site and buildings) (£15,000 increase) - £30,000 was spent early in 2003 on the conversion of the butter room into a cream and ice cream production area.
- Salaries & wages (£47,500 increase) – this represents a 6.1% increase in this high cost area. This rise was caused by annual pay increases and pay increments.

2003 Financial Summary

	£	£
Sales	4,381,642	
Cost of Sales		2,801,434
Gross Profit	1,580,208	
Other Income	<u>26,049</u>	
Total Gross Profit	<u>1,606,257</u>	
Expenses (Before Non-Cash Items)		1,392,930
Profit/(Deficit) (Before Non-Cash Items)	<u>213,327</u>	
Non-Cash Items		265,308
Net Profit/(Deficit)	£ <u>(51,981)</u>	

NOTE: The purpose of this analysis is to provide a more understandable picture of the Dairy's financial transactions in the above periods. Non-cash transactions such as depreciation and stock movements are accounting adjustments as opposed to income or expense transactions and have been excluded to arrive at a more comprehensible financial performance figure for non-accountants.

Capital expenditure for the year amounted to £339,000. This is detailed below and demonstrates how the Dairy is maintaining its fixed assets and investing in the future (in ice cream, for example). 2003's figure compares to £272,000 in 2002.

This expenditure has resulted in a net decrease in the Dairy's cash balance of £172,000 (as illustrated in the Cash flow statement on page 10 of the financial statements).

States of Guernsey

Agriculture and Countryside Board

Dairy Trading Account

Statement of activities and performance - continued
Year ended 31 December 2003

Actual 2003

Capital expenditure

£'000

Site, Roads & Buildings

Ice cream cold store

18

Plant & Machinery

Ice cream production equipment

134

Milk separator

101

Organic milk separator

7

Milk tanker

32

Tanker Point Metering

20

Ice Cream Delivery Van

14

Display Freezers

1

Laboratory Equipment

Cryoscope

5

Office Equipment

Production planning bespoke software

2

Air conditioning unit for server room

2

Other computer hardware

2

Franking Machine

1

£ 339

This higher level of capital outlay raised the net book value of the Dairy's fixed assets to nearly £2million. The total value of current assets fell by £214,000 during 2003, attributable mainly to a fall in the bank balance. Creditors were £93,000 lower than at the end of 2002 to partly offset the fall in current assets.

The cash flow statement highlights a fall in cash reserves of £172,000 in 2003 and a reduction of £463,000 since the end of 2001, caused by a high level of capital investment and a net cash outflow resulting from operating activities of £46,000 in 2002. The cash position is expected to improve in 2004, with planned capital expenditure at a much lower level than in the last two years.

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Statement of activities and performance - continued

Year ended 31 December 2003

Operational performance

The Agriculture & Countryside Board approved the 2004 version of a rolling business plan that had a scope of five years. From this an action plan was developed for the period January 2004 to March 2005. This action plan primarily focused on the last two strategic objectives, these being that the Dairy should:

- Operate efficiently and in such a manner, that over a given period, the business does no worse than break even in financial terms; and
- Provide a safe and rewarding environment to all staff at the Dairy

A review of the Dairy's management was conducted in 2003, which culminated in a restructuring of the Dairy's management team and the distribution of responsibilities. The new post of Operations Manager was created from savings gained in the restructure (one existing post having been deleted). This new post, which was filled in October 2003, has a key responsibility to oversee and review current production processes to identify efficiencies. Some areas of weakness have already been identified and addressed and improvements will continue to be made in this area in 2004.

The SCADA control system project began in 2002 and is continuing, with the system elements being implemented in stages and will, when the project is completed lead to greater reporting, control, and efficiency of production processes.

Other matters

Plans are in place for 2004 to review the existing ice cream range with the intention to phase out less successful flavours and to replace with new ones, the aim being to increase overall sales. Ice creams aimed at other market segments i.e. other than "luxury pure" brand as at present are being explored to increase the sales penetration of our ice cream on the Island and so again, boost sales revenue. Promotional activity for this as well as all other product areas has already been planned and is being co-ordinated by an outside marketing agency.

We are researching the possibility of outsourcing activities currently performed within the department. Such activities include marketing, packing products off-Island (butter portions are already packed in Ireland and plans to pack cheese in Wales are being explored) and crate washing. The objectives of exploring outsourcing packing cheese off Island are to improve packaging, shelf life, product sale price or volume of sales without heavy capital investment by the Dairy at a reasonable cost and to free up staff resources.

Major items of planned expenditure for 2004 include:

- SCADA phase 2 (estimated cost £35,000); and
- Milk Packaging handling (estimated cost £25,000)

The Dairy intends to keep tighter control on all areas of cost by exploring efficiencies across all areas of the business in 2004 in an effort to halt the recent sequence of annual deficits recorded in the past few years and to build up the cash reserve. By focussing on cost control and increasing sales the Dairy is aiming to achieve its first Revenue Account surplus since 1997.

States of Guernsey
Agriculture and Countryside Board
Dairy Trading Account

Statement of activities and performance - continued

Year ended 31 December 2003

Board members and principal officers

During 2003 were:

Board members were:

Deputy PJ Roffey	-	President
Deputy TM Le Pelley	-	Vice President
Deputy FW Quin	-	Member
Deputy BJ Gabriel	-	Member
Mr MJ Blampied	-	Member
Mr JJ Cleal	-	Member
Mr JM Watts	-	Member

Principal officers were:

Mr ND Lewis	-	Chief Executive
Mr R Nash	-	Deputy Chief Executive
Mr CJ Hall	-	General Manager

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Statement of responsibilities for the preparation of financial statements

The States of Guernsey Agriculture and Countryside Board (“the Board”) is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the States of Guernsey Agriculture and Countryside Board – Dairy Trading Account (“the Dairy”) and of the surplus or deficit of the Dairy for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Dairy. It is also responsible for safeguarding the assets of the Dairy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Board to identify and install a system of internal controls, including financial control, which is adequate for its own purposes, and to safeguard the assets of the Dairy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that States Boards are subject to financial and manpower restrictions. Nevertheless, Boards have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The Board’s internal financial procedures include:

- an annual budget and planning process to allocate, control and monitor the use of resources;
- establishment of the States Audit Commission, consisting of a majority of Non-States Members, with the primary objective of assisting Committees to ensure good management of States finances;
- review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department;
- the requirement for all audit reports to be tabled at a meeting of the relevant States Board to ensure that all Board members are aware of their financial affairs; and
- regular review of the performance and security of the States financial assets by the Advisory and Finance Committee’s Investment Sub-Committee.

The Board strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Board’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States of Guernsey.



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The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the States of Guernsey Agriculture and Countryside Board

We have audited the financial statements of the States of Guernsey Agriculture and Countryside Board – Dairy Trading Account for the year ended 31 December 2003 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 13.

Respective responsibilities of the Board and auditors

As described in the statement of responsibilities, the Board is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the financial position and results of the Dairy Trading Account. We also report if, in our opinion, the Board has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the Dairy's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the Dairy's financial position as at 31 December 2003 and of its deficit for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

16 April 2004

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Revenue account for the year ended 31 December 2003

	Notes	£	2003 £	£	2002 £
Sales	<i>1</i>				
Liquid milk			3,464,266		3,352,291
By-products			877,517		756,362
Channel Islands Cream Liquor (labour and overheads)			38,129		31,229
Sundry sales			<u>1,730</u>		<u>5,709</u>
Total sales			4,381,642		4,145,591
Cost of sales					
Opening product stock		105,888		59,950	
Opening packaging stock		<u>126,608</u>	232,496	<u>105,359</u>	165,309
Production wages		232,283		210,109	
Milk		1,963,744		1,952,172	
Milk wastage		120,883		120,919	
By-product ingredients		28,635		5,249	
Packaging materials		477,676		476,543	
Carriage inwards		9,735		6,898	
Imported products		8,100		1,372	
Offshore processing and freight		9,301		-	
Sundries		<u>1,088</u>	2,851,445	<u>5,763</u>	2,779,025
Closing product stock		(134,357)		(105,888)	
Closing packaging stock		<u>(148,150)</u>	<u>(282,507)</u>	<u>(126,608)</u>	<u>(232,496)</u>
Total cost of sales			2,801,434		2,711,838
Gross surplus			1,580,208		1,433,753
Other operating income			10,328		47,977
Administration expenses	<i>2</i>		<u>(1,658,238)</u>		<u>(1,571,359)</u>
Operating deficit for the year			(67,702)		(89,629)
Net interest receivable	<i>1</i>		<u>15,721</u>		<u>27,319</u>
Retained deficit for the year	<i>7</i>		£ <u>(51,981)</u>		£ <u>(62,310)</u>

All material activities derive from continuing operations.

States of Guernsey

Agriculture and Countryside Board

Dairy Trading Account

Balance sheet
at 31 December 2003

	Notes	2003 £	2002 £
Tangible fixed assets	3	1,965,962	1,897,097
Current assets			
Stocks	4	347,319	295,627
Debtors and prepayments	5	457,983	482,035
Balances due from States Treasury		236,836	692,953
Bank balances - current		-	-
- deposit		299,055	84,936
Cash in hand		<u>75</u>	<u>57</u>
		1,341,268	1,555,608
Creditors: amounts falling due within one year	6	<u>378,211</u>	<u>471,705</u>
Net current assets		<u>963,057</u>	<u>1,083,903</u>
Total net assets		£ 2,929,019	£ 2,981,000
Reserves	7	£ 2,929,019	£ 2,981,000

The financial statements were approved by the States of Guernsey Agriculture and Countryside Board on 16 April 2004.

Signed on behalf of the Board

PJ Roffey
President

States of Guernsey
Agriculture and Countryside Board
Dairy Trading Account

Cash flow statement
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	8	147,100	(46,166)
Returns on investments and servicing of finance			
Interest received		15,721	27,369
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(339,128)	(271,695)
Receipts from sales of tangible fixed assets		<u>3,850</u>	<u>-</u>
Net cash outflow from investing activities		(335,278)	(271,695)
Decrease in cash	10	£ (172,457)	£ (290,492)

States of Guernsey

Agriculture and Countryside Board

Dairy Trading Account

Notes to the financial statements

1. Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Stock

Stock is valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of processing expenses.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated at the following annual rates so as to write off tangible fixed assets over their anticipated useful lives using the straight line method:

	Estimated life In years	Depreciation % per annum
Roads	10	10 straight line
Buildings	50 – 20	2 – 5 straight line
Plant, machinery and laboratory equipment	8 – 5	12.5 – 20 straight line
Office furniture and fittings	8 – 5	12.5 – 20 straight line
Other office equipment	8 – 3	12.5 – 33.3 straight line
Refrigerated farm bulk tanks	8 – 5	12.5 – 20 straight line
Motor vehicles	5	20 straight line
Computer hardware	3	33.3 straight line
Computer software	5 – 3	20 – 33.3 straight line

By agreement with the Agriculture and Countryside Board, farmers with a bulk tank situated on their property have the option to purchase the tank for a nominal sum on or after the fifth anniversary of the date of installation.

Income

Sales are accounted for on an accruals basis.

Interest is recognised on an accruals basis.

States of Guernsey

Agriculture and Countryside Board

Dairy Trading Account

Notes to the financial statements - continued

1. Accounting policies - continued

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Dairy benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

Transfer to general reserve

In previous years a transfer has been made from the revenue account to the general reserve equal to 20% of the total depreciation charge for the year to increase reserves for future capital expenditure purposes. In December 2002, the Board agreed to abolish this annual transfer, as the amount transferred was insufficient to cover annual capital expenditure requirements and had the detrimental effect of increasing the revenue account deficit in years where an operating deficit is achieved.

It was agreed that this change in policy would commence with immediate effect, ie from December 2002 onwards.

2. Administration expenses

	2003 £	2002 £
Opening non product stock	63,131	54,276
Advertising and promotion	51,991	32,488
Carriage outwards	1,341	5,191
Cleaning materials	40,486	32,418
Depreciation	263,624	256,016
Discount allowed	3,996	7,250
Fuel, light, power and water	153,637	136,591
General administration costs	46,390	32,617
Laboratory expenses	50,230	51,787
Loss on disposal of fixed assets	3,428	1,977
Motor vehicle expenses	17,157	15,450
Other expenses	44,169	46,818
Product research and development	11,705	7,576
Professional fees	26,495	35,858
Provision for doubtful debts	(64)	26,298
R & M and insurance (plant and machinery)	61,685	64,906
R & M and insurance (site and buildings)	51,438	36,125
Rates	2,802	2,802
Salaries and wages	823,959	776,267
Staff training and recruitment	5,449	11,779
Closing non production stock	<u>(64,811)</u>	<u>(63,131)</u>
	£ 1,658,238	£ 1,571,359

States of Guernsey

Agriculture and Countryside Board

Dairy Trading Account

Notes to the financial statements - continued

3. Tangible fixed assets

	As restated 1 January 2003 £	Additions £	Disposals £	31 December 2003 £
<i>Cost</i>				
Site and roads	966	-	-	966
Buildings	1,468,170	18,695	(2,582)	1,484,283
Plant and machinery	2,451,007	243,215	(173,696)	2,520,526
Motor vehicles	165,849	65,664	(27,847)	203,666
Laboratory equipment	109,997	5,167	-	115,164
Furniture and fittings	106,701	6,387	(3,060)	110,028
Refrigerated bulk tanks – farms	<u>53,837</u>	<u>-</u>	<u>-</u>	<u>53,837</u>
	<u>4,356,527</u>	<u>339,128</u>	<u>(207,185)</u>	<u>4,488,470</u>
	As restated 1 January 2003 £	Charge for the year £	Disposals £	31 December 2003 £
<i>Depreciation</i>				
Site and roads	965	-	-	965
Buildings	396,758	35,388	(1,681)	430,465
Plant and machinery	1,732,382	176,377	(169,318)	1,739,441
Motor vehicles	125,893	17,031	(27,847)	115,077
Laboratory equipment	83,644	9,228	-	92,872
Furniture and fittings	65,951	25,600	(1,700)	89,851
Refrigerated bulk tanks – farms	<u>53,837</u>	<u>-</u>	<u>-</u>	<u>53,837</u>
	<u>2,459,430</u>	<u>263,624</u>	<u>(200,546)</u>	<u>2,522,508</u>
Net book value	£ 1,897,097			£ 1,965,962

The Dairy had capital commitments at the year end of nil (2002: £181,000), being items which had been approved and ordered, but not yet received.

During 2003 a full review of the fixed assets recorded in the accounts of the Dairy was completed. This review resulted in the identification of a number of posting errors with in the accounts. In order to fairly reflect the assets held by the Dairy at 31 December 2003, the opening cost and depreciation recorded in the 2002 financial statements have been increased by £207,904 to the position recorded above. These adjustments do not impact in the net book value of the assets.

4. Stock

	2003 £	2002 £
Milk and milk by-products	134,357	105,888
Packaging materials	134,335	125,362
Other stock	<u>78,627</u>	<u>64,377</u>
	£ 347,319	£ 295,627

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Notes to the financial statements - continued

5. Debtors and prepayments

	2003 £	2002 £
Trade debtors	396,718	416,064
Prepayments	14,603	11,986
Accrued income	<u>46,662</u>	<u>53,985</u>
	£ <u>457,983</u>	£ <u>482,035</u>

6. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	5,062	74,585
Trade creditors	192,381	274,888
General creditors	38,574	60,216
Accruals	<u>142,194</u>	<u>62,016</u>
	£ <u>378,211</u>	£ <u>471,705</u>

7. Reserves

	General Reserve £	Revenue Account £	Total £
Balance 1 January 2003	3,002,491	(21,491)	2,981,000
Deficit for the financial year	<u>-</u>	<u>(51,981)</u>	<u>(51,981)</u>
Balance 31 December 2003	£ <u>3,002,491</u>	£ <u>(73,472)</u>	£ <u>2,929,019</u>

8. Reconciliation of operating (deficit) to net cash inflow/(outflow) from operating activities

	2003 £	2002 £
Operating deficit for the year	(67,702)	(89,629)
Depreciation	263,624	256,016
Profit on sale of fixed assets	(640)	-
Loss on sale of fixed assets	3,428	1,977
Decrease/(increase) in debtors	24,052	(37,611)
Increase in stocks	(51,692)	(75,544)
Decrease in creditors	<u>(23,970)</u>	<u>(101,375)</u>
Net cash inflow/(outflow) from operating activities	£ <u>147,100</u>	£ <u>(46,166)</u>

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Notes to the financial statements - continued

9. Analysis of changes in net cash flows during the year

	2003 £	2002 £
Balance at 1 January	703,361	993,853
Net cash outflows	(172,457)	(290,492)
	£ 530,904	£ 703,361

10. Analysis of the changes in net funds

	At 1 January 2003 £	Cashflows £	At 31 December 2003 £
Bank balances - current	(74,585)	69,523	(5,062)
- deposit	84,936	214,119	299,055
Cash in hand	57	18	75
Balances due from States Treasury	692,953	(456,117)	236,836
	£ 703,361	£(172,457)	£ 530,904

11. Pension fund

The employees of the States of Guernsey Agriculture and Countryside Board – Dairy Trading Account are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme, funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice, and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2001 indicated that a surplus existed. However, the contribution rate to the Fund was increased with effect from 1 January 2003 from 8.25% for 2002 to 8.35% for 2003. Employees contribute at a rate of 6%. The surplus is being amortised over the expected service lives of all the employees within the scheme.

Further details relating to the funding of the Superannuation Scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

The total amount of Superannuation contributions for the period ended 31 December 2003 was £61,827 (2002: £68,631), which were all paid during the year.

Whilst the States of Guernsey Agriculture and Countryside Board – Dairy Trading Account continues to account for its defined benefit pension obligations under Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", the following additional information has been provided to satisfy the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits". As the scheme is a multi employer arrangement, the Authority is unable to identify its share of underlying assets and liabilities of the scheme or the implication of the surplus on the Board, as required by Financial Reporting Standard 17.

States of Guernsey Agriculture and Countryside Board Dairy Trading Account

Notes to the financial statements - continued

12. Related party transactions

Of the States of Guernsey Agriculture and Countryside Board – Dairy Trading Account's annual income and expenditure, less than 20% of their respective value is due to transactions with other entities.

	Income/ (expenditure) 2003 £	Income/ (expenditure) 2002 £	Debtor/ (creditor) 2003 £	Debtor/ (creditor) 2002 £
Committee President – P Roffey (Director of CI Co-op – supplies of milk for retail)	544,033	470,245	33,098	27,936
Committee member – M Blampied (ceased farming March 2002) (Liquid milk supplies purchased by the Dairy)	-	7,745	-	n/a
Committee member – J Watts (from June 2002) (Liquid milk supplies purchased by the Dairy)	205,209	111,069	14,552	18,468
Dairy Executive sub-committee member – D Cowley (to April 2002) (Liquid milk supplies purchased by the Dairy)	-	37,125	-	n/a
Dairy Executive sub-committee member – J Ogier (from July 2002) (Liquid milk supplies purchased by the Dairy)	75,536	37,246	4,253	5,916
Dairy Executive sub-committee member – G Le Tissier (Supplies of milk for retail)	108,032	93,771	7,177	7,195

13. Statement of control

The States of Guernsey Agriculture and Countryside Board – Dairy Trading Account is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the States of Guernsey Agriculture and Countryside Board has been delegated to the members of the Board who have been appointed by the States of Guernsey.

BOARD OF ADMINISTRATION - ALDERNEY AIRPORT

REVENUE ACCOUNT

Year Ended 31 December 2003

	2003	2002
	£	£
INCOME		
Traffic receipts, rents, etc.	375,060	371,585
EXPENDITURE		
Administration		
Staff	15,010	16,504
Supplies and services	176,152	204,729
	<u>191,162</u>	<u>221,233</u>
Aerodrome Fire Service		
Staff	387,677	375,816
Supplies and services	32,592	55,801
	<u>420,269</u>	<u>431,617</u>
Airport Infrastructure		
Premises	51,254	49,889
Supplies and services	4,302	3,281
	<u>55,556</u>	<u>53,170</u>
Navigational Services		
Staff	160,313	153,086
Supplies and services	31,465	25,499
	<u>191,778</u>	<u>178,585</u>
TOTAL EXPENDITURE	858,765	884,605
OPERATING DEFICIT FOR THE FINANCIAL YEAR FUNDED BY THE BOARD OF ADMINISTRATION	<u><u>(£483,705)</u></u>	<u><u>(£513,020)</u></u>

CAPITAL ACCOUNT

Year Ended 31 December 2003

	2003	2002
	£	£
EXPENDITURE		
Navigational Services		
LITAS / APAPI units - replacement (AFC 14.6.00 : £39,300)	4,692	6,652
Meteorological equipment - replacement (AFC 8.1.02 : £39,500)	3,402	32,273
	<u>8,094</u>	<u>38,925</u>
Other Capital Expenditure per 2002 accounts	-	295,109
TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE BOARD OF ADMINISTRATION	<u><u>£8,094</u></u>	<u><u>£334,034</u></u>

BOARD OF ADMINISTRATION – PORTS

FINANCIAL COMMENTARY

Principal Activities

The Airport provides for the safe and expeditious movement of commercial and private aircraft, passengers and cargo, to and from the Island on the most cost- effective basis.

The Airport also ensures that policies, facilities and services are commensurate with the requirements of the Island in respect of air transport services, general aviation and standards set by the United Kingdom's Civil Aviation Authority.

The Harbours provide sea passenger and freight handling facilities for the commercial operators, including the provision of berthing and / or Marina facilities for local and visiting boat-owners, together with berthing and handling facilities for the local fishing fleet. The Harbours also provide essential services to ensure adequate facilities and handling for the commercial sea transport requirements of the Island.

The finances of the Harbours of St Peter Port and St Sampson and the Airport have been presented in an amalgamated form since 1962 on the basis that "the three Ports exist for the common purpose of facilitating the entry into and exit from Guernsey of goods and passengers", and that "the States, as owners of the Ports, are responsible for the expenditure needed to provide such facilities. Uneconomic expenditure may be forced upon them from time to time by the vagaries of the demand for facilities as between one port and another".

Under this group arrangement the trading position of each of the Ports is identified but the assets and liabilities are consolidated and presented as the "Ports Holding Account".

Financial Highlights

The combined turnover for the Ports for the year was £13.5m (up on 2002 by £0.5m). Revenue expenditure of £9.4m (excluding loan charges and exceptional expenditure) was up on 2002 by £0.4m.

Exceptional expenditure for the year of £0.2m related to the realignment of public roads to the north of the Airport boundary.

Progressing the Ports' Capital Programme cost £16.9m in 2003 (£5.5m in 2002), which included £11.5m for the Airport Terminal development scheme, £1.9m for the St Sampson's Marina development and £2.3m in respect of repairs to the New Jetty at St Peter Port Harbour.

Before capital expenditure and charges the Ports achieved a combined operating trading surplus of £1.0m. The final position after taking into interest receipts and Capital was a net reduction of the balance on the Ports Holding Account of £12.4m

The Ports Holding Account Reserve had been built up over the years to fund a 5-year Ports Capital Programme. As at December 2001 this Reserve had risen to £25.8m, enabling the major projects outlined above to be commenced without the requirement for any external funding. At the end of 2003 the Reserve stood at £12m.

Operational Performance

Passenger movements through Guernsey Airport were 860,000 in 2003, representing an upturn of 28,500 (3.3%) on the preceding year. Associated aircraft movements for the same period were actually down by 2,400 (4.5%).

The Airport saw the loss of several European routes in 2003, including Amsterdam and Zurich. British Airways ended its association with Guernsey Airport when it withdrew its remaining services in June 2003.

The income from the Harbour exceeded budgets in 2003, principally due to a significant overall increase in cargo dues through St Peter Port Harbour. Passenger figures were marginally lower than 2002 but performance remained good as this was the second highest year for passenger numbers in the last decade. Revenue expenditure was within expectations.

The expectation is that the level of Ports activity in 2004 will be similar to 2003.

Other Matters

Over the year the Board of Administration, in conjunction with the Advisory and Finance Committee, made progress to revise the presentational format of the annual accounts to increase clarity and understanding. A major part of the exercise has been the independent valuation of all plant equipment and buildings, which was commenced in 2002 and completed in 2003. In 2004 the final changes will be introduced to ensure the financial statements are presented as for a commercial trading entity.

Ports Sub-Committee Members

Deputy R C Berry	President
Deputy M A Ozanne	Vice-President
Deputy Mrs P Robilliard	
Advocate P J G Atkinson	
Mr G R Dorey	

Other Board Members

Deputy M E Best
Deputy L S Trott
Deputy P N Bougourd
Mr R H H Barneby

Principal Officers

Mr R T Kirkpatrick, Chief Executive – Board of Administration
Mr A R Lewis, Finance Director – Board of Administration
Captain R P Barton, Harbour Master
Mr C Le Ray, Airport Director

BOARD OF ADMINISTRATION - GUERNSEY AIRPORT

REVENUE ACCOUNT Year Ended 31 December 2003

	2003		2002	
	£	£	£	£
INCOME				
Advertising, picketing, etc.	127,773		138,151	
Airport development charge	773,170		739,284	
Car parking fees	279,029		275,990	
Rents	1,158,497		1,026,288	
Traffic receipts	4,707,691		4,526,646	
TOTAL INCOME		7,046,160		6,706,359
EXPENDITURE				
Administration				
Premises	29,862		28,506	
Staff	290,111		246,201	
Supplies and services	108,737		176,316	
Insurance, rates and taxes	264,482		265,552	
	693,192		716,575	
Aerodrome Fire Service				
Staff	1,197,679		1,137,803	
Supplies and services	182,483		121,079	
	1,380,162		1,258,882	
Airport Infrastructure				
Premises	180,347		155,082	
Staff	627,738		530,507	
Supplies and services	109,739		98,431	
Maintenance of property	284,672		215,148	
	1,202,496		999,168	
Navigational Services				
Staff	1,972,851		1,896,651	
Supplies and services	328,295		286,831	
	2,301,146		2,183,482	
Recovery from Alderney Airport	(116,760)		(112,800)	
TOTAL EXPENDITURE		5,460,236		5,045,307
OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE CAPITAL CHARGES AND EXCEPTIONAL EXPENDITURE		1,585,924		1,661,052
CAPITAL CHARGES				
Interest	565,607		569,883	
Redemption	1,030,200		768,022	
		1,595,807		1,337,905
EXCEPTIONAL EXPENDITURE				
Civil Aviation Authority Compliance				
Revised airport safety zone (see note)				
Property acquisition and demolition	15,234		327,073	
Roadways rerouteing	171,649		630,848	
		186,883		957,921
OPERATING SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT		(£196,766)		(£634,774)

BOARD OF ADMINISTRATION - GUERNSEY AIRPORT

CAPITAL ACCOUNT

Year Ended 31 December 2003

	2003	2002
	£	£
EXPENDITURE		
Aerodrome Fire Service		
Fire appliance replacement (AFC 13.6.01 : £175,776)	731	175,045
Thermal imaging camera (AFC 2.4.03 : £6,500)	6,450	-
Vehicle replacement (AFC 10.12.02 : £20,000)	19,676	-
	<hr/>	<hr/>
	26,857	175,045
Airport Infrastructure		
CCTV system replacement (Vote 31.5.02 : £71,000)	5,332	-
Flight information display systems (AFC 12.2.03 : £100,000)	17,976	-
Maintenance van replacement (AFC 7.5.03 : £10,300)	10,276	-
Runway Extension - feasibility study	11,327	75,000
Standby generator replacement (AFC 25.3.03 : £176,000)	91,087	-
Technical building air conditioning replacement (AFC 30.7.02 : £53,000)	22,711	29,925
Terminal building redevelopment (Vote 31.1.01 and AFC : 27.3.01 (consultants fees) and Vote 26.4.02 : £19,529,393)	11,462,057	3,629,119
Twinings, Rue des Auberts purchase/renovation (AFC 8.1.03 : £438,500)	436,045	-
West grass parking area (AFC 27.05.03 : £118,875)	103,985	-
	<hr/>	<hr/>
	12,160,796	3,734,044
Civil Aviation Authority Compliance		
Revised airport safety zone (see note)		
Value of land acquired	4,577	30,821
Navigational Services		
DVOR / DME replacement (AFC 12.4.00 : £567,892)	40	111,175
Instrument landing system replacement (AFC 11.7.01 and 3.7.02 : £527,870)	201,550	109,800
	<hr/>	<hr/>
	201,590	220,975
Other Capital Expenditure per 2002 accounts	-	289,952
TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR	<hr/>	<hr/>
FUNDED BY LOAN FROM THE PORTS HOLDING ACCOUNT	£12,393,820	£4,450,837

Note: In order to comply with Civil Aviation Authority recommendations, the Board is required to enlarge the airport safety zone, necessitating the purchase of properties within this zone. The value of the land acquired is treated in the normal manner by means of a loan from the Ports Holding Account. The additional costs of acquisition, demolition of properties and rerouteing of the roadways are treated as exceptional expenditure in the Revenue Account and therefore, effectively written off in the year of acquisition.

BOARD OF ADMINISTRATION - HARBOUR OF ST. PETER PORT

REVENUE ACCOUNT Year Ended 31 December 2003

	2003		2002	
	£	£	£	£
INCOME				
Facilities charges	2,772,993		2,609,565	
Marina and Moorings fees: local	1,135,464		1,154,334	
visitors	383,473		358,032	
Pilotage dues	366,317		343,461	
Less payments to pilots	(361,427)		(339,332)	
Rents, etc	438,331		584,586	
Shipping dues	916,234		920,780	
Ships Registry Fees	74,336		82,075	
Less transfer to General Revenue Account	(20,025)		(27,755)	
Sundries	71,092		50,013	
TOTAL INCOME		5,776,788		5,735,759
EXPENDITURE				
Administration				
Staff	1,520,944		1,452,860	
Supplies and services	196,202		191,303	
Contracted-out work	33,813		29,922	
Insurance, rates and taxes	62,392		53,051	
Less recoveries	(44,592)		(37,360)	
	1,768,759		1,689,776	
Harbour Infrastructure				
Premises	349,133		425,967	
Staff	209,963		203,430	
Supplies and services	108,873		114,837	
Less recoveries	(45,320)		(31,451)	
	622,649		712,783	
Marina and Moorings				
Premises	58,701		63,827	
Staff	327,011		313,509	
Supplies and services	252,586		374,915	
Less recoveries	(35,927)		(30,998)	
	602,371		721,253	
Navigational Services				
Staff	355,350		342,551	
Supplies and services	59,665		83,971	
	415,015		426,522	
Ships Registry				
Premises	4,268		4,685	
Staff	40,503		37,835	
Supplies and services	9,540		11,800	
	54,311		54,320	
TOTAL EXPENDITURE		3,463,105		3,604,654
OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE CAPITAL CHARGES		2,313,683		2,131,105
CAPITAL CHARGES				
Interest	519,889		505,768	
Redemption	511,064		442,247	
		1,030,953		948,015
OPERATING SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT		£1,282,730		£1,183,090

BOARD OF ADMINISTRATION - HARBOUR OF ST. PETER PORT**CAPITAL ACCOUNT****Year Ended 31 December 2003**

	2003		2002	
	£	£	£	£
EXPENDITURE				
Harbour Infrastructure				
Mini excavator and trailer (AFC 11.6.03 : £20,000)	19,870		-	
New jetty cladding replacement (AFC 10.1.01 (consultants fees) and Vote 1.11.01 : £3,339,373)	2,315,897		878,443	
Ro-Ro ramp 1 corrosion protection/paint (AFC 29.8.01 (consultants fees) and Vote 27.11.02 : £317,034)	292,191		9,700	
Telephone system replacement (AFC 19.6.02 : £14,000)	13,658		-	
		2,641,616		888,143
Other Capital Expenditure per 2002 accounts		-		60,667
TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR		£2,641,616		£948,810
FUNDED BY LOAN FROM THE PORTS HOLDING ACCOUNT				

BOARD OF ADMINISTRATION - HARBOUR OF ST. SAMPSON

REVENUE ACCOUNT

Year Ended 31 December 2003

	2003		2002	
	£	£	£	£
INCOME				
Facilities charges	578,813		515,532	
Marina and Moorings fees	11,515		24,450	
Rents, etc	33,560		33,258	
Sundries	13,660		11,517	
TOTAL INCOME		637,548		584,757
EXPENDITURE				
Administration				
Premises	1,886		1,768	
Staff	165,083		151,292	
Supplies and services	2,176		767	
Insurance, rates and taxes	4,758		3,490	
	173,903		157,317	
Harbour Infrastructure				
Premises	57,122		59,628	
Staff	95,805		87,409	
Supplies and services	94,049		44,865	
Less recoveries	(759)		(1,107)	
	246,217		190,795	
Marina and Moorings				
Supplies and services	60,359		195	
Navigational Services				
Supplies and services	4,176		6,688	
TOTAL EXPENDITURE		484,655		354,995
OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE CAPITAL CHARGES AND EXCEPTIONAL EXPENDITURE		152,893		229,762
CAPITAL CHARGES				
Interest	119,538		127,349	
Redemption	167,895		144,644	
		287,433		271,993
EXCEPTIONAL EXPENDITURE				
Deepwater berths and land reclamation studies		300		20,850
OPERATING SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT		(£134,840)		(£63,081)

CAPITAL ACCOUNT

Year Ended 31 December 2003

	2003	2002
	£	£
EXPENDITURE		
Marina and Moorings		
Longue Hougue marina (AFC 7.3.01 : £450,000)	(6,811)	112,406
St Sampsons Harbour Marina development (AFC (consultants fees) and Vote 28.3.03 : £3,442,000)	1,847,767	3,972
TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY LOAN FROM THE PORTS HOLDING ACCOUNT	£1,840,956	£116,378

BOARD OF ADMINISTRATION - PORTS HOLDING ACCOUNT

	2003	2002
	£	£
Balance at 1 January	24,355,554	25,787,291
Revenue Account - Operating Surplus / (Deficit)		
Airport	(196,766)	(634,774)
Harbour of St. Peter Port	1,282,730	1,183,090
Harbour of St. Sampson	(134,840)	(63,081)
	<u>951,124</u>	<u>485,235</u>
Investment Interest received	641,295	1,041,140
Capital Charges		
Interest	1,205,034	1,203,000
Redemption	1,709,159	1,354,913
Capital Expenditure		
Airport	(12,393,820)	(4,450,837)
Harbour of St. Peter Port	(2,641,616)	(948,810)
Harbour of St. Sampson	(1,840,956)	(116,378)
	<u>(16,876,392)</u>	<u>(5,516,025)</u>
Balance at 31 December	<u><u>£11,985,774</u></u>	<u><u>£24,355,554</u></u>

Notes:

- a) The total of outstanding loans made by the Ports Holding Account to the Ports was as follows:

	2003	2002
	£	£
Airport	24,160,672	12,797,052
Harbour of St. Peter Port	8,333,839	6,203,287
Harbour of St. Sampson	2,961,042	1,287,981
	<u><u>£35,455,553</u></u>	<u><u>£20,288,320</u></u>

- b) An independent valuation of the Ports assets has been carried out by the firms of King Sturge (property values) and Edward Ruston Son & Kenyon Limited (plant and machinery values). The main basis of valuation is Depreciated Replacement Cost. Following is a consolidated Balance Sheet which is included for illustrative purposes only and does not constitute a part of the States Accounts and should not be treated as such.

BOARD OF ADMINISTRATION - PORTS

CONSOLIDATED BALANCE SHEET At 31 December 2003

	2003 £	2002 £
FIXED ASSETS		
Tangible Fixed Assets (see Note)		
Airport	24,093,285	24,352,602
Harbours	124,021,811	123,715,788
	<hr/>	<hr/>
	148,115,096	148,068,390
Assets Under Construction		
Airport	15,177,503	3,704,119
Harbours	1,851,739	3,972
	<hr/>	<hr/>
	165,144,338	151,776,481
CURRENT ASSETS		
Stock	354,930	329,969
Debtors and prepayments	1,878,141	1,738,463
Cash at Bank and in hand	10,324,252	23,631,731
	<hr/>	<hr/>
	12,557,323	25,700,163
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	214,863	945,582
Accruals	226,976	375,322
Other Creditors	2,000	1,950
Deferred Income	127,710	21,755
	<hr/>	<hr/>
	571,549	1,344,609
NET CURRENT ASSETS	11,985,774	24,355,554
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>£177,130,112</u>	<u>£176,132,035</u>
	<hr/>	<hr/>
RESERVES	<u>£177,130,112</u>	<u>£176,132,035</u>

Note :

An independent valuation of the Ports assets has been carried out by the firms of King Sturge (property values) and Edward Ruston Son & Kenyon Limited (plant and machinery values). The main basis of valuation is Depreciated Replacement Cost. Depreciation is calculated at the following annual rates so as to write off the value of tangible fixed assets over their anticipated useful lives using the straight-line method. The calculations are based on capital expenditure incurred at the commencement of the accounting period.

	Depreciation % per annum	Book Value 1 January 2003 £	Additions £	Depreciation Charge for the Year £	Book Value 31 December 2003 £
Land	0.00	2,147,198	4,577	-	2,151,775
Buildings	1.67	133,199,435	3,141,307	(2,219,991)	134,120,751
Plant and machinery	6.67	6,169,922	91,087	(411,328)	5,849,681
Equipment, Fixtures and Fittings	10.00	4,523,812	250,234	(452,381)	4,321,665
Motor Vehicles and Electrical Equipment	20.00	1,883,795	29,952	(376,759)	1,536,988
Computers and ICT	33.33	144,228	38,084	(48,076)	134,236
		<hr/>	<hr/>	<hr/>	<hr/>
		£148,068,390	£3,555,241	(£3,508,535)	£148,115,096
		<hr/>	<hr/>	<hr/>	<hr/>

This statement does not constitute a part of the States Accounts and should not be treated as such.

States of Guernsey Water Board

Statement of activities and performance

Year ended 31 December 2003

Principal purpose

States of Guernsey Water Board delivers to its customers a reliable supply of high quality drinking water in sufficient quantity that satisfies normal daily demand at lowest cost consistent with meeting a high level of customer service and confidence.

Environmental catchment protection is monitored, storage is maintained at maximum possible levels and treatment techniques and delivery systems are the most appropriate to meet international standards.

A ten year Business Plan, covering the period 2003 to 2013, has been produced by the Board which sets out the Board's objectives and resources needed. A higher level of investment has been identified as being necessary for the future development of the Board.

Financial summary

	2003 £'000	2002 £'000	Change %
Income			
Unmeasured	2,798	2,755	+ 1.6
Measured	2,936	2,573	+ 14.1
Other trading (net)	<u>385</u>	<u>275</u>	+ 40.0
Total operating income	<u>6,119</u>	<u>5,603</u>	+ 9.2
Expenditure			
Operating	2,300	2,062	+ 11.5
Management	<u>1,254</u>	<u>1,051</u>	+ 19.3
Total expenditure	<u>3,554</u>	<u>3,113</u>	+ 14.2
Operating surplus before depreciation	<u>2,565</u>	<u>2,490</u>	+ 3.0
Surplus on sale of fixed assets	16	5	
Net interest received	36	82	
Depreciation, transfers and provisions	<u>(1,488)</u>	<u>(1,550)</u>	
Retained surplus for the year	<u>1,129</u>	<u>1,027</u>	
Capital expenditure (gross)	<u>3,402</u>	<u>4,149</u>	

The main focus of capital expenditure was the development of St Andrew Quarry as a reservoir and as a site for the future centralisation of the Board's operational and administrative activities, rehabilitation and renewal of the distribution pipe network to improve the reliability of mains and reduce discolouration of water supplies and the commencement of the upgrading of St Saviour's water treatment plant.

A new main was also laid in 2003 between the Longstore and the Weighbridge, to support the developments taking place along Glatigny Esplanade, as well as the commencement of the installation of the Navision computer system for billing and integrated accountancy. A more detailed summary of capital expenditure during the year is appended to the financial statements.

States of Guernsey Water Board

Statement of activities and performance - continued Year ended 31 December 2003

Operational performance

	2003	2002	Change %
Number of customers			
Paying by rateable value	13,078	13,462	- 2.9
Paying by measure	<u>10,383</u>	<u>9,783</u>	+ 6.1
Total	<u>23,461</u>	<u>23,245</u>	+ 0.9
Volume supplied in million litres (partially weather related)			
Delivered to customers paying by measure	2,401 ML	2,274ML	+ 5.6
Delivered to other customers	1,975 ML	1,937ML	+ 2.0
Operational use, firefighting and losses	<u>1,020 ML</u>	<u>988ML</u>	+ 3.2
Total put into supply	<u>5,396 ML</u>	<u>5,199ML</u>	+ 3.8
Service (partially weather related)			
Restrictions on supply	None	None	
Burst mains - trunk mains	9	15	- 40.0
- smaller mains	<u>90</u>	<u>59</u>	+ 52.5
- total	<u>99</u>	<u>74</u>	+ 33.8
Discolouration – claims paid	£ <u>760</u>	£ <u>553</u>	+ 37.4
Unit costs (partially weather related)			
Water production	£ 209/ML	£ 205/ML	+ 2.0
Water distribution	£26 / customer	£22 / customer	+ 18.2

Other matters

A Policy Letter recommending increases to water charges of 10% above the rate of inflation for the next three years to fund the Board's ten year Business Plan was approved by the States of Deliberation in the summer of 2003.

States of Guernsey Water Board

Statement of activities and performance - continued

Year ended 31 December 2003

Board members and principal officers

During 2003:

Board Members were:

Deputy MEW Burbridge, President
Deputy PN Bougourd, Vice-President
Deputy J Le Sauvage
Deputy R Bisson
Deputy T Le Pelley
Mr H Turian
Mr G Wherry

Principal Officers were:

AA Redhead, Technical Director
and Acting Chief Executive
K Carter, Chief Accounting Officer
G Johns, Water Production Director
M Wadley, Water Distribution Director
C Guilbert, Administration Manager
P Lickley, Technical Services Controller

States of Guernsey Water Board

Statement of responsibilities for the preparation of financial statements

The Board is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Board and of the surplus or deficit of the Board for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board. It is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the States Water Board to identify and install a system of internal controls, including financial control, which is adequate for its own purposes, and to safeguard the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The States Water Board internal financial procedures include:

- An annual budget to allocate, control and monitor the use of capital and revenue resources, analysed by department and type of income/expenditure.
- The production of quarterly management accounts enabling income and expenditure to be monitored against budget.
- The production of monthly management accounting reports on capital expenditure, cashflow and distribution stock.
- Authorisation and control of the placing of orders.
- Authorisation and control of payments made.
- Regular review of debts, income and expenditure by type and department.
- Regular review of charges for water supplies and other services.
- Review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department.
- Consideration of all audit reports by the Board.

The Board strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Board's internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to independent external audit by auditors appointed by the States of Guernsey.



2 Grange Place
The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the States of Guernsey Water Board

We have audited the financial statements of The States of Guernsey Water Board for the year ended 31 December 2003 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 17.

Respective responsibilities of the Board and auditors

As described in the statement of responsibilities for the preparation of financial statements, the Board is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the financial position and results of the States of Guernsey Water Board. We also report if, in our opinion the Board has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the Board's financial position as at 31 December 2003 and of its surplus for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

18 March 2004

States of Guernsey Water Board

Revenue account

for the year ended 31 December 2003

		2003 £	2002 £
Income	<i>Notes</i>		
Water supplies	<i>1</i>		
Unmeasured		2,797,898	2,754,661
Measured		<u>2,936,052</u>	<u>2,573,204</u>
		5,733,950	5,327,865
Net surplus on other trading activities before management expenses and depreciation	<i>2</i>	<u>384,621</u>	<u>275,338</u>
Total operating income		<u>6,118,571</u>	<u>5,603,203</u>
Operating expenses			
Water production		1,129,743	1,068,016
Water distribution		608,599	519,895
Water quality control		450,547	377,739
Property maintenance		<u>110,696</u>	<u>96,397</u>
		<u>2,299,585</u>	<u>2,062,047</u>
Management expenses			
General and financial management	<i>15</i>	366,251	298,450
Income collection		278,180	253,303
Technical and customer services		321,881	271,148
Administration, information technology, public relations and office expenses		<u>287,396</u>	<u>227,769</u>
		<u>1,253,708</u>	<u>1,050,670</u>
Total expenditure		<u>3,553,293</u>	<u>3,112,717</u>
Operating surplus before depreciation and surplus on sale of fixed assets		2,565,278	2,490,486
Depreciation	<i>4 & 5</i>	(1,022,364)	(831,517)
Net surplus on sale or scrap of fixed assets	<i>4</i>	15,952	4,878
Net appreciation in value of sinking fund investment	<i>6</i>	<u>27,213</u>	<u>-</u>
Operating surplus for the year		1,586,079	1,663,847
Net interest receivable	<i>3</i>	<u>36,375</u>	<u>81,555</u>
Surplus for the year		1,622,454	1,745,402
Transfer to general reserve	<i>4 & 9</i>	(493,588)	(673,361)
Transfer to property development fund reserve		-	(45,010)
Transfer from property development fund reserve		<u>-</u>	<u>1,541,702</u>
Retained surplus for the year, transferred to revenue account reserve		<u>1,128,866</u>	<u>2,568,733</u>

All material activities derive from continuing operations.

States of Guernsey Water Board

Balance sheet at 31 December 2003

	Notes	2003 £	2002 £
Tangible fixed assets	5	26,257,691	23,902,513
Consolidated sinking fund			
States of Guernsey – contributions and interest	6	-	226,508
Current assets			
Stocks		515,296	568,339
Debtors and prepayments	7	871,030	855,849
Balances due from States Treasury:			
Funds held for capital expenditure	12	374,068	832,809
Cash at bank and in hand	12	<u>250,998</u>	<u>201,255</u>
		<u>2,011,392</u>	<u>2,458,252</u>
Creditors: amounts falling due within one year	8	<u>772,271</u>	<u>469,715</u>
Net current assets		<u>1,239,121</u>	<u>1,988,537</u>
Total assets less current liabilities		27,496,812	26,117,558
Creditors: amounts falling due after more than one year	6	<u>-</u>	<u>243,200</u>
Total net assets		<u>27,496,812</u>	<u>25,874,358</u>
Reserves			
General reserve		7,235,737	6,742,149
Revenue account		<u>20,261,075</u>	<u>19,132,209</u>
Total Reserves	9	<u>27,496,812</u>	<u>25,874,358</u>

These financial statements were approved by the States of Guernsey Water Board on 18 March 2004.

Signed on behalf of the Board

MEW Burbridge
President

States of Guernsey Water Board

Cash flow statement for the year ended 31 December 2003

	Notes	£	2003 £	£	2002 £
Net cash inflow from operating activities	10		2,905,696		2,307,708
Returns on investments and servicing of finance					
Interest received	3	36,380		90,107	
Interest paid	3	<u>(5)</u>		<u>(8,552)</u>	
Net cash inflow from returns on investments and servicing of finance			36,375		81,555
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(3,401,842)		(4,149,210)	
Less: customer contributions to Mains		<u>20,649</u>		<u>52,760</u>	
Additions to fixed assets		(3,381,193)		(4,096,450)	
Receipts from sale of fixed assets		<u>19,602</u>		<u>5,980</u>	
Net cash outflow from investing activities			(3,361,591)		(4,090,470)
Management of liquid resources					
Decrease in amounts held with States Treasury	11 & 12	<u>458,741</u>		<u>1,806,799</u>	
Net cash inflow from management of liquid resources			458,741		1,806,799
Financing					
Amounts received (excluding interest and adjustments) from consolidated sinking fund		253,722		-	
Loans redeemed		<u>(243,200)</u>		<u>-</u>	
Net cash inflow from financing			<u>10,522</u>		<u>-</u>
Increase in cash	11 & 12		<u>49,743</u>		<u>105,592</u>

States of Guernsey Water Board

Notes to the financial statements

1. Principal accounting policies

The following accounting policies are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Stock

Stock which consists of materials for capital projects and consumables is valued at the lower of cost and net realisable value.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Work of a capital nature undertaken by the Board is capitalised at cost of materials, supplies and services used plus associated costs of labour.

The Board accounts for disposal proceeds on property in the profit and loss account. They are then transferred to the property development fund reserve, which provides for future property expenditure. An amount was transferred from the property development fund reserve to fund a capital purchase in the previous year.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated useful lives using the straight-line method. The calculations are based on capital expenditure incurred at the commencement of the accounting period with the exception of motor vehicles where depreciation is also charged on additions during the accounting period.

	Estimated life in years	Depreciation % per annum
Dam	50	2
Mains	50 – 10	2 – 10
Land and quarries	Nil	Nil
Structures and buildings	50 – 10	2 – 10
Fixed plant	20 – 10	5 – 10
Distribution meters	10	10
Office furniture, fittings and equipment	10 – 5	10 – 20
Mobile plant and equipment	5	20
Motor vehicles	5	20
Computer equipment	3	33

The accounting records for mains analyse expenditure by reference to the year in which it was incurred without identifying individual items of expenditure.

The historical cost depreciation charge is inadequate to provide for the replacement of fixed assets, therefore, to meet this future expenditure; an annual transfer is made to the general reserve.

States of Guernsey Water Board

Notes to the financial statements - continued

1. Principal accounting policies - continued

Revenue

Operating revenue includes the estimated value of unbilled supplies as at 31 December 2003 amounting to £430,830 (2002: £406,517) calculated by reference to the value at which supplies will be invoiced. This total estimated value of unbilled supplies is included in debtors.

Deferred income

Deferred income relates to income levied for service charges in advance of supply.

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Board benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

2. Net surplus on other trading activities before management expenses and depreciation

	2003	As restated 2002
	£	£
Mains and service laying trading account (a):		
Charges for capital works (b)	279,388	302,629
Charges for maintenance works	164,118	124,609
Charges for other works	<u>141,786</u>	<u>103,283</u>
	585,292	530,521
Expenditure	<u>(421,028)</u>	<u>(379,463)</u>
Contribution to management expenses and depreciation	164,264	151,058
Miscellaneous income:		
Standard charges for service laying	299,280	176,421
Charges for work at ascertained cost	54,323	27,456
Property rental income	63,798	18,468
Stores issues	<u>525,393</u>	<u>453,729</u>
	942,794	676,074
Expenditure	<u>(722,437)</u>	<u>(551,794)</u>
Contribution to management expenses and depreciation	<u>220,357</u>	<u>124,280</u>
Net surplus on other trading activities before management expenses and depreciation	<u>384,621</u>	<u>275,338</u>

States of Guernsey Water Board

Notes to the financial statements - continued

2. Net surplus on other trading activities before management expenses and depreciation – continued

- (a) The Board operates a trading account for the provision of fully inclusive mains and services laying teams. This enables the Board to manage the costs of direct labour by charging a standard hourly rate irrespective of whether the work relates to a department within the Board or to an external consumer.
- (b) Charges for capital works include some works partly or wholly financed by consumer contributions as stated in the additional information to the financial statements.

3. Net interest receivable

	2003		2002	
	£	£	£	£
Interest income:				
Consolidated sinking fund (note 6)	9,277		-	
Deposit & business accounts	<u>27,103</u>		<u>90,107</u>	
		36,380		90,107
Interest expense:				
Loans		<u>(5)</u>		<u>(8,552)</u>
		<u>36,375</u>		<u>81,555</u>

4. Depreciation

	2003		2002	
	£	£	£	£
Depreciation charge for the year (note 5)	1,022,364		831,517	
Net surplus on sale or scrap of moveable fixed assets	<u>(15,952)</u>		<u>(4,878)</u>	
		1,006,412		826,639
Transfer to general reserve (note 9)		<u>493,588</u>		<u>673,361</u>
		<u>1,500,000</u>		<u>1,500,000</u>

The transfer to the general reserve is required because the provision for depreciation under the historic cost convention is inadequate to meet the future replacement cost of assets.

5. Tangible fixed assets

	1 January 2003	Additions	Disposals	31 December 2003
	£	£	£	£
<i>Cost</i>				
Dam	309,360	-	-	309,360
Mains	19,643,300	1,703,126	-	21,346,426
Land and quarries	2,555,165	118,323	-	2,673,488
Structures and buildings	3,034,355	285,962	-	3,320,317
Fixed plant	4,107,780	891,866	-	4,999,646
Distribution meters	1,165,420	62,241	-	1,227,661
Office furniture, fittings and equipment	512,976	147,950	-	660,926
Mobile plant and equipment	380,039	30,842	687	410,194
Motor vehicles	<u>602,389</u>	<u>140,883</u>	<u>128,554</u>	<u>614,718</u>
	<u>32,310,784</u>	<u>3,381,193</u>	<u>129,241</u>	<u>35,562,736</u>

States of Guernsey Water Board

Notes to the financial statements - continued

5. Tangible fixed assets - continued

	1 January 2003 £	Charge for the year £	Disposals £	31 December 2003 £
<i>Depreciation</i>				
Dam	152,234	3,343	-	155,577
Mains	3,532,197	342,560	-	3,874,757
Structures and buildings	836,236	61,506	-	897,742
Fixed plant	2,049,967	285,023	-	2,334,990
Distribution meters	874,075	116,542	-	990,617
Office furniture, fittings and equipment	337,065	78,431	-	415,496
Mobile plant and equipment	257,376	34,142	687	290,831
Motor vehicles	<u>369,121</u>	<u>100,817</u>	<u>124,903</u>	<u>345,035</u>
	<u>8,408,271</u>	<u>1,022,364</u>	<u>125,590</u>	<u>9,305,045</u>
Net book value	<u>23,902,513</u>			<u>26,257,691</u>

Some properties have been identified by the Board as assets surplus to the Board's requirements. These properties have a negligible net book value. The Board is proposing to sell these properties with an estimated value of £495,000 as the opportunity arises.

6. Consolidated sinking fund – contributions and interest

	2003 £	2002 £
Balance brought forward at 1 January	226,508	226,508
Net appreciation in value of sinking fund investment	27,213	-
Interest received in sinking fund (note 3)	9,277	-
Loan total to repay	(243,200)	-
2002 half year interest	(4,280)	-
Transferred to accruals	1,569	-
Transferred to deposit account	<u>(17,087)</u>	<u>-</u>
Balance carried forward at 31 December	<u>-</u>	<u>226,508</u>

The consolidated sinking fund contributions and interest comprises funds held by the States Treasury on behalf of the Board. These funds were invested by the States Treasury and any gains or losses were passed on to the Board. During 2002 the Board decided to redeem all outstanding loans with effect from 1 January 2003.

7. Debtors and prepayments

	2003 £	2002 £
Estimated value of unbilled supplies	430,830	406,517
Consumers' accounts outstanding	352,355	391,927
Other debtors and prepayments	<u>87,845</u>	<u>57,405</u>
	<u>871,030</u>	<u>855,849</u>

States of Guernsey Water Board

Notes to the financial statements - continued

8. Creditors: amounts falling due within one year

	2003 £	2002 £
General creditors	425,668	295,096
Deferred income	<u>346,603</u>	<u>174,619</u>
	<u>772,271</u>	<u>469,715</u>

9. Reserves

	General Reserve £	Revenue Account £	Total £
Balance 1 January 2003	6,742,149	19,132,209	25,874,358
Surplus for the year	-	1,622,454	1,622,454
Provision for future replacement of assets (note 4)	<u>493,588</u>	<u>(493,588)</u>	<u>-</u>
Balance 31 December 2003	<u>7,235,737</u>	<u>20,261,075</u>	<u>27,496,812</u>

The general reserve is required to fund the asset base of the Board (note 4).

10. Reconciliation of operating surplus to net cash inflow from operating activities

	2003 £	2002 £
Operating surplus for the year	1,586,079	1,663,847
Net appreciation in value of sinking fund investment	(27,213)	-
Depreciation charges and surplus on sale or scrap of moveable fixed assets (notes 4 and 5)	1,006,412	826,639
Decrease/(increase) in stock	53,043	(61,663)
(Increase)/decrease in debtors and prepayments	(15,181)	43,815
Increase/(decrease) in creditors due within one year	<u>302,556</u>	<u>(164,930)</u>
Net cash inflow from operating activities	<u>2,905,696</u>	<u>2,307,708</u>

11. Reconciliation of net cash flow to movement in net funds

	£
Increase in cash in the year	49,743
Net decrease in balances with States Treasury	(458,741)
Cash to repay loans	<u>243,200</u>
Change in net funds	(165,798)
Net funds at 1 January 2003	<u>790,864</u>
Net funds at 31 December 2003	<u>625,066</u>

States of Guernsey Water Board

Notes to the financial statements - continued

12. Analysis of changes in net funds

	At 1 January 2003 £	Cash flows £	At 31 December 2003 £
Cash at bank and in hand	201,255	49,743	250,998
Cash held with States Treasury	<u>832,809</u>	<u>(458,741)</u>	<u>374,068</u>
	1,034,064	(408,998)	625,066
Debt due after more than one year	<u>(243,200)</u>	<u>243,200</u>	<u>-</u>
Total	<u>790,864</u>	<u>(165,798)</u>	<u>625,066</u>

13. Pension Fund

The employees of the States of Guernsey Water Board are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme, funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2001 indicated that a surplus existed. However, the contribution rate to the Fund was increased with effect from 1 January 2003 from 8.25% to 8.35%. Employees contribute at a rate of 6%. The surplus is being amortised over the expected service lives of all the employees within the scheme.

Further details relating to the funding of the Superannuation Scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

The total amount of superannuation contributions for the year ended 31 December 2003 was £148,461 (2002: £133,075) which were all paid during the year.

Whilst the Board continues to account for its defined benefit pension obligations under Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", the following additional information has been provided to satisfy the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits". As the scheme is a multi employer arrangement, the Board is unable to identify its share of underlying assets and liabilities of the scheme or the implications of the surplus on the Board, as required by Financial Reporting Standard 17.

14. Commitments

Commitments at 31 December for which no provision has been made in these financial statements were as follows:

	2003 £	2002 £
Revenue contracted	119,461	17,868
Capital contracted	<u>3,096,908</u>	<u>83,286</u>
	<u>3,216,369</u>	<u>101,154</u>

States of Guernsey Water Board

Notes to the financial statements - continued

15. General and Financial Management

Included in the General and Financial Management is an amount paid for audit fees of £4,952.

16. Related party transactions

After making appropriate enquiries in accordance with Guidance Notes issued by the States Treasurer on 27 March 1996, the Board are of the opinion that there have been no related party transactions in the current or preceding financial years.

Of the States Water Board's annual income and expenditure, less than 20% of their respective value is due to transactions with other States entities.

17. Statement of control

The States Water Board is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the States Water Board has been delegated to the members of the Board who have been appointed by the States of Guernsey.

States of Guernsey Water Board

Additional information

The additional information has been prepared from the accounting records of the Board. While it does not form part of the financial statements, it should be read in conjunction with them and the auditors' report thereon.

States of Guernsey Water Board Fixed asset additions during 2003

	£	£
Water distribution		
Rehabilitation of mains		
Preparatory works for future contracts and completion of previous contracts	45,062	
2003 mains rehabilitation programme	<u>1,053,215</u>	
Total rehabilitation of mains	<u>1,098,277</u>	
Renewal of mains		
Longstore – Weighbridge Roundabout, St Peter Port	333,898	
Les Gres, La Forge, Bouillion Road, St Andrews	14,949	
Replacement of mains by insertion of structural lining:		
Le Pollet, St Peter Port	40,577	
L'hyvreuse Avenue, St. Peter Port	16,067	
Sohier Road, Vale	10,378	
Other replacements	12,468	
Other minor renewals	<u>640</u>	
Total renewal of mains	<u>428,977</u>	
Extension of Mains and General Distribution		
Mains requisitioned by customers	76,763	
Purchase and installation of Meters	62,241	
Rationalisation of Mains	<u>24,721</u>	
Total Extension of Mains and General Distribution	<u>163,725</u>	
Total Water Distribution		1,690,979
Water Resources		
Gantry and safety fencing, Juas Reservoir	41,225	
Side slope stabilisation etc, St Andrew Quarry	279,731	
Electricity sub-station & pump starter house, St. Andrew reservoir	19,795	
Security fencing, St Andrew reservoir	66,732	
Chamber and pipework, Longue Hougue Reservoir	85,887	
Sundry renewals and other schemes in progress	<u>30,731</u>	
Total Water Resources		524,101
Water Treatment		
Upgrading, St Saviour Water Treatment Works	672,980	
Cleaning tanks, pipework etc, Forest Road Reservoir and Tower	29,659	
Cleaning tank, security etc, Frie Plaidy, Castel	6,537	
SCADA / Instrumentation	<u>13,612</u>	
Total Water Treatment		<u>722,788</u>
Carried Forward		2,937,868

States of Guernsey Water Board

Fixed asset additions during 2003

	£	£
Brought forward		2,937,868
Capital expenditure for general purposes		
Main site development, St Andrew Reservoir	141,917	
Motor vehicles	140,883	
Computer projects	112,177	
Mobile plant & equipment	31,336	
Renovating Brickfield House, St Andrew Reservoir	28,866	
Office furniture and equipment	<u>8,795</u>	
Total General		<u>463,974</u>
Gross Total Capital Expenditure		3,401,842
Less: Consumers' contributions to capital mains		<u>(20,649)</u>
Fixed Asset Additions		3,381,193
Sale of vehicles and equipment – net proceeds		<u>(19,602)</u>
Net Fixed Asset Additions		<u>3,361,591</u>

The States are asked to decide:-

Whether they are of the opinion to approve:-

(1) the following Accounts for the year 2003-

1. States Advisory and Finance Committee;
2. States Agriculture and Countryside Board;
3. States Arts Committee;
4. States Board of Administration;
5. States Board of Health;
6. States Board of Industry;
7. States Cadastre Committee;
8. States Children Board;
9. States Civil Defence Committee;
10. States Civil Service Board;
11. States Education Council;
12. States Gambling Control Committee;
13. Guernsey Social Security Authority;
14. States Heritage Committee;
15. States Committee for Home Affairs;
16. States Committee for Horticulture;
17. States Housing Authority
18. States Income Tax Authority;
19. Island Development Committee;
20. Island Reception Committee;
21. States Liberation Celebrations Committee;
22. States Overseas Aid Committee;
23. States Probation Service Committee;
24. States Public Assistance Authority;
25. States Public Thoroughfares Committee;
26. States Recreation Committee;
27. States Sea Fisheries Committee;
28. States Traffic Committee;
29. States Tourist Board;
30. States Transport Board;
31. Committees' Capital Income and Expenditure;
32. Miscellaneous Accounts;
33. States Agriculture and Countryside Board – Dairy Trading Account;
34. Alderney Airport;
35. States Board of Administration as respects the Ports;
36. States Water Board.

(2) To appoint the firm of KPMG Channel Islands Limited as auditors of all States accounts for the year ending 31 December, 2004.

APPENDICES

AUDITORS' REPORT TO THE BOARD OF ELIZABETH COLLEGE - GUERNSEY

We have audited the financial statements of Elizabeth College which comprise the revenue account, statement of total recognised gains and losses, balance sheet, cash flow statement, related notes 1 to 11 and the detailed revenue account which have been prepared in accordance with the accounting policies set out therein.

Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Directors and auditors

The Board of Directors is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the revenue surplus or deficit of the College for that period and are in accordance with applicable laws. In preparing those financial statements the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue its operations.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College. The Board of Directors is also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed. In this matter we draw particular attention to notes 1(b) and 3 to the financial statements:

Notes 1(b) and 3 to the financial statements explain that the historic main College buildings and playing fields are not included in fixed assets; that the costs of furniture and equipment and of minor improvements and maintenance to all buildings and grounds are written off through the revenue account when incurred; and that no depreciation is provided for on other freehold properties as it is the College's policy to maintain the properties in such a condition that the estimated residual values are at least equal to their book values. We concur with these accounting policies.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the grant-aided sector of the College as at 31 August 2003 and of its revenue surplus for the year then ended.

BDO GUERNSEY LIMITED

CHARTERED ACCOUNTANTS
Elizabeth House
Guernsey

15 January 2004

**ELIZABETH COLLEGE - GUERNSEY
REVENUE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2003

	Note		2002
INCOME	2		
States Block Grant			
- relating to the current academic year		1,672,954	1,673,975
- relating to the previous academic year		7,425	-
Fees receivable		1,442,951	1,244,573
Sundry income		100,213	74,426
		<hr/>	<hr/>
		3,223,543	2,992,974
 EXPENDITURE			
School and departmental expenses	2,268,497		2,187,721
Youth training expenses	10,790		7,885
Administrative expenses	554,124		527,146
Maintenance of buildings and grounds	356,231		260,663
		<hr/>	<hr/>
		(3,189,642)	(2,983,415)
 OPERATING SURPLUS	2	33,901	9,559
Interest receivable		11,796	5,660
Interest payable		(5,000)	(417)
 REVENUE SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO CAPITAL ACCOUNT	7	<hr/>	<hr/>
		£ 40,697	£ 14,802

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the revenue surplus for the financial year.

A statement of movements on reserves is included in note 7 to the financial statements.

The notes 1 to 11 form an integral part of these financial statements.

ELIZABETH COLLEGE – GUERNSEY**BALANCE SHEET****31 AUGUST 2003**

	Note		2002
FIXED ASSETS			
Tangible assets	3	2,383,291	2,383,291
CURRENT ASSETS			
Stock		5,444	7,255
Debtors	4	560,906	705,498
Cash at bank and in hand		117,989	77,316
		<hr/>	<hr/>
		684,339	790,069
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Sundry creditors	5	(308,074)	(444,501)
		<hr/>	<hr/>
NET CURRENT ASSETS		376,265	345,568
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,759,556	2,728,859
CREDITOR – AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR	6	(90,000)	(100,000)
		<hr/>	<hr/>
		£ 2,669,556	£ 2,628,859
		<hr/>	<hr/>
REPRESENTED BY:-			
RESERVES	7		
Capital account		2,494,556	2,353,859
Maintenance reserve		175,000	275,000
		<hr/>	<hr/>
		£ 2,669,556	£ 2,628,859
		<hr/>	<hr/>

APPROVED BY THE BOARD OF DIRECTORS*K Paul Mellor*

Chairman

15 January 2004

The notes 1 to 11 form an integral part of these financial statements.

ELIZABETH COLLEGE – GUERNSEY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2003

	Note		2002
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	8	(33,919)	68,226
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	6,639		14,910
Interest paid	(4,500)		-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2,139	14,910
INVESTING ACTIVITIES			
Amounts repaid by/(advanced to) non grant-aided sector	72,453	(190,383)	
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		72,453	(190,383)
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		40,673	(107,247)
FINANCING			
Loan from States Recreation Committee		-	100,000
INCREASE/(DECREASE) IN CASH FOR THE YEAR		£ 40,673	£ (7,247)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash for the year		40,673	(7,247)
Cash at bank and in hand at 1 September 2002		77,316	84,563
Cash at bank and in hand at 31 August 2003		£ 117,989	£ 77,316

The notes 1 to 11 form an integral part of these financial statements.

ELIZABETH COLLEGE – GUERNSEY

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2003

1. ACCOUNTING POLICIES

(a) CONVENTION

These financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the Board of Directors has adopted within that convention are set out below.

(b) TANGIBLE FIXED ASSETS AND DEPRECIATION

As referred to in note 3, the historic main College buildings and playing fields are not included in fixed assets. No depreciation is provided on other freehold properties as it is the College's policy to maintain the properties in such a state of repair that the estimated residual values are at least equal to the properties' book values.

Maintenance expenditure and the costs of minor improvements to all buildings and grounds are written off through the revenue account when incurred. Expenditure on furniture and equipment is also written off through the revenue account when incurred.

(c) PRIZE FUNDS AND BEQUESTS

Prize funds and other charitable bequests are not included in these financial statements as they do not constitute part of the day-to-day activities of the College.

(d) REVENUE RECOGNITION

Fee income is recognised as receivable on the first day of each term for which pupils are enrolled. The element of the States Block Grant relating to scholars' fees is recognised on the same basis as fee income; the element relating to the reimbursement of teachers' employment costs is recognised on the same basis as the expenditure on the related costs. All other income is recognised on an accruals basis.

2. INCOME AND OPERATING SURPLUS

The College's income and operating surplus derive wholly from continuing activities.

3. TANGIBLE FIXED ASSETS

The historic College buildings, being those situated at the College's original site situated in the Grange and in College Street, and the College Field playing fields and pavilion at Kings Road, were gifted to the College at no cost. No value is attributed to these assets within the total value of tangible fixed assets included in the balance sheet.

In choosing to exclude these assets, the Board of Directors has taken advantage of the exemptions available within Statement of Recommended Practice No. 2 – Accounting by Charities, as the assets are considered to be inalienable (in other words assets which the College is prohibited by virtue of its statutes from disposing of) and it would not be possible to determine a current market valuation without incurring significant expenditure.

Other College buildings are included in the financial statements at cost. These buildings comprise the modern buildings on the main College site off the Grange and the modern changing room and groundsmen's buildings at the College Field.

ELIZABETH COLLEGE – GUERNSEY

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2003

3. TANGIBLE FIXED ASSETS (continued)

The policy of the Board of Directors is that all College properties should be maintained to the highest standards, such that the useful economic life of all properties is considered to be in excess of 50 years. The Board also considers that the aggregate residual value of those College properties which are included within the financial statements at cost is in excess of their aggregate cost, and therefore no depreciation has been provided on freehold property. In accordance with the requirements of Financial Reporting Standard No. 15 - Tangible Fixed Assets, the Board carries out annual impairment reviews to ensure that the carrying value of the College's freehold properties is not greater than their value in use or net realisable value.

As an indication of the relative value of the College's freehold property assets, and the values at which they are included within the financial statements, the following table sets out (a) the cost values at which the properties are included within the accounts and (b) their current insurance values, updated from January 1998 when the properties were last valued for insurance purposes by a qualified Quantity Surveyor. All figures exclude land.

	<i>Cost</i>	<i>Insurance Valuation</i>
Main College site		
- Historic buildings	-	9,700,000
- Modern buildings	2,318,451	12,400,000
College Playing Fields		
- Old pavilion	-	285,000
- Modern buildings	64,840	370,000
	<hr/>	<hr/>
	£ 2,383,291	£ 22,755,000
	<hr/>	<hr/>

4. DEBTORS

2002

Amounts due within one year

Fee debtors	11,125	10,961
Accrued income	9,599	4,442
Current account – College non-grant aided sector	447,681	520,134
Other debtors and prepayments	39,441	116,901
	<hr/>	<hr/>
	507,846	652,438

Amounts due after more than one year

Loan account – College non-grant aided sector	53,060	53,060
	<hr/>	<hr/>
	£ 560,906	£ 705,498
	<hr/>	<hr/>

The current account is interest free, unsecured and repayable upon demand.

The loan account is interest free and unsecured. The loan relates to financial assistance provided by the grant-aided sector of the College in connection with the conversion of the non-grant aided sector's property at King's Road for use as staff accommodation to be occupied by teaching staff employed by the grant-aided sector. It is intended that the loan be repaid out of future rental income arising from the use of the property as teaching staff accommodation.

ELIZABETH COLLEGE - GUERNSEY

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2003

**5. CREDITORS – AMOUNTS FALLING
DUE WITHIN ONE YEAR**

2002

Trade creditors	178,112	278,161
Loan – States of Guernsey Recreation Committee (note 6)	10,000	-
Other creditors and accruals	119,962	166,340
	<hr/>	<hr/>
	£ 308,074	£ 444,501
	<hr/>	<hr/>

**6. CREDITORS – AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

Loan – States of Guernsey Recreation Committee

Repayable by instalments:

- Due within five years	40,000	40,000
- Due after more than five years	50,000	60,000
	<hr/>	<hr/>
	£ 90,000	£ 100,000
	<hr/>	<hr/>

The loan was advanced to the College in connection with the replacement of the artificial sports surface at Memorial Field. The loan bears interest at a rate of 5% and is repayable in equal capital instalments over 10 years from 31 December 2003. The loan is secured by a registered bond in the sum of £100,000 over the Acorn House premises, Kings Road, which forms part of the fixed assets of the non-grant aided sector of the College.

7. RESERVES

	<u>Capital Account</u>	<u>Maintenance Reserve</u>	<u>Total</u>
Balance at 1 September 2002	2,353,859	275,000	2,628,859
Transfer from revenue account	40,697	-	40,697
Transfer from Maintenance Reserve to Capital Account	100,000	(100,000)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2003	£ 2,494,556	£ 175,000	£ 2,669,556
	<hr/>	<hr/>	<hr/>

**8. RECONCILIATION OF OPERATING DEFICIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

2002

Operating surplus	33,901	9,559
Decrease/(increase) in stock	1,811	(1,342)
Decrease/(increase) in operating debtors	77,296	(69,813)
(Decrease)/increase in operating creditors	(146,927)	129,822
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	£ (33,919)	£ 68,226
	<hr/>	<hr/>

ELIZABETH COLLEGE – GUERNSEY NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2003

9. PENSION COSTS

The employees of Elizabeth College are members of the States of Guernsey Superannuation Scheme. This is a defined benefit pension scheme, funded by contributions from both employer and employee, at rates which are determined on the basis of actuarial advice and which are calculated to spread the expected costs of benefits to employees over the period of those employees' expected working lives.

The States of Guernsey Superannuation Scheme is a multi-employer scheme and the level of contributions made to the scheme by each employer will be affected by actuarial risks relating to the employees of other employers. It is also not possible for the underlying pension assets and liabilities within the Scheme relating to the employees of Elizabeth College to be determined on a reasonable and consistent basis. The Board of Directors have therefore taken advantage of the exemption available under paragraph 9(b) of Financial Reporting Standard No. 17 – Retirement Benefits from the requirement to make the full disclosures that would normally apply to an employer operating a defined benefits scheme on behalf of its employees.

The total amount of superannuation contributions payable for the year ended 31 August 2003 was £339,600 (2002 : £332,952). At 31 August 2003 the amount of outstanding contributions not paid over to the Scheme was £62,485 (2002 : £172,121).

The last actuarial valuation of the Scheme was conducted at 31 December 2001. At that date the actuarial value of the assets relating to the "Teachers pool" within the overall Scheme represented 102.6% of the actuarial valuation of the liabilities relating to that group. The current rate of the employer's contributions in respect of teachers is 13.5% of pensionable salary.

At 31 December 2001 the actuarial value of the assets relating to the "Public servants pool" within the overall Scheme, to which the College's administration and teaching ancillary staff belong, represented 115.7% of the actuarial valuation of the liabilities relating to that group. The current rate of the employer's contributions in respect of administration and teaching ancillary staff is 7.35% of pensionable salary.

Further details relating to the funding of the superannuation scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

10. CONTROLLING PARTY

Throughout the year the College was under the control of the Board of Directors acting in concert. In the opinion of the Board of Directors there is no controlling party as defined by Financial Reporting Standard No. 8 - Related Party Disclosures, as no party has the ability to direct the financial and operating policies of the College with a view to gaining economic benefits from their direction.

11. RELATED PARTY TRANSACTIONS

The College operates a central accounting system administered by the Bursar which covers both the grant-aided and non grant-aided sectors of the College's activities. All operating receipts and all operating expenditure related to the College's activities, whether related to the grant-aided sector or otherwise, pass through common bank accounts, all of which are included in the balance sheet within these financial statements. The net movement arising from cash transactions relating to non-grant aided activities is disclosed in the cash flow statement as a movement on a notional current account operated between the two sectors. At each year-end the account balances within the central accounting system, including individual debtor and creditor account balances, are allocated as appropriate into the financial statements of the different sectors.

During the year ended 31 August 2003 an amount of £26,250 (2002: £25,000) has been charged from the grant-aided sector of the College to the non grant-aided sector in relation to the employment expenses of administrative and accounting staff, a proportion of whose duties relate solely to the non grant-aided sector of the College's activities.

ELIZABETH COLLEGE – GUERNSEY**DETAILED REVENUE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2003**

INCOME	2003	2002
States Block Grant		
- relating to the current academic year	1,672,954	1,673,975
- relating to the previous academic year	7,425	-
Fees receivable	1,442,951	1,244,573
Hire of facilities	90,185	57,153
Other income	10,028	17,273
	<hr/>	<hr/>
	3,223,543	2,992,974
	<hr/>	<hr/>
EXPENDITURE		
SCHOOL AND DEPARTMENTAL EXPENSES		
Teachers' salaries	1,713,645	1,635,017
Teachers' superannuation	206,768	207,851
Teaching ancillary salaries and superannuation	98,116	97,903
Departmental expenses	200,203	206,311
Other school expenses	20,128	16,319
Examination fees	29,637	24,320
	<hr/>	<hr/>
	2,268,497	2,187,721
	<hr/>	<hr/>
YOUTH TRAINING EXPENSES	10,790	7,885
	<hr/>	<hr/>
ADMINISTRATIVE EXPENSES		
Services	173,899	167,941
Administration salaries and superannuation	186,473	170,439
School administration	37,831	31,947
General expenses	81,590	78,681
Rates, insurance and taxes	61,107	61,525
Discounts given	33,427	31,628
Audit and accountancy	5,970	6,335
Bad debts	77	3,650
Recharge to non grant-aided sector	(26,250)	(25,000)
	<hr/>	<hr/>
	554,124	527,146
	<hr/>	<hr/>
MAINTENANCE OF BUILDINGS AND GROUNDS		
Maintenance of playing fields	72,558	69,339
Maintenance of other areas	182,899	191,324
Replacement of artificial sports surface at Memorial Field	172,924	-
Less: donations received	(72,150)	-
	<hr/>	<hr/>
	100,774	-
	<hr/>	<hr/>
	356,231	260,663
	<hr/>	<hr/>
OPERATING SURPLUS	£ 33,901	£ 9,559
	<hr/>	<hr/>

States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance Year ended 31 December 2003

Financial highlights

The Guernsey Insurance Fund had an operating surplus of £9.4m (2002: £9.5m). In addition to the operating surplus, net income from investments increased by 7.8% to £9.7m (2002: £9.0m).

During the year, contribution income grew by 6.2% to £46.5m (2002: £43.7m), with the economy remaining buoyant but with only a marginal increase in the number of people working in Guernsey and Alderney. Contribution growth also showed signs of slowing compared with the previous two years which recorded annual increases of around 8%.

The largest economic sector remains the financial sector, which accounts for a quarter of the employed population and represents 30% of the total income received from employers and employees.

Benefit expenditure increased by 7.9% to £60.7m, which includes the 5% general increase in benefit rates. The number of new claims processed by the staff during the year increased to 22,471 (2002: 21,361). At the year-end there were 14,522 (2002: 14,157) benefit claims in payment, of which 87% were to people in receipt of old age pension.

In its annual benefit uprating proposals (Billet d'Etat XXI of 2003) the Authority pursued for the second year in succession the strategy of strengthening the single rate of old age pension relative to the increase of pension in respect of a dependant wife. This strategy is supported by the States as an active measure in combating single pensioner poverty. The effect on the Fund is, however, material, with a 2.6% increase in the number of pensioners in 2003, expenditure topped £50m, a 8.5% increase.

With net assets of £365m (2002: £301m), expenditure cover increased from 5.1 years to 5.8 years, but still lower than that recorded in the late 1990s of over 7 years cover. The increase was attributable to a recovery in world markets during the year, with the Fund's investment portfolio (including cash invested but excluding investment property) valued at £329m (2002: £271m) but still short of the £359m recorded in January 2001.

Activities during 2003

The Authority's policy initiatives in 2003 centred on reform of the social insurance scheme for gender equality. On 30 April 2003 (Billet d'Etat V of 2003), the States approved the most significant reforms of the scheme since it became compulsory in 1965. Gender equality is achieved in the main through an individualisation of rights and obligations under the scheme and through gender-neutral survivors' benefits. The obligations include the abolition of the reduced percentage rate contributions available to married women, meaning that from 1 January 2004 all contributors pay at the full percentage rate applicable to their classification.

A new type of contribution credit has been introduced, available to a person receiving family allowance in respect of a child under 16.

The reforms include withdrawal of increases of benefit for adult dependants and child dependants over time periods which have regard to the nature of the benefit concerned.

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

**Statement of activities and performance - continued
Year ended 31 December 2003**

Activities during 2003 - continued

The reforms also include re-naming widow's pension as bereavement allowance and limiting its payment period to a maximum of one year. Survivor's grant has been re-named bereavement payment and can now be claimed after the age of 65, which is where most deaths occur.

Due regard has been given to the reasonable expectations for old age pension of married women who have been paying a reduced rate contribution, reliant on the derived right of their husbands' records. This has been addressed through transitional regulations. The reforms and attendant publicity have raised public awareness about state pension provision and the Authority's staff have processed several hundred pension estimates.

The Social Insurance (Guernsey) (Amendment) Law, 2003, giving effect to the gender equality reforms was registered on 1 December 2003. The impact of the changes will begin to appear in the financial accounts from 2004 onwards, most obviously through the increased contribution income, but also through slowly increasing benefit expenditure as the extra contributions and credits give rise to entitlements.

The Government Actuary's Department review the level of the States Grant to the Fund from general revenue and recommended that it should decrease from 57% of contribution income to 50% of contribution. The States approved legislation to give effect to this change from 1 January 2004.

The Authority's technological migration project recommenced in April 2003. The full range of benefits is scheduled to be migrated from the mainframe system and operational on a client-server system early in 2005.

Future developments

For the Guernsey Insurance Fund, the Authority's focus in 2004 will be a consolidation of the gender equality reforms and working through some of the short-term transitional provisions.

Work on the technological migration of the computer systems from mainframe to server platforms will continue throughout 2004 and will call upon considerable in-house resources for detailed system analysis and acceptance testing.

In consequence of the review of the machinery of government in Guernsey, from 6 May 2004 all functions of the Guernsey Social Security Authority will transfer to the Social Security Department. The Social Security Department will be constituted of a Minister and four ordinary members.

States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance - continued
Year ended 31 December 2003

Statistics

Benefits	No of claimants as at:		No of new cases during the year	
	31/12/03	31/12/02	2003	2002
Old Age Pension	12,687	12,360	1,132	1,034
Widows Benefits	490	498	109	161
Invalidity Benefit	605	583	314	347
Sickness Benefit	236	227	11,272	10,509
Unemployment Benefit	109	94	1,186	988
Travel Allowance Grant	N/A	N/A	5,500	5,582
Limited Medical Benefit	N/A	N/A	5	1
Industrial Medical Benefit	N/A	N/A	1,627	1,587
Industrial Injury Benefit	27	16	206	192
Industrial Disablement Benefit	269	258	19	12
Maternity Allowance	98	120	417	360
Maternity Grant	N/A	N/A	203	187
Death Grant	N/A	N/A	481	401
Guardian's Allowance	0	0	0	0
Child's Special Allowance	1	1	0	0
Total	14,522	14,157	22,471	21,361

Number of contributors (as at week 36)

	2003	2002	2001	2000	1999
Employers	2,503	2,490	2,537	2,612	2,695
Employed					
Male	15,283	15,283	14,984	14,836	14,688
Female	13,783	13,671	13,360	13,560	13,509
	29,066	28,954	28,344	28,396	28,197
Self-employed	3,470	3,425	3,454	3,458	3,421
Non-employed	3,982	5,024	5,116	5,199	5,026
Total	36,518	37,403	36,914	37,053	36,644

From the beginning of 2001, the Earnings Threshold was removed and Non-reckonable contributions were no longer collected from contributors' earnings between the Earnings Threshold and the Lower Earnings Limit.

States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance - continued
Year ended 31 December 2003

Contribution rates

	2003	2002	2001	2000	1999
Employers	4.1%	4.1%	4.1%	4.1%	4.1%
Employed					
Full rate	3.2%	3.2%	3.2%	3.2%	3.2%
Reduced rate	0.5%	0.5%	0.5%	0.5%	0.5%
Self-employed	6.3%	6.3%	6.3%	6.3%	6.3%
Non-employed	5.7%	5.7%	5.7%	5.7%	5.7%

Note: These rates are additional to the contribution rates applicable to the Guernsey Health Service Fund and Long-term Care Insurance Fund which are specified in the accounts of those funds.

Five-year performance

	2003 £	2002 £	2001 £	2000 £	1999 £
Income	72,936,378	68,670,165	63,737,145	58,784,596	55,469,821
Expenditure	63,498,363	59,134,342	55,554,292	52,849,823	49,634,653
Operating surplus	9,438,015	9,535,823	8,182,853	5,934,773	5,835,168
Investments					
Property	7,550,000	7,950,000	7,540,000	8,070,000	8,060,000
Cash invested	18,261,034	18,042,113	19,646,987	21,608,092	23,130,836
Listed investments and accrued income	311,229,231	252,613,156	299,695,028	331,243,418	323,898,484
	337,040,265	278,605,269	326,882,015	360,921,510	355,089,320
Investment performance					
Investment income	9,681,023	8,980,282	10,039,381	10,041,816	11,013,468
Realised gains/(losses)	151,693	(14,284,583)	1,855,151	12,558,096	9,180,735
Unrealised gains/(losses)	44,393,336	(51,739,802)	(42,321,955)	(20,489,353)	31,995,793
Impairment of investments	-	-	(5,467,793)	-	-
Total return on investments	54,226,052	(53,044,103)	(35,895,216)	(2,110,559)	52,189,996
Expenditure cover					
Reserves	364,635,202	301,371,135	348,469,415	376,711,778	368,656,446
Expenditure	63,498,363	59,134,342	55,554,292	52,849,823	49,634,653
Number of years cover	5.8	5.1	6.3	7.1	7.4

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance - continued
Year ended 31 December 2003

Principal officers

During 2003 principal officers were:

President	Deputy Owen Le Tissier
Vice President	Deputy Andrew Sauvarin
Authority Members	Deputy Mary Lowe Deputy Pat Robilliard (re-elected 28 May 2003) Deputy Daniel Le Cheminant Roy Le Prevost (re- elected 28 May 2003) John Guilbert
Administrator	Malcolm Nutley

States of Guernsey – Guernsey Insurance Fund

Controlled and managed by the Guernsey Social Security Authority

Statement of responsibilities for the preparation of financial statements

The Guernsey Social Security Authority (“the Authority”) is required to prepare financial statements for each financial year which give a true and fair view of the disposition of the net assets of the Guernsey Insurance Fund at the end of the financial year and of the income and expenditure of the Guernsey Insurance Fund for that period. In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Guernsey Insurance Fund and enable them to ensure that the financial statements comply with Section 100(3) of The Social Insurance (Guernsey) Law, 1978. It is also responsible for safeguarding the assets of the Guernsey Insurance Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Authority to identify and install a system of internal controls, including financial control, which is adequate for its own purposes, and to safeguard the assets of General Insurance Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The authority is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Authority’s internal financial procedures include:

- an annual budget and planning process to allocate, control and monitor the use of resources;
- a requirement to table at a meeting of the Authority;
 - the annual audit report together with the audited financial statements;
 - the annual report of observations and recommendations produced by the external auditors;
 - the annual policy and resource plan;
 - the quarterly management accounts;
- by Law, an actuarial review to determine the adequacy of the contribution rates must be undertaken at least once every five years and submitted to the Authority and the States of Guernsey;
- a regular review of the performance and security of the Guernsey Insurance Fund by the Authority and Combined Actuarial Performance Services Limited;
- a review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department; and
- a requirement for internal audit reports to be tabled at a meeting of the Authority.

The Authority strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Authority’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States of Guernsey.



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The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the Guernsey Social Security Authority

We have audited the financial statements of States of Guernsey – Guernsey Insurance Fund for the year ended 31 December 2003 which comprise the fund account, the balance sheet and the related notes 1 to 13.

Respective responsibilities of the Authority and auditors

As described in the statement of responsibilities, the Authority is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the disposition of the net assets and surplus of the Guernsey Insurance Fund and are properly prepared in accordance with its accounting policies. We also report if, in our opinion, the Authority has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements and of whether the accounting policies are appropriate to the Guernsey Insurance Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the disposition of the net assets of the Guernsey Insurance Fund as at 31 December 2003 and of its surplus for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

31 March 2004

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Fund account

for the year ended 31 December 2003

			2003		2002
	Notes	£	£	£	£
Income					
Contributions from insured persons and employers	1	46,465,499		43,749,727	
States grant	1	<u>26,470,879</u>		<u>24,920,438</u>	
			72,936,378		68,670,165
Expenditure					
Benefits payable	2	60,653,016		56,217,691	
Administration	3	4,680,375		4,620,140	
Recoveries	4	<u>(1,835,028)</u>		<u>(1,703,489)</u>	
			<u>63,498,363</u>		<u>59,134,342</u>
Operating surplus for the year			9,438,015		9,535,823
Investing activities					
Income from invested funds	5	10,138,676		9,364,385	
Investment management expenses	5	<u>(457,653)</u>		<u>(384,103)</u>	
		9,681,023		8,980,282	
Realised profit/(loss) on disposal		151,693		(14,284,583)	
Movement in unrealised gain/(loss) on investment		44,393,338		(51,739,802)	
Movement in unrealised (loss)/gain on investment property		<u>(400,000)</u>		<u>410,000</u>	
			<u>53,826,052</u>		<u>(56,634,103)</u>
Net increase/(decrease) in fund during the year			63,264,067		(47,098,280)
Net assets of the fund at 1 January 2003			<u>301,371,135</u>		<u>348,469,415</u>
Net assets of the fund At 31 December 2003			£ <u>364,635,202</u>		£ <u>301,371,135</u>

States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Balance sheet
at 31 December 2003

			2003		2002
	Note	£	£	£	£
Fixed assets					
Tangible assets	6	7,027,810		5,944,987	
Investment property	7	7,550,000		7,950,000	
Investment portfolio	8	<u>329,490,265</u>		<u>270,655,269</u>	
			344,068,075		284,550,256
Current assets					
Debtors and prepayments	9	16,718,408		15,475,163	
Balances with States Treasury		12,387,223		7,706,232	
Cash at bank and in hand		<u>334,736</u>		<u>365,193</u>	
		29,440,367		23,546,588	
Creditors: amounts falling due within one year	10	<u>(8,873,240)</u>		<u>(6,725,709)</u>	
Net current assets			<u>20,567,127</u>		<u>16,820,879</u>
Total net assets			<u>£ 364,635,202</u>		<u>£ 301,371,135</u>
Reserves			<u>£ 364,635,202</u>		<u>£ 301,371,135</u>

The financial statements were approved by the Guernsey Social Security Authority on 31 March 2004.

Signed on behalf of the Authority

Deputy O D Le Tissier
President

M Nutley
Administrator

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements

1. Accounting policies

The following accounting policies are prepared in accordance with UK accounting standards. The particular policies adopted are described below:

Accounting convention

The financial statements are prepared under the historical cost convention, adjusted by the revaluation of listed investments and investment property.

Contributions

Contributions represent the amount of cash received before 1 February of the following year in respect of the financial year ended 31 December 2003 and amounts received relating to prior financial periods not accounted for in those periods.

States grant

The grant received from the States of Guernsey is based on a fixed percentage of contributions, accounted for in the relevant period. The current rate is set at 57%.

Benefits payable

Benefits are accounted for on an accruals basis in whole weeks.

Guernsey Insurance Fund

No account is taken of future benefit entitlements.

The adequacy of the Guernsey Insurance Fund is, however, subject to actuarial review at least once every five years to determine the adequacy of contribution rates. A review for the five year period to 31 December 2003 will take place in 2004.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. The costs of computer development projects are capitalised as and when they are considered to be material on an individual project basis.

Depreciation is provided on cost at the following annual rates so as to write off the assets over their anticipated useful lives:

	Estimated life in years	Depreciation % per annum
Freehold land and buildings	80	1.75 straight line
Furniture and fittings – pre 1999	20+	10 reducing balance
Furniture and fittings – 1999 onwards	10	10 straight line
Office equipment	5	20 straight line
Computer development	7	14.29 straight line
Computer equipment and software	3	33.33 straight line

States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

1. Accounting policies – continued

Investments

Listed investments are included in the financial statements at mid-market prices ruling at the balance sheet date. Listed investments quoted in foreign currencies and foreign exchange contracts have been translated into sterling at rates of exchange ruling at the balance sheet date.

Investment property

The investment property is stated at open market value.

Investment income

Interest receivable is included in the financial statements on an accruals basis and is gross of withholding tax suffered at source.

Dividends are recognised in the financial statements when the underlying investments become ex-dividend.

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Authority benefits from the employee's services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

2. Benefits payable

	2003 £	2002 £
Old age pension	50,091,422	46,177,708
Widows	2,142,866	2,001,398
Survivor's grant	38,680	49,382
Invalidity	3,562,484	3,469,485
Sickness	1,677,993	1,601,434
Unemployment	303,627	238,601
Travel allowance grant	1,172,206	1,192,038
Limited medical	978	4,541
Industrial medical	103,812	129,727
Industrial injury	203,961	176,520
Industrial disablement	555,379	525,893
Maternity benefit	637,896	501,771
Death grant	160,889	147,554
Guardians' allowance	288	474
Child's special allowance	535	1,165
	<u>£ 60,653,016</u>	<u>£ 56,217,691</u>

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements - continued

3. Administration expenses

	2003 £	2002 £
Salaries and pension costs	3,188,849	2,891,504
Computer expenses	443,398	483,163
Administration expenses	439,629	423,056
Depreciation	364,858	411,331
Legal and professional expenses	30,979	36,524
Property expenses	197,662	187,148
Audit fee	5,500	9,025
Auditors' fees for other services	9,500	-
Previous auditors' fees for other services	<u>-</u>	<u>178,389</u>
	£ 4,680,375	£ 4,620,140

4. Recoveries

	2003 £	2002 £
Amounts received from:		
Non Contributory Services	1,200,099	1,151,200
Guernsey Health Service Fund	338,715	360,213
Long Term Care Insurance Fund	88,841	-
Other States of Guernsey entities	<u>207,373</u>	<u>192,076</u>
	£ 1,835,028	£ 1,703,489

5. Net income from invested funds

	2003 £	2002 £
Income		
Overseas interest from fixed interest securities	389,634	1,034,888
Overseas dividends from equities	1,722,451	1,298,091
Less: withholding tax suffered	(174,618)	(146,869)
UK interest from fixed interest securities	1,431,941	824,286
UK dividends from equities	5,142,174	4,558,630
Interest on short term deposits	1,011,660	1,224,347
Underwriting commission	20,949	29,883
Property rental	534,500	541,130
Miscellaneous income	<u>59,925</u>	<u>-</u>
	10,138,616	9,364,385
Expenditure		
Investment manager's fees	425,742	363,240
Property expenses	<u>31,911</u>	<u>20,863</u>
	(457,653)	(384,103)
Net income	£ 9,681,023	£ 8,980,282

States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

6. Tangible assets

	1 January 2003 £	Additions £	31 December 2003 £
<i>Cost</i>			
Freehold land and buildings	3,618,534	-	3,618,534
Furniture, fittings and office equipment	711,475	56,812	768,287
Computer equipment and software	1,754,418	96,924	1,851,342
Computer development	<u>4,852,154</u>	<u>1,293,945</u>	<u>6,146,099</u>
	<u>£ 10,936,581</u>	<u>1,447,681</u>	<u>12,384,262</u>
	1 January 2003 £	Charge for the year £	31 December 2003 £
<i>Depreciation</i>			
Freehold land and buildings	713,156	45,232	758,388
Furniture, fittings and office equipment	478,895	53,772	532,667
Computer equipment and software	1,359,148	265,854	1,625,002
Computer development	<u>2,440,395</u>	<u>-</u>	<u>2,440,395</u>
	<u>4,991,594</u>	<u>364,858</u>	<u>5,356,452</u>
Net book value	<u>£ 5,944,987</u>		<u>7,027,810</u>

Freehold land and buildings comprises Edward T Wheadon House, which was valued at 31 December 2002 by Lovell & Partners Limited, a firm of estate agents and valuers, at an open market value of £10,180,000.

Costs of £3,406,842 (2002: £2,411,745) associated with the technological migration project are included within computer development costs. No depreciation will be charged on these costs until the new system is available for use.

7. Investment property

	2003 £	2002 £
At valuation	<u>£ 7,550,000</u>	<u>£ 7,950,000</u>
At historic cost	<u>£ 3,146,034</u>	<u>£ 3,146,034</u>

The freehold property "Arnold House" was valued by Lovell & Partners Limited, a firm of estate agents and valuers, in January 2004. The property is currently let on a 42 year lease from 14 June 1989 on a full repairing and insuring basis, subject to the tenant's 21-year lease extension option.

The annual rental is £534,000 and rent reviews are to open market value every 3 years. The next review is scheduled for June 2004.

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements - continued

8. Investment portfolio

	2003		2002	
	£	£	£	£
United Kingdom Fixed interest	16,912,110		20,937,581	
United Kingdom Equities	169,863,002		140,079,616	
Overseas Fixed interest	-		17,446,519	
Overseas Equities	<u>123,889,991</u>		<u>73,169,436</u>	
		310,665,103		251,633,152
Cash balances with States				
Treasury	17,257,658		16,962,355	
Cash balances	<u>1,003,376</u>		<u>1,079,758</u>	
		18,261,034		18,042,113
Accrued income		<u>564,128</u>		<u>980,004</u>
		£ <u>329,490,265</u>		£ <u>270,655,269</u>

9. Debtors and prepayments

	2003	2002
	£	£
Contributions receivable	12,839,778	10,875,236
Benefits prepaid	1,510,204	1,509,001
Administration expenses prepaid	54,070	112,952
Recoveries due from Non Contributory Services	538,072	1,043,441
Recoveries due from Guernsey Health Service Fund	1,216,245	1,148,471
Recoveries due from Long-term Care Insurance Fund	101,456	-
Recoveries due from other States of Guernsey entities	-	284,704
Investment income	-	4,706
States grant	-	358,438
Trade debtors	<u>458,583</u>	<u>138,214</u>
	£ <u>16,718,408</u>	£ <u>15,475,163</u>

States of Guernsey – Guernsey Insurance Fund

Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Contribution payable to Guernsey Health Service Fund	4,428,230	4,492,916
Contributions payable to Long-term Care Insurance Fund	2,103,943	-
Other creditors and accruals	147,837	113,833
Bank overdraft	318,282	400,367
Trade creditors	1,720,727	1,718,593
States grant	<u>154,121</u>	<u>-</u>
	£ 8,873,240	£ 6,725,709

11. Pension Fund

The employees of the Guernsey Social Security Authority are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme, funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice, and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2001 indicated that a surplus existed. However, the contribution rate to the Fund was increased with effect from 1 January 2003 from 8.25% for 2002 to 8.35% for 2003. Employees contribute at a rate of 6%. The surplus is being amortised over the expected service lives of all the employees within the scheme.

Further details relating to the funding of the Superannuation Scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

The total amount of Superannuation contributions for the year ended 31 December 2003 was £200,768 (2002: £168,961) of which Guernsey Insurance Fund contributed £131,560 (2002: £105,755), which were all paid during the year.

Whilst the Guernsey Social Security Authority continues to account for its defined benefit pension obligations under Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", the following additional information has been provided to satisfy the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits". As the scheme is a multi employer arrangement, the Authority is unable to identify its share of underlying assets and liabilities of the scheme or the implication of the surplus on the Authority, as required by Financial Reporting Standard 17.

**States of Guernsey –
Guernsey Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements - continued

12. Related party transactions

The Authority is of the opinion that there have been no disclosable related party transactions with members and senior management in this financial year (2002: none).

Of the Authority's annual income and expenditure, less than 20% of their respective value for both 2002 and 2003 is due to transactions with other States entities, except as disclosed in notes 1, 4, 9 and 10.

13. Statement of control

The Guernsey Insurance Fund is controlled and managed by the Guernsey Social Security Authority, as required by Section 100(1) of the Social Insurance (Guernsey) Law, 1978, as amended. The members of the Guernsey Social Security Authority have been appointed by the States of Guernsey.

States of Guernsey – Non Contributory Services Controlled and managed by the Guernsey Social Security Authority

Statement of activities and performance Year ended 31 December 2003

Financial highlights

Overall, benefit expenditure decreased by 1.3% during the year to £18.52m (2002:£18.76m). The fall in expenditure is due to the introduction of the long-term care insurance scheme with approximately £1m of expenditure moving from the residential and nursing homes account, supplementary benefit to the new scheme from the second quarter of the year.

Overall, supplementary benefit expenditure decreased by 5.5% to £8.99m (2002: £9.53m) with an increase in benefit rate of 5%. In respect of residential and nursing homes, expenditure fell sharply from £1.89m in 2002 to £0.85m in 2003. However, rehabilitation costs saw a dramatic rise of 38% to £0.66m (2002: £0.48m) with a significant increase in the number of off-island referrals. Special grants increased by around 10% to £1.32m (2002: £1.21m) with major increases in costs relating to the provision of hearing aids and medical treatment.

In 2003, family allowance expenditure increased by 4% to £7.11m (2002: £6.83m). The allowance was increased by 4.2% to £11.25 per child per week with the number of children for whom the benefit was paid remaining fairly static.

Expenditure relating to attendance allowance fell slightly to £1.16m (2002:£1.19m), despite a 4% increase in the benefit rate, with the number of claimants at the year-end down 11% on 2002. The fall in both expenditure and number of claimants is largely attributed to the introduction of the long-term care insurance scheme, whereby a number of claimants previously receiving attendance allowance while resident in a private sector residential or nursing home have had that benefit stopped in accordance with the new legislation for the superseding long-term care benefits.

Invalid care allowance expenditure increased by 4% to approximately £560,000. There was a 4% increase in benefit rate in 2003 and the number of claimants at the year-end was similar to the previous year.

Concessionary television licence expenditure increased to just over £400,000, with the annual licence fee increasing by 3.6% to £116 from April 2003. The number of individuals over the age of 75 issued with a free licence increased by 5.4% to 3,562 (2002: 3,381).

The Authority makes annual grants to a number of local charities to support their provision of social welfare, the charities being specified by resolution of the States. In response to the findings of the Townsend Centre for International Poverty Research, the Authority continues to improve its support to charities by increasing the overall grant in 2003 by 8% to £162,000, focusing on pre-school playgroups which provide facilities for underprivileged children.

Activities during 2003

Throughout 2003, policy concerning non-contributory benefits continued to have regard to the findings of the Townsend Centre for International Poverty Research whose 2002 'Survey of Guernsey Living Standards' revealed high incidence of poverty among single pensioners, single parents and large families.

States of Guernsey – Non Contributory Services Controlled and managed by the Guernsey Social Security Authority

Statement of activities and performance - continued
Year ended 31 December 2003

Activities during 2003 – continued

On 26 November 2003 (Billet d'Etat XXV of 2003) the States approved an anti-poverty strategy, assigning lead responsibilities on seven action areas. The Social Security Authority, with the assistance of the Income Tax Authority, leads the action area on benefit and tax measures in the context of reducing relative poverty.

In its annual benefit uprating proposals (Billet d'Etat XXI of 2003) the Authority pursued for the second year in succession the strategy of strengthening the requirement rates for single householders (including single pensioners) relative to the rates for couples.

During 2003, the Board of Industry gave notice of the suspension of its fieldwork scheme, which has provided short-term employment opportunities for unemployed people. The suspension was part of a plan to develop a more comprehensive work scheme covering more than manual work. The Authority was keen to ensure that a scheme remained in place while the Board of Industry pursued its longer-term objective. With the assistance of the States Works Department in providing the necessary supervision of work teams, the Authority arranged for the fieldwork scheme to continue for a trial period under the new name of Community and Environmental Project. Towards the end of the year, agreement was reached between the Board of Industry and the Authority for the budget and one member of staff to transfer to the Authority with effect from 1 January 2004.

Future Developments

The Authority will continue to be one of the lead committees in formulating policy to address the poverty issue.

One of the policy issues that the Authority will consider in 2004 is whether to recommend the States to change the universal flat-rate family allowances scheme into an income-related scheme.

Work on the technological migration of the computer systems from mainframe to server platforms will continue throughout 2004 and will call upon considerable in-house resources for detailed system analysis and acceptance testing.

In consequence of the review of the machinery of government in Guernsey, from 6 May 2004 all functions of the Guernsey Social Security Authority will transfer to the Social Security Department. The Social Security Department will be constituted of a Minister and four ordinary members.

States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance - continued
Year ended 31 December 2003

Activities during 2003 – continued

Statistics

	No. of claimants as at:		No. of new cases	
	31.12.03	31.12.02	2003	2002
Supplementary Benefit	1,818	1,753	1,958	1,724
Family Allowances	6,804	6,806	567	456
Attendance Allowance	346	389	149	149
Invalid Care Allowance	212	209	98	68

Five-year performance

	2003 £	2002 £	2001 £	2000 £	1999 £
Supplementary Benefit	8,998,630	9,534,565	9,212,757	8,540,094	8,163,105
Family Allowance	7,111,995	6,831,848	6,717,691	6,474,717	6,078,813
Attendance Allowance	1,164,446	1,194,888	1,135,182	1,090,864	1,004,331
Invalid Care Allowance	562,044	539,357	535,790	528,808	512,192
Travel expenses assistance scheme	44,738	59,181	60,596	42,238	34,730
Medical expenses assistance scheme	77,112	56,199	48,863	39,533	29,009
Charitable grants	161,745	150,000	135,388	130,928	128,237

**States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance - continued
Year ended 31 December 2003

Principal officers

During 2003 principal officers were:

President	Deputy Owen Le Tissier
Vice President	Deputy Andrew Sauvarin
Authority Members	Deputy Mary Lowe Deputy Pat Robilliard (re-elected 28 May 2003) Deputy Daniel Le Cheminant Roy Le Prevost (re-elected 28 May 2003) John Guilbert
Administrator	Malcolm Nutley

States of Guernsey – Non Contributory Services

Controlled and managed by the Guernsey Social Security Authority

Statement of responsibilities for the preparation of financial statements

The Guernsey Social Security Authority (“the Authority”) is required to prepare financial statements for each financial year which give a true and fair view of the disposition of the net assets of Non Contributory Services and of the income and expenditure of Non Contributory Services for that period. In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Non Contributory Services. It is also responsible for safeguarding the assets of the Non Contributory Services and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Authority to identify and install a system of internal controls, including financial control, which is adequate for its own purposes, and to safeguard the assets of the Non Contributory Services and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The authority is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Authority’s internal financial procedures include:

- an annual budget and planning process to allocate, control and monitor the use of resources;
- a requirement to table at a meeting of the Authority;
 - the annual audit report together with the audited financial statements;
 - the annual report of observations and recommendations produced by the external auditors;
 - the annual policy and resource plan;
 - the quarterly management accounts;
- a review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department; and
- a requirement for internal audit reports to be tabled at a meeting of the Authority.

The Authority strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Authority’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States of Guernsey.



2 Grange Place
The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the Guernsey Social Security Authority

We have audited the financial statements of Non Contributory Services for the year ended 31 December 2003 which comprise the income and expenditure account, the balance sheet and the related notes 1 to 12.

Respective responsibilities of the Authority and auditors

As described in the statement of responsibilities, the Authority is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the disposition of the net assets and income and expenditure of the Non Contributory Services and are properly prepared in accordance with its accounting policies. We also report if, in our opinion, the Authority has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements and of whether the accounting policies are appropriate to the Non Contributory Services' circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the disposition of the net assets of the Non Contributory Services as at 31 December 2003 and of its income and expenditure for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

31 March 2004

States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority

Income and expenditure account
for the year ended 31 December 2003

		2003		2002	
	Note	£	£	£	£
Income					
Grant – States of Guernsey	1 & 2	19,678,760		19,920,853	
Bank interest receivable		<u>4,693</u>		<u>6,679</u>	
Total income			19,683,453		19,927,532
Expenditure					
Supplementary benefit	3	8,998,630		9,534,565	
Family allowance		7,111,995		6,831,848	
Attendance and invalid care allowance		1,726,490		1,734,245	
Concessionary television licences		402,370		397,483	
Travel expenses assistance scheme		44,738		59,181	
Medical expenses assistance scheme		77,112		56,199	
Special Christmas payment		<u>75</u>		<u>100</u>	
		18,361,410		18,613,621	
Charitable grants	5	161,745		150,000	
Administration	6	1,266,658		1,261,238	
Recoveries	7	<u>(106,360)</u>		<u>(97,327)</u>	
		1,322,043		1,313,911	
Total expenditure			19,683,453		19,927,532
Operating result for the financial year			£ _____		£ _____

**States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority**

Balance sheet
at 31 December 2003

			2003			2002	
	<i>Note</i>	£		£	£		£
Current assets							
Debtors and prepayments	8	493,438			492,838		
Cash at bank and in hand	9	<u>447,943</u>			<u>592,405</u>		
			941,381			1,085,243	
Creditors: amounts falling due within one year	10		<u>941,381</u>			<u>1,085,243</u>	
Net current assets			£ <u><u>-</u></u>			£ <u><u>-</u></u>	
Revenue account			£ <u><u>-</u></u>			£ <u><u>-</u></u>	

These financial statements were approved by the Guernsey Social Security Authority on 31 March 2004.

Signed on behalf of the Authority

Deputy O D Le Tissier
President

M Nutley
Administrator

**States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements

1. Accounting policies

The following accounting policies are prepared in accordance with UK accounting standards. The particular policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Grant – States of Guernsey

The grants received from the States of Guernsey are set at a level equal to expenditure accounted for in the relevant period.

Benefits payable

Benefits are accounted for on an accruals basis in whole weeks.

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Authority benefits from the employee's services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

Assets held in fiduciary capacity

Assets held in a fiduciary capacity for charitable settlements are not included in the balance sheet. These assets amounted to £10,386 at 31 December 2003 (2002: £10,199).

2. Grant - States of Guernsey

It is the practice of the States to match the expenditure of Non Contributory Services with grants. The income received from the States in the financial year may therefore be analysed in the same manner, and under the same headings as the expenditure. It is expected that this practice will continue for the foreseeable future.

3. Supplementary Benefit

	2003 £	2002 £
Benefit and fuel allowance	6,210,121	6,057,048
UK rehabilitation centres	662,015	478,935
Residential and nursing homes	851,962	1,898,812
Special grants (note 4)	1,322,024	1,205,432
Maintenance recoveries	<u>(47,492)</u>	<u>(105,662)</u>
	£ 8,998,630	£ 9,534,565

**States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority**

Notes to the financial statements - continued

4. Special Grants

	2003 £	2002 £
Exceptional needs	4,710	5,069
Funeral	44,269	39,150
Handicapped persons	272,264	275,097
Medical - Chiropody	59,492	63,225
- Dental	168,916	163,539
- Hearing aids	21,428	10,047
- Medical treatment	495,528	438,461
- Medical sundries	40,867	27,848
- Ophthalmic	62,354	53,481
- Physiotherapy	73,382	71,193
Surgical and medical requisites	74,162	55,284
Sundries (not medical)	4,445	2,156
Travelling expenses	<u>207</u>	<u>882</u>
	£ 1,322,024	£ 1,205,432

5. Charitable grants

	2003 £	2002 £
Guernsey Citizens Advice Bureau	22,650	21,120
Relate	18,050	17,240
The Salvation Army (Clifton Community Centre)	16,160	15,440
The Samaritans	4,315	4,120
Guernsey Welfare Service Limited	39,000	36,370
The Methodist Church (Wesley)	20,000	16,000
Women's Royal Voluntary Service	24,600	23,500
Guernsey Women's Refuge Limited	<u>16,970</u>	<u>16,210</u>
	£ 161,745	£ 150,000

States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

6. Administration

	2003 £	2002 £
Recharged from Guernsey Insurance Fund:		
Salaries and pension costs	784,963	726,350
Computer expenses	221,983	237,598
Property expenses and sundries	138,499	128,785
Bank charges	<u>54,654</u>	<u>58,467</u>
	1,200,099	1,151,200
Legal and professional fees	10,322	49,694
Administration expenses	35,247	33,817
Medical reports	17,490	23,027
Audit fee	<u>3,500</u>	<u>3,500</u>
	£ 1,266,658	£ 1,261,238

The General Insurance Fund charges Non Contributory Services rental on the office space. This rental is paid by the Board of Administration as detailed in note 7.

7. Recoveries

	2003 £	2002 £
Rent received from the Board of Administration	£ <u>106,360</u>	£ <u>97,327</u>

8. Debtors and Prepayments

	2003 £	2002 £
Allowances paid in advance	£ <u>493,438</u>	£ <u>492,838</u>

States of Guernsey –
Non Contributory Services
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

9. Cash at bank and in hand

	2003 £	2002 £
Current account	26,727	90,848
Call account	<u>421,216</u>	<u>501,557</u>
	£ <u>447,943</u>	£ <u>592,405</u>

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Benefits and allowances payable	97,568	6,550
Other creditors and accruals	3,151	2,047
States grant	302,590	33,205
Guernsey Insurance Fund recharges payable	<u>538,072</u>	<u>1,043,441</u>
	£ <u>941,381</u>	£ <u>1,085,243</u>

11. Related party transactions

The Authority is of the opinion that there have been no related party transactions with members or senior management in this financial year (2002: none).

Of the Authority's annual income and expenditure, less than 20% of their respective value for both 2002 and 2003 is due to transactions with other States entities, except as disclosed in notes 1, 2, 6, 7 and 10.

12. Statement of control

Non Contributory Services is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of Non Contributory Services has been delegated to the members of the Guernsey Social Security Authority, who have been appointed by the States of Guernsey.

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance
Year ended 31 December 2003

Financial highlights

The Guernsey Health Service Fund had an operating surplus of £2.6m (2002: £2.2m). In addition to the operating surplus, net income from investments increased marginally to £0.67m (2002: £0.60m).

During the year, contribution income grew by 12.8% to £19.7m (2002: £17.5m), reflecting the necessary increase in contribution rates at the start of the year to meet the Fund's increased obligations arising from the introduction of new contacts relating to the specialist health insurance scheme. The States Grant has also been increased to 40% of contribution income to meet these increased costs.

Although the year's results are good with the economy remaining buoyant, the number of people working in Guernsey and Alderney appears to be reaching a plateau with the overall growth in contribution income slowing compared with recent years.

The introduction in 2003 of a new contract relating to specialist medical services which included ophthalmology, and a new contract for physiotherapy services, saw Specialist Health Insurance Scheme expenditure increase significantly by 36% to £9.4m (2002: £6.9m). This had a major impact on overall benefit expenditure which increased by 16.3% to £24.3m (2002: £20.9m).

Specialist medical costs rose by 26% to £8.4m in 2003 with 35 whole-time-equivalent consultants being employed under the scheme at the year-end, below the 37 whole-time-equivalent consultants allowed under the new contract. Physiotherapy costs increased sharply to over £1m in 2003 (2002: £0.3m) with 22.12 whole-time-equivalents (which include physiotherapists and assistants) employed at the year-end, below the maximum of 31.48 whole-time-equivalents permissible under the new contract.

The cost of drugs and medicines over the last five years has increased on average by just under 9% per annum despite increased scrutiny on prescribing practices by the Prescribing Support Unit, a body jointly funded by the Authority and the Board of Health. Over the same period, the number of items prescribed has increased by 22%, an average annual increase of 4.4%.

The year saw a more favourable position than the 5-year average with drugs expenditure increasing by 7.3% (2002: 6.3%). However, 2003 saw over one million items prescribed, a 5.4% increase on the previous year (2002: 3.1%).

Consultation Grant expenditure increased by 2.5% to £2.2m. As the grant per consultation has remained fixed for a number of years, rising costs are solely due to increased demand, which contributed to a 6.5% increase in nurse consultation, doctor consultations increasing by 2%.

Expenditure cover increased from 11.2 months to 11.5 months, with net assets of £23.9m (2001: £20.0m). The strengthening of reserves is partly attributable to favourable operating results together with an increase in unrealised capital profits of £0.5m due to a partial recovery in world markets during the year.

**States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance - continued
Year ended 31 December 2003

Activities during 2003

The health service element of the social security contributions was increased by 2 percentage points from 1 January 2003 in order to support the new contracts with the Medical Specialist Group and Guernsey Physiotherapy Group for the specialist health insurance scheme. The additional contribution income is seen clearly in the accounts.

The new contracts took effect from 1 January 2003. The contracts have 15 year terms, subject to review at the 5 and 10 year intervals. Maximum waiting times are substantially reduced under the new contracts. 2003 was treated as a transition year, but from 1 January 2004, the maximum waiting time for out-patient consultations and in-patient treatment is to be 8 weeks.

The Authority remains firmly committed to ensuring value for money from the pharmaceutical service and to that end continues to support the operations of the Prescribing Support Unit.

On 25 June 2003 (Billet d'Etat XIII of 2003) the States approved the Authority's proposals for a limited prescribing list. Also known as a 'whitelist' this limits the range of preparations that doctors may prescribe at the expense of the Guernsey Health Service Fund. This is a fundamental shift from the 'open list' prescribing principle on which the pharmaceutical service was founded in 1973. The open list position had shifted over the last decade as first the UK blacklist was applied and, more latterly, the Authority added to the blacklist with some further local exclusions.

The limited list, which will come into effect in 2004, is at its outset a very long list, as it contains all items that doctors were prescribing in 2001, as listed in the British National Formulary. However, the list may only be added to when a prescriber has made a specific request and that request has been considered by the Pharmaceutical Benefit Advisory Committee, a panel of local experts which will advise the Authority in this area. As most drugs have a commercial lifecycle of less than ten years, the Authority anticipates that within a ten year period, the great majority of drugs included on the limited list will have been considered and approved by the expert panel. The Authority considers the acceptance of the need for a limited list by patients, the doctors and the States to be a major step forward in ensuring the cost-effectiveness of the pharmaceutical scheme.

On 24 September 2003 (Billet d'Etat XXI of 2003), the States approved the Authority's proposal to increase the medical consultation grant for a doctor's consultation from £8 to £12 and to increase the grant for a nurse's consultation from £4 to £6. These increases were conditional on the primary care doctors agreeing to have their consultation fees set by independent review. The grant has remained at £8 since its introduction in 1991, with the Authority being unwilling to recommend an increase in the grant without having some control applied to the headline fee. The Authority is grateful to the doctors for their willingness to participate in the fee review.

States of Guernsey –
Guernsey Health Service Fund
 Controlled and managed by the
 Guernsey Social Security Authority

Statement of activities and performance - continued
 Year ended 31 December 2003

Future developments

No major changes to the health service benefits are envisaged in the short or medium term.

The increased health benefit grants will take effect from 1 March 2004.

The Authority will be monitoring the waiting times for patients seeing the Medical Specialist Group to ensure that the maximum waiting time of 8 weeks is not breached.

The Authority, through the Pharmaceutical Benefit Advisory Committee, will start refining the limited list of prescribed drugs. Through the Prescribing Support Unit, the Authority will prioritise work on reducing medicine wastage.

Work on the technological migration of the computer systems from mainframe to server platforms will continue throughout 2004 and will call upon considerable in-house resources for detailed system analysis and acceptance testing.

In consequence of the review of the machinery of government in Guernsey, from 6 May 2004 all functions of the Guernsey Social Security Authority will transfer to the Social Security Department. The Social Security Department will be constituted of a Minister and four ordinary members.

Statistics

	Ordinary prescriptions	Exempt prescriptions	Total prescriptions	Average basic cost
Drugs and Medicines				
2002	497,754	497,582	995,336	£11.16
2003	513,610	534,040	1,048,650	£11.29
Appliances				
2002	814	2,826	3,640	£60.15
2003	1,025	3,590	4,615	£51.26

States of Guernsey –
Guernsey Health Service Fund
 Controlled and managed by the
 Guernsey Social Security Authority

Statement of activities and performance - continued
 Year ended 31 December 2003

Consultation grants

	L'Aumone	Queens Road	Healthcare	Island Sports Medicine and Rehabilitation Centre	Miscellaneous Guernsey	Alderney	TOTAL
2002							
Doctor	70,386	70,020	76,970	252	149	12,698	230,475
Nurse	19,444	19,053	26,512	-	-	131	65,140
Total 2002	89,830	89,073	103,482	252	149	12,829	295,615
2003							
Doctor	71,538	72,191	78,699	141	76	12,121	234,766
Nurse	20,501	20,220	27,914	-	-	184	68,819
Total 2002	92,039	92,411	106,613	141	76	12,305	303,585
% (decrease)/ increase	2%	4%	3%	(44%)	(49%)	(4%)	3%

Contribution rates

	2003	2002	2001	2000	1999
Employers	1.4%	1.3%	1.3%	1.3%	1.3%
Employed					
Full rate	1.4%	1.3%	1.3%	1.3%	1.3%
Reduced rate	1.4%	1.3%	1.3%	1.3%	1.3%

Self-employed	2.8%	2.6%	2.6%	2.6%	2.6%
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Non-employed					
Full rate	2.8%	2.6%	2.6%	2.6%	2.6%
Over 65s	1.2%	1.0%	1.0%	1.0%	1.0%

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance – continued

Year ended 31 December 2003

Five-year performance

	2003 £	2002 £	2001 £	2000 £	1999 £
Drugs and medicines	12,725,944	11,858,910	11,159,940	10,290,216	9,864,909
% annual increase	7.3%	6.3%	8.5%	4.3%	12.3%
Income	27,619,661	23,782,886	22,229,015	20,522,209	19,440,559
Expenditure	24,971,938	21,549,288	20,736,658	19,521,991	18,808,314
Operating surplus	2,647,723	2,233,598	1,492,357	1,000,218	632,245
Investment income	673,286	603,603	595,650	592,242	611,772
Investments					
Cash invested	5,510,530	4,985,206	4,814,338	3,430,907	4,940,944
Listed investments	9,635,591	8,441,388	7,151,275	7,940,328	4,125,419
	15,146,121	13,426,594	11,965,613	11,371,235	9,066,363
Expenditure cover					
Reserves	23,924,770	20,042,605	17,909,412	16,398,943	14,670,067
Expenditure	24,971,938	21,549,288	20,736,658	19,521,991	18,808,314
Number of months cover	11.5	11.2	10.4	10.1	9.4

**States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance - continued
Year ended 31 December 2003

Principal officers

During 2003 principal officers were:

President	Deputy Owen Le Tissier
Vice President	Deputy Andrew Sauvarin
Authority Members	Deputy Mary Lowe Deputy Pat Robilliard (re-elected 28 May 2003) Deputy Daniel Le Cheminant Roy Le Prevost (re-elected 28 May 2003) John Guilbert
Administrator	Malcolm Nutley

States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the
Guernsey Social Security Authority**

Statement of responsibilities for the preparation of financial statements

The Guernsey Social Security Authority (“the Authority”) is required to prepare financial statements for each financial year which give a true and fair view of the disposition of the net assets of the Guernsey Health Service Fund and of the income and expenditure of the Guernsey Health Service Fund for that period. In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Guernsey Health Service Fund and enable them to ensure that the financial statements comply with Section 100(3) of The Social Insurance (Guernsey) Law, 1978 and Section 1(4) of The Health Service (Benefit) (Guernsey) Law, 1990. It is also responsible for safeguarding the assets of the Guernsey Health Service Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Authority to identify and install an appropriate system of internal controls, including financial controls, which is adequate for its own purposes, and to safeguard the assets of Guernsey Health Service Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The authority is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Authority’s internal financial procedures include:

- an annual budget and planning process to allocate, control and monitor the use of resources;
- a requirement to table at a meeting of the Authority;
 - the annual audit report together with the audited financial statements;
 - the annual report of observations and recommendations produced by the external auditors;
 - the annual policy and resource plan;
 - the quarterly management accounts;
- by Law, an actuarial review to determine the adequacy of the contribution rates must be undertaken at least once every five years and submitted to the Authority and the States of Guernsey;
- a regular review of the performance and security of the Guernsey Health Service Fund by the Authority and Combined Actuarial Performance Services Limited;
- a review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department; and
- a requirement for internal audit reports to be tabled at a meeting of the Authority.

The Authority strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Authority’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States of Guernsey.



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The Grange
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GY1 4LD

Independent auditors' report to the Guernsey Social Security Authority

We have audited the financial statements of Guernsey Health Service Fund for the year ended 31 December 2003 which comprise the fund account, the balance sheet and the related notes 1 to 10.

Respective responsibilities of the Authority and auditors

As described in the statement of responsibilities, the Authority is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the disposition of the net assets and surplus of the Guernsey Health Service Fund and are properly prepared in accordance with its accounting policies. We also report if, in our opinion, the Authority has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements and of whether the accounting policies are appropriate to the Guernsey Health Service Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the disposition of the net assets of the Guernsey Health Service Fund as at 31 December 2003 and of its surplus for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

31 March 2004

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Fund account
for the year ended 31 December 2003

	Note	2003 £	2002 £
Income			
Contributions allocated	1	19,728,329	17,487,416
States grant	1	<u>7,891,332</u>	<u>6,295,470</u>
		27,619,661	23,782,886
Expenditure			
Drugs and medicines	2	12,725,944	11,858,910
Specialist Health Insurance scheme	3	9,407,240	6,897,240
Consultation grants		2,156,429	2,103,504
Administration	4	<u>682,325</u>	<u>689,634</u>
		24,971,938	21,549,288
Operating surplus for the year		2,647,723	2,233,598
Investing activities			
Income from invested funds		667,047	595,535
Investment management expenses and rebates		<u>6,239</u>	<u>8,068</u>
		673,286	603,603
Unrealised profit/(loss) on investment portfolio		<u>536,760</u>	<u>(704,008)</u>
		1,210,046	(100,405)
Net increase in fund during the year		3,857,769	2,133,193
Net assets of the fund at 1 January 2003		<u>20,042,605</u>	<u>17,909,412</u>
Net assets of the fund at 31 December 2003		£ 23,900,374	£ 20,042,605

**States of Guernsey –
Guernsey Health Service Fund**
Controlled and managed by the
Guernsey Social Security Authority

Balance sheet
at 31 December 2003

	<i>Note</i>	2003	2002
		£	£
Fixed assets			
Investment portfolio	1 & 5	15,146,121	13,426,594
Current assets			
Debtors and prepayments	6	4,429,830	4,634,129
Balances with States Treasury		5,241,884	2,680,252
Cash at bank and in hand	7	<u>514,144</u>	<u>514,246</u>
		10,185,858	7,828,627
Creditors: amounts falling due within one year	8	<u>1,431,605</u>	<u>1,212,616</u>
Net current assets		<u>8,754,253</u>	<u>6,616,011</u>
Total net assets		£ <u>23,900,374</u>	£ <u>20,042,605</u>
Reserves		£ <u>23,900,374</u>	£ <u>20,042,605</u>

The financial statements were approved by the Guernsey Social Security Authority on 31 March 2004.

Signed on behalf of the Authority

Deputy O D Le Tissier
President

M Nutley
Administrator

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements

1. Accounting policies

The financial statements are prepared in accordance with the particular accounting policies described below:

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of listed investments and in accordance with applicable UK accounting standards.

Contributions allocated

Income to the Guernsey Health Service Fund represents an allocation to that Fund of specific proportions of contribution income. The contribution income represents the amount of cash received before 1 February in the following year in respect of the financial year ended 31 December 2003 and amounts received relating to prior financial periods not accounted for in those periods. The rate of contributions for the Guernsey Health Service Fund was increased from 1 January 2003. These changes were ratified by Ordinance XVII, 2002.

States grant

The grant received from the States of Guernsey is based on a fixed percentage of contributions, accounted for in the relevant period. The grant was increased by 4% to 40% from 1 January 2003.

Guernsey Health Service Fund

No account is taken of future benefit entitlements.

The adequacy of the Guernsey Health Service Fund is, however, subject to actuarial review at least once every five years to determine the adequacy of contribution rates. The last review was made as at 31 December 2000 and was published in the Billet D'État II, 2002.

Investments

Listed investments are included in the balance sheet at mid-market prices ruling at the balance sheet date.

Investment income

Dividends are recognised in the financial statements when the underlying investments become ex-dividend.

Other investment income is accounted for on a receivable basis.

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

1. Accounting policies - continued

Benefits payable

Benefits payable are included on an accruals basis, based on returns submitted by doctors and pharmacists in respect of the year.

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the authority benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

2. Drugs and medicines

	2003 £	2002 £
Drugs and medicines	13,369,878	12,432,384
Appliances	288,768	274,288
Oxygen service	<u>187,146</u>	<u>190,097</u>
	13,845,792	12,896,769
Prescription charges receivable	(1,109,300)	(1,027,307)
Board of Health- reciprocal treatment	<u>(10,548)</u>	<u>(10,552)</u>
	£ <u>12,725,944</u>	£ <u>11,858,910</u>

3. Specialist Health Insurance Scheme

	2003 £	2002 £
Specialist medical benefit	8,390,486	6,086,889
Ophthalmic benefit	-	551,375
Physiotherapy benefit	1,038,986	328,052
Alderney hospital benefit	47,000	22,604
Board of Health recoveries	<u>(69,232)</u>	<u>(91,680)</u>
	£ <u>9,407,240</u>	£ <u>6,897,240</u>

States of Guernsey –
Guernsey Health Service Fund
 Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

3. Specialist Health Insurance Scheme - continued

On 19 December 2002 the States of Guernsey signed new contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group. These contracts are for 15 year terms with major reviews after each 5 year period.

The new contract with the Medical Specialist Group, which includes ophthalmology, will be based on a per-Consultant contracted price basis. This price will be £231,818 per Consultant per annum. This fee will be adjusted annually commencing on 1 January 2003 and on 1 January of each successive year to take account of any increase or decrease in the Guernsey RPI.

The new contract with the Guernsey Physiotherapy Group will be based on a per-physiotherapist and per-assistant price, with different rates applying to different grades of physiotherapist. The maximum contract price for the first 5 years of the contract is £1,326,839 p.a. based on 2003 costs. This allows for the complete transfer of the Board of Health physiotherapy services.

The new contract for Alderney hospital benefit remains unsigned, although negotiations are complete. The contract price will be £47,000 per annum and will commence on 1 January 2003 and be adjusted annually on 1 January of each successive year to take account of any increase or decrease in the Guernsey RPI. Only £22,604 has been paid in 2003 based on the price of the previous contract. An additional amount of £24,396 has been provided in the accounts to reflect the new contract price and will be paid on signing of the contract.

The level of contributions and States grant the Fund receives was raised based on actuarial advice from 1 January 2003 to allow the Fund to meet these increased obligations.

4. Administration

	2003 £	2002 £
Recharged from Guernsey Insurance Fund:		
Salaries and pension costs	211,420	194,944
Computer expenses	92,347	134,059
Property expenses and sundries	<u>34,948</u>	<u>31,210</u>
	338,715	360,213
Board of Health charges	141,107	130,798
Prescription pricing fees	148,655	138,845
Administration expenses	50,348	30,486
Legal and professional fees	-	19,100
Audit fee	3,500	3,500
Previous auditors' fees for other services	<u>-</u>	<u>6,692</u>
	£ 682,325	£ 689,634

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements – continued

5. Investment portfolio

	2003		2002	
	£	£	£	£
United Kingdom fixed interest	5,046,111		3,449,573	
United Kingdom equities	<u>4,580,337</u>	9,626,448	<u>4,991,815</u>	8,441,388
Cash balances with States Treasury	5,470,133		6,278,091	
Cash balances	<u>40,397</u>	<u>5,510,530</u>	<u>(1,292,885)</u>	<u>4,985,206</u>
Accrued income		<u>9,143</u>		<u>-</u>
		<u>£ 15,146,121</u>		<u>£ 13,426,594</u>

6. Debtors and prepayments

	2003	2002
	£	£
Contributions due from Guernsey Insurance Fund	4,428,330	4,492,916
States grant	-	58,110
Investment income	-	180
Benefits prepaid	<u>1,500</u>	<u>82,923</u>
	<u>£ 4,429,830</u>	<u>£ 4,634,129</u>

7. Cash at bank and in hand

	2003	2002
	£	£
Current account	10,881	10,511
Call account	<u>503,263</u>	<u>503,735</u>
	<u>£ 514,144</u>	<u>£ 514,246</u>

States of Guernsey –
Guernsey Health Service Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

8. Creditors: amounts falling due within one year

	2003 £	2002 £
States grant	163,668	-
Other creditors and accruals	51,691	64,145
Guernsey Insurance Fund recharges payable	<u>1,216,246</u>	<u>1,148,471</u>
	£ <u>1,431,605</u>	£ <u>1,212,616</u>

9. Related party transactions

The Authority is of the opinion that there have been no disclosable related party transactions with members and senior management in this financial year (2002: none).

Of the Authority's annual income and expenditure, less than 20% of their respective value for both 2002 and 2003 is due to transactions with other States entities, except as disclosed in notes 1, 4, 6 and 8.

10. Statement of control

The Guernsey Health Service Fund is controlled and managed by the Guernsey Social Security Authority, as required by Section 7 of the Health Service (Benefit) (Guernsey) Law, 1990. The members of the Guernsey Social Security Authority have been appointed by the States of Guernsey.

**States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

**Statement of activities and performance
Year ended 31 December 2003**

Financial highlights

The Long-term Care Insurance Fund operating surplus of £6.0m for 2003 is due in part to benefit only having been paid for three quarters of the year, while contributions were collected for the entire year. A further factor is that the financing of the scheme was structured on a contribution rate that should remain at the same percentage (1.4%) for 15 years.

With additional income from invested funds at just under £100,000, net assets of the fund stood at £6.1m at the year-end.

Part of the surplus for the year was invested in the Legal & General UK Index Tracer, pending more in-depth consideration of an investment strategy for the new fund.

Activities during 2003

The long-term care insurance scheme commenced in 2003. Contributions to the new scheme were collected from 1 January 2003 and the first benefits were paid from 4 April 2003, using the first quarter contribution returns as working capital.

As a take-on exercise, all persons in residential and nursing homes as of 1 January 2003 were deemed to have been assessed by the Needs Assessment Panel as needing that level of care and, consequently, were entitled to long-term care benefit. All people taking up residence in the homes from 1 January 2003 needed to be assessed by the Needs Assessment Panel in order to claim benefit.

By the end of the year long-term care benefit was being paid in respect of 418 people. In the great majority of cases, benefit was paid direct to the care home on the instruction of the resident or appointee.

In the middle of 2003, visits were made to all private sector care homes in order to discuss how the scheme was working, to learn of any plans for additional beds and to discuss fee rates for 2004. Feedback from the homes on all points was encouraging.

Future developments

The Authority will determine an investment strategy for the Long-term Care Insurance scheme in the first half of 2004.

The administration of the long-term care insurance fund is currently centred on a stand-alone system as it was needed at a stage when work on migrating all other systems from the mainframe had commenced. Long-term care will be integrated with all other benefits in the new client-server based platform, due for completion early in 2005.

In consequence of the review of the machinery of government in Guernsey, from 6 May 2004 all functions of the Guernsey Social Security Authority will transfer to the Social Security Department. The Social Security Department will be constituted of a Minister and four ordinary members.

States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Statement of activities and performance - continued
Year ended 31 December 2003

Statistics

Benefits	No. of claimants as at 31.12.03
Residential grant – permanent	305
Residential grant – respite care	1
Nursing grant – permanent	111
Nursing grant – respite care	1
Total	418

	2003
Employers	-
Employed	
Full rate	1.4%
Reduced rate	1.4%
Self-employed	1.4%
Non-employed	1.4%

**States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Statement of activities and performance - continued
Year ended 31 December 2003

Principal officers

During 2003 principal officers were:

President	Deputy Owen Le Tissier
Vice President	Deputy Andrew Sauvarin
Authority Members	Deputy Mary Lowe Deputy Pat Robilliard (re-elected 28 May 2003) Deputy Daniel Le Cheminant Roy Le Prevost (re-elected 28 May 2003) John Guilbert
Administrator	Malcolm Nutley

States of Guernsey – Long-term Care Insurance Fund

**Controlled and managed by the
Guernsey Social Security Authority**

Statement of responsibilities for the preparation of financial statements

The Guernsey Social Security Authority (“the Authority”) is required to prepare financial statements for each financial year which give a true and fair view of the disposition of the net assets of the Long-term Care Insurance Fund and of the income and expenditure of the Long-term Care Insurance Fund for that period. In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Authority is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Long-term Care Insurance Fund and enable them to ensure that the financial statements comply with Section 100(3) of The Social Insurance (Guernsey) Law, 1978 and Section 1(4) of The Long-term Care Insurance (Guernsey) Law, 2002. It is also responsible for safeguarding the assets of the Long-term Care Insurance Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Authority to identify and install an appropriate system of internal controls, including financial controls, which is adequate for its own purposes, and to safeguard the assets of Long-term Care Insurance Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The authority is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Authority’s internal financial procedures include:

- an annual budget and planning process to allocate, control and monitor the use of resources;
- a requirement to table at a meeting of the Authority;
 - the annual audit report together with the audited financial statements;
 - the annual report of observations and recommendations produced by the external auditors;
 - the annual policy and resource plan;
 - the quarterly management accounts;
- by Law, an actuarial review to determine the adequacy of the contribution rates must be undertaken at least once every five years and submitted to the Authority and the States of Guernsey;
- a regular review of the performance and security of the Long-term Care Insurance Fund by the Authority and Combined Actuarial Performance Services Limited;
- a review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department; and
- a requirement for internal audit reports to be tabled at a meeting of the Authority.

The Authority strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Authority’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States of Guernsey.



2 Grange Place
The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the Guernsey Social Security Authority

We have audited the financial statements of the Long-term Care Insurance Fund for the year ended 31 December 2003 which comprise the fund account, the balance sheet and the related notes 1 to 8.

Respective responsibilities of the Authority and auditors

As described in the statement of responsibilities, the Authority is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibilities, as independent auditors, are established in Guernsey by law, the UK Auditing Practices Board and by our profession's ethical guidelines.

We report to you our opinion as to whether the financial statements give a true and fair view of the disposition of the net assets and surplus of the Long-term Care Insurance Fund and are properly prepared in accordance with its accounting policies. We also report if, in our opinion, the Authority has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements and of whether the accounting policies are appropriate to the Long-term Care Insurance Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the disposition of the net assets of the Long-term Care Insurance Fund as at 31 December 2003 and of its surplus for the year then ended and have been properly prepared in accordance with its accounting policies.

KPMG

Chartered Accountants

31 March 2004

**States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Fund account
for the year ended 31 December 2003

	<i>Note</i>	£	2003	£
Income				
Contributions allocated	<i>1</i>	10,203,944		
States grant	<i>1</i>	<u>1,224,473</u>		
			11,428,417	
Expenditure				
Benefit payable	<i>2</i>	5,327,110		
Administration expenses	<i>3</i>	<u>105,805</u>		
			<u>5,432,915</u>	
Operating surplus for the year			5,995,502	
Investing activities				
Income from invested funds		87,797		
Movement in unrealised loss on investment		<u>(1,747)</u>		
			<u>86,050</u>	
Net increase in fund during the year			6,081,552	
Net assets of the fund at 1 January 2003			<u>-</u>	
Net assets of the fund at 31 December 2003			£ <u>6,081,552</u>	

**States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority**

Balance sheet
at 31 December 2003

	<i>Note</i>	£	2003	£
Fixed assets				
Investment portfolio	4			1,748,253
Current assets				
Debtors and prepayments	5	2,103,944		
Balances with States Treasury		<u>2,397,838</u>		
		4,501,782		
Creditors: amounts falling due within one year	6	<u>(168,483)</u>		
Net current assets				<u>4,333,299</u>
Net assets				<u>£ 6,081,552</u>
Reserves				<u>£ 6,081,552</u>

The financial statements were approved by the Guernsey Social Security Authority on 31 March 2004.

Signed on behalf of the Authority

Deputy O D Le Tissier
President

M Nutley
Administrator

States of Guernsey –
Long-term Care Insurance Fund
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements

1. Accounting policies

The financial statements are prepared in accordance with the accounting policies described below:

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of listed investments and in accordance with applicable UK accounting standards.

Contributions allocated

Income to the Long-term Care Insurance Fund represents an allocation to that Fund of specific proportions of contribution income. The contribution income represents the amount of cash received before 1 February in the following year in respect of the financial year ended 31 December 2003. The collection of contributions relating to the Long-term Care Insurance Fund commenced 1 January 2003. The rate of contributions for the Long-term Care Insurance Fund was ratified by Ordinance XVII, 2002.

States grant

The grant received from the States of Guernsey is based on a fixed percentage of contributions, accounted for in the relevant period. The current rate is set at 12%.

Benefits payable

No account is taken of future benefit entitlements.

The adequacy of the Long-term Care Insurance Fund is, however, subject to actuarial review at least once every five years to determine the adequacy of contribution rates.

Benefits payable are included on an accruals basis, based on whole weeks.

Pension costs

The costs of the defined benefit scheme are charged to the fund account over the period during which the authority benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

Investments

Listed investments are included in the financial statements at mid-market prices ruling at the balance sheet date. Listed investments quoted in foreign currencies and foreign exchange contracts have been translated into sterling at rates of exchange ruling at the balance sheet date.

Investment income

Interest receivable is included in the financial statements on an accruals basis and is gross of withholding tax suffered at source.

**States of Guernsey –
Long-term Care Insurance Fund**
Controlled and managed by the
Guernsey Social Security Authority

Notes to the financial statements - continued

1. Accounting policies - continued

Dividends are recognised in the financial statements when the underlying investments become ex-dividend.

2. Benefit payable

	2003
	£
Residential home care benefit	
Permanent	2,958,814
Respite care	<u>62,455</u>
	3,021,269
Nursing home care benefit	
Permanent	2,247,309
Respite care	<u>58,532</u>
	<u>2,305,841</u>
	<u>£ 5,327,110</u>

Benefit was only paid for three quarters of the year commencing on 4 April 2003.

3. Administration expenses

	2003
	£
Recharged from Guernsey Insurance Fund:	
Salaries and pension costs	79,570
Computer expenses	5,920
Property expenses and sundries	<u>3,351</u>
	88,841
Administration expenses	13,464
Audit fee	<u>3,500</u>
	<u>£ 105,805</u>

4. Investment portfolio

	2003
	£
Book cost	1,750,000
Unrealised loss on investment	<u>(1,747)</u>
Market value	<u>£ 1,748,253</u>

Part of the net assets of the fund have been invested in the Legal & General UK Index Trust – accumulation units, pending a more in-depth consideration of an investment strategy for the new fund.

States of Guernsey –
Long-term Care Insurance Fund
 Controlled and managed by the
 Guernsey Social Security Authority

Notes to the financial statements - continued

5. Debtors and prepayments

	2003 £
Share of contributions due from Guernsey Insurance Fund	£ <u>2,103,944</u>

6. Creditors: amounts falling due within one year

	2003 £
Guernsey Insurance Fund recharges payable	101,456
States grant	63,527
Other creditors and accruals	<u>3,500</u>
	£ <u>168,483</u>

7. Related party transactions

The Authority is of the opinion that there have been no disclosable related party transactions with members and senior management in this financial year.

Of the Authority's annual income and expenditure, less than 20% of their respective value for 2003 is due to transactions with other States entities, except as disclosed in notes 1,3, 5 and 6.

8. Statement of control

The Long-term Care Insurance Fund is controlled and managed by the Guernsey Social Security Authority, as required by Section 1(1) of The Long-term Care Insurance (Guernsey) Law, 2002. The members of the Guernsey Social Security Authority have been appointed by the States of Guernsey.

AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF LADIES' COLLEGE - GUERNSEY

We have audited the financial statements of Ladies College which comprise the income and expenditure account, statement of total recognised gains and losses, balance sheet, related notes 1 to 6 and the detailed revenue account which have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors of the Ladies' College, as a body. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The Board are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the results of the College for that year. In preparing those financial statements the Board are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue its operations.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed. In this matter we draw attention to note 1(b) to the financial statements. This note states that all capital expenditure is written off through the profit and loss account when incurred. We concur with this accounting policy.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the College's affairs as at 31 August 2003, and of its results for the year then ended.

BDO GUERNSEY LIMITED

CHARTERED ACCOUNTANTS

Elizabeth House
Guernsey

4 MARCH 2004

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THE LADIES' COLLEGE - GUERNSEY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2003

	Note		2002
INCOME	2		
States grant		627,334	633,127
States contribution to staff superannuation		198,451	190,013
Fees receivable :			
- special place holders	477,300		440,355
- fee payers	1,292,892		1,174,035
		<hr/>	<hr/>
		1,770,192	1,614,390
Lunchtime supervision		8,182	2,418
Bank interest received		5,701	9,289
Student registration fees		(1,125)	9,691
Miscellaneous income		14,406	14,401
		<hr/>	<hr/>
		2,623,141	2,473,329
EXPENDITURE			
School expenditure		(2,629,732)	(2,416,684)
		<hr/>	<hr/>
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR	2	<hr/>	<hr/>
		£ (6,591)	£ 56,645
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the operating deficit for the year.

The notes 1 to 6 form an integral part of these financial statements.

THE LADIES' COLLEGE - GUERNSEY**BALANCE SHEET****31 AUGUST 2003**

	Note		2002
CURRENT ASSETS			
Debtors	3	44,511	78,342
Bank balances		290,980	332,525
Cash in hand		4	50
		<hr/>	<hr/>
		335,495	410,917
CURRENT LIABILITIES			
Creditors	4	59,143	14,366
Fees re Autumn Term received in advance		-	113,608
		<hr/>	<hr/>
		(59,143)	(127,974)
NET CURRENT ASSETS			
		<hr/>	<hr/>
		£ 276,352	£ 282,943
REPRESENTED BY:-			
CAPITAL ACCOUNT			
At 1 September 2002		282,943	226,298
Operating (deficit)/surplus for the year		(6,591)	56,645
		<hr/>	<hr/>
At 31 August 2003		£ 276,352	£ 282,943
		<hr/>	<hr/>

WILLIAM M BELL

Chairman of the Board of Governors

4 MARCH 2004

Date

The notes 1 to 6 form an integral part of these financial statements.

THE LADIES' COLLEGE - GUERNSEY

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2003

1. ACCOUNTING POLICIES

(a) CONVENTION

These financial statements are prepared in accordance with the historical cost convention. The principal accounting policies which the Board have adopted within that convention are set out below.

(b) CAPITAL EXPENDITURE

All capital expenditure is written off in the year in which it is incurred, thus the balance sheet of the College does not disclose fixed assets.

(c) BANK INTEREST AND INVESTMENT INCOME

Bank interest and investment income is accounted for on a received basis.

2. INCOME AND OPERATING DEFICIT FOR THE YEAR

Income and operating deficit for the year derive wholly from continuing activities.

3. DEBTORS

2002

Grant receivable	-	35,959
Fees receivable	3,038	10,168
Other debtors	25,553	19,715
Prepayment – building works	15,920	12,500
	<hr/>	<hr/>
	£ 44,511	£ 78,342
	<hr/>	<hr/>

4. CREDITORS

School and administrative expenses	£ 59,143	£ 14,366
	<hr/>	<hr/>

5. CONTROLLING PARTIES

Throughout the year the College was under the control of the Board of Governors acting in concert. In the opinion of the Board of Governors there is no controlling party as defined by Financial Reporting Standard No. 8 - Related Party Disclosures as no party has the ability to direct the financial and operating policies of the College with a view to gaining economic benefit from their direction.

6. RELATED PARTY TRANSACTIONS

There were no material related party transactions.

THE LADIES' COLLEGE - GUERNSEY**DETAILED INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2003**

	Upper <u>School</u>	Lower <u>School</u>	<u>Total</u>	2002 <u>Total</u>
INCOME				
States grant	627,334	-	627,334	633,127
States contribution to staff superannuation	160,585	37,866	198,451	190,013
Fees receivable	1,256,114	514,078	1,770,192	1,614,390
Lunchtime supervision	-	8,182	8,182	2,418
Student registration fees	(1,125)	-	(1,125)	9,691
Bank interest received	3,801	1,900	5,701	9,289
Miscellaneous income	14,406	-	14,406	14,401
	<hr/> 2,061,115	<hr/> 562,026	<hr/> 2,623,141	<hr/> 2,473,329
EXPENDITURE				
Teachers' salaries	1,332,907	306,635	1,639,542	1,505,066
Maintenance wages	87,393	35,548	122,941	123,560
Office and administration salaries	68,789	34,394	103,183	99,432
Staff superannuation	160,585	37,866	198,451	190,013
Books, stationery and other teaching materials	79,188	22,125	101,313	90,893
Laboratory expenditure	16,950	-	16,950	13,113
Examination fees	25,423	-	25,423	26,516
Sport and expedition expenditure	27,505	-	27,505	37,076
Staff training	11,236	-	11,236	17,047
Electricity, oil, gas, water and telephone	25,112	10,938	36,050	34,523
Rates, taxes and insurance	13,096	6,548	19,644	19,955
Routine maintenance of buildings and grounds	61,476	20,748	82,224	49,249
Routine maintenance of equipment	23,963	9,320	33,283	30,454
Fixed asset acquisition costs	135,175	23,871	159,046	144,170
General administrative expenses	12,748	16,619	29,367	25,521
Staff recruitment and relocation	20,489	-	20,489	7,671
Audit fee	2,550	-	2,550	2,425
Bad debt	535	-	535	-
	<hr/> 2,105,120	<hr/> 524,612	<hr/> 2,629,732	<hr/> 2,416,684
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR	<hr/> £ (44,005)	<hr/> £ 37,414	<hr/> £ (6,591)	<hr/> £ 56,645

States of Guernsey Recreation Committee - Beau Sejour Centre

Statement of activities and performance

Year ended 31 December 2003

Principal purpose

Beau Sejour Centre ("the Centre") is the Island's principal centre for sports and leisure. It provides a variety of sporting and recreational activities which are available to the local population and visitors to the Island.

Facilities provided include swimming (both competitive and leisure), indoor sports (squash, badminton, football etc.) fitness and health suites including saunas, steam room and solarium. The Centre provides leisure facilities such as live theatre, light entertainment and a brasserie/bar. In addition the Centre is, by virtue of the scope of its facilities, a venue for conferences, exhibitions and dinner dances.

Financial summary

	2003 £'000	2002 £'000
Operating income		
Admissions and memberships	39	60
Sports	638	565
Health and fitness	657	359
Entertainment	308	270
Trading areas	<u>371</u>	<u>289</u>
Total operating income	<u>2,013</u>	<u>1,543</u>
Total operating expenditure (excluding depreciation)	<u>3,171</u>	<u>2,660</u>
Operating deficit on ordinary activities (excluding depreciation)	<u>(1,158)</u>	<u>(1,117)</u>

Operational performance

The completion of the redevelopment work at the Centre was delayed and the Centre was not officially opened until June 2003. This resulted in 2003 being a difficult trading year for the Centre, with an operating deficit of £1,158,000.

Income increased on the previous year with both the Sports and Health and fitness areas doing well. The new gym, fitness studio and health suite, known collectively as the Body Zone, reopened in February and immediately proved popular with customers; this is illustrated by the membership figures detailed below. However, whilst the Entertainment and Trading areas did improve on their 2002 performance, this improvement did not go as far as had been planned.

Expenses were up on 2002 with wages being £256,000 higher. The increase in wage costs was expected as levels of business began to improve. The Business development section recruited additional staff to deal with the increase in memberships and this knocked-on into Health and fitness as the gym and fitness classes operated at close to full capacity during peak periods. The Centre's advertising spend increased by £34,000 as a planned campaign increased awareness of the refurbished facilities and utility costs increased by £63,000.

Immediately after reopening, the Centre played a pivotal part in the 2003 NatWest Island Games, with several sports taking place within the Centre. The Games were successful and the Centre's refurbished facilities drew positive comments from locals, as well as overseas visitors.

The Freedom membership scheme started the year at 1,233 and rose to 2,752 members at the year-end. Income from Freedom memberships is included within Health & Fitness (£536,247) and Sports (£59,583). The total number of members at the year-end was 4,332 and income, adjusted for deferred memberships, stood at £643,105 (£258,241).

States of Guernsey Recreation Committee - Beau Sejour Centre

Statement of activities and performance - continued

Year ended 31 December 2003

Other matters

The Centre continued the operational partnership with DC Leisure Management Ltd, although at a reduced level. It is intended that this partnership will continue, particularly in the area of Health and Safety where the Centre is able to benefit from DC Leisure's wider experience.

Despite the upheaval caused by the redevelopment work, the Centre retained its Quest accreditation; this being due to the efforts of all the staff.

The Centre did not experience any significant levels of staff turnover during the year and reported sickness levels remained at a controllable level. Staff costs increased over 2002 to £2,009,359, this being a 14.7% rise. However, it should be pointed out that the 2002 costs were down on 2001 due to fewer casual staff being employed as parts of the Centre were closed, or operated at a lower level, due to the refurbishment.

Board members and principal officers

During 2003 Board Members were:

Deputy P Sirrett – President
Deputy K Prevel – Vice President
Deputy M Lowe
Douzaine Representative M O'Hara
Mr R Roussel
Douzaine Representative J Cleal (term expired 31 May 2003 – re-elected from 1 June 2003)
Mr S Falla (term expired 31 May 2003)
Mr P Mees (elected 1 June 2003)

During 2003 Principal officers were:

D Chilton – Director of Recreation
D Ferguson – Centre Manager
A Collenette – Operations Manager
A Baudains – Technical Services Manager
K Gallienne – Finance, Administration and IT Manager
P Weaver – Events Manager
G Merrien – Health and Fitness Manager
A Knott – Trading Areas Manager
S Herridge – Business Development Manager
A Frankland – Swim School Manager
R Whitford – Duty Manager
L Darling – Duty Manager
P Gallienne – Duty Manager

Following the preparation of these accounts the Centre suffered a sad loss when Mr David Ferguson lost his life as a result of an accident at sea. Mr Ferguson had served Beau Sejour Leisure Centre from 1st September 1976 until his untimely death on 18th April 2004. He will be sadly missed by all of his colleagues and by the many customers of Beau Sejour Leisure Centre with whom he came into contact over a 27-year period.

States of Guernsey Recreation Committee - Beau Sejour Centre

Statement of responsibilities for the preparation of financial statements

The Culture and Leisure Department (“the Department”) is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Centre and of the surplus or deficit of the Centre for that period. In preparing those financial statements, the Department is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Department is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Centre. It is also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of the Department to identify and install a system of internal controls, including financial control, which is adequate for its own purposes and to safeguard the assets of the States of Guernsey (including those of the Centre) in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Department is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Department and specifically the Centre’s internal financial controls include:

- An annual budget and planning process to allocate, control and monitor the use of resources.
- Co-ordination and co-operation with the States Audit Commission, whose primary objective is to ensure good management of the States of Guernsey finances.
- Review and appraisal of the adequacy and application of internal controls in conjunction with the States Internal Audit Department.
- The requirement for all audit reports to be tabled at a meeting of the Department to ensure that its members are aware of their financial affairs.

The Department strives to ensure that all staff with financial responsibilities have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The Department’s internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to independent external audit by auditors appointed by the States of Guernsey.



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The Grange
Guernsey, Channel Islands
GY1 4LD

Independent auditors' report to the States of Guernsey Culture and Leisure Department – Beau Sejour Centre

We have audited the financial statements of the Centre for the year ended 31 December 2003 which comprise the revenue account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Department and auditors

As described in the statement of responsibilities for the preparation of the financial statements, the Department is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and UK accounting standards. Our responsibility is to audit the financial statements in accordance with relevant Guernsey legal and regulatory requirements and UK auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report if, in our opinion, the Department has not kept proper accounting records or if we have not received all of the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements and of whether the accounting policies are appropriate to Beau Sejour Centre's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Centre's affairs as at 31 December 2003 and of its deficit for the year then ended.

KPMG

Chartered Accountants

10 June 2004

States of Guernsey Recreation Committee - Beau Sejour Centre

Revenue account
for the year ended 31 December 2003

		2003		2002	
		£	£	£	£
	Note				
Operating income	2		2,013,263		1,543,364
Operating expenses					
Direct costs	3	1,906,690		1,655,931	
Central services expenses	4	1,264,843		1,004,207	
Depreciation	1 & 5	<u>443,814</u>		<u>323,574</u>	
			<u>(3,615,347)</u>		<u>(2,983,712)</u>
Operating deficit on ordinary activities			(1,602,084)		(1,440,348)
Other income					
Net surplus on sale of fixed assets			<u>3,830</u>		<u>723</u>
Deficit for the year	9		£ <u>(1,598,254)</u>		£ <u>(1,439,625)</u>

All material activities derive from continuing operations.

States of Guernsey Recreation Committee

- Beau Sejour Centre

Balance sheet
at 31 December 2003

	Notes	2003 £	2002 £
Tangible fixed assets	<i>1 & 5</i>	<u>12,604,745</u>	<u>9,477,687</u>
Current assets			
Stocks	<i>1 & 6</i>	25,506	51,248
Debtors and prepayments	<i>7</i>	146,311	143,447
Cash at bank and in hand		<u>6,578</u>	<u>4,939</u>
		<u>178,395</u>	<u>199,634</u>
Creditors: amounts falling due within one year	<i>8</i>	<u>(647,954)</u>	<u>(271,144)</u>
Net current assets/(liabilities)		<u>(469,559)</u>	<u>(71,510)</u>
Total net assets		£ <u>12,135,186</u>	£ <u>9,406,177</u>
Reserves	<i>9</i>	£ <u>12,135,186</u>	£ <u>9,406,177</u>

These financial statements were approved by the Culture and Leisure Department on 10 June 2004.

Signed on behalf of the Board

P Sirett
Minister

States of Guernsey Recreation Committee - Beau Sejour Centre

Cash flow statement for the year ended 31 December 2003

	Notes	2003 £	2002 £
Net cash outflow from operating activities	10	(758,584)	(939,201)
Capital expenditure			
Purchase of tangible fixed assets		(3,570,872)	(6,207,867)
Disposal of tangible fixed assets		<u>2,193</u>	<u>9,642</u>
Net cash outflow from investing activities		<u>(3,568,679)</u>	<u>(6,198,225)</u>
Net cash outflow before financing		(4,327,263)	(7,137,426)
Financing			
Capital funding		3,460,565	6,150,465
Revenue funding		<u>1,266,197</u>	<u>1,173,452</u>
Movement in reserves		£ <u>399,499</u>	£ <u>186,491</u>

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements *year ended 31 December 2003*

1. Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis on the assumption that support will continue to be provided by the States of Guernsey (see note 13).

Stock

Stock is valued at the lower of cost and net realisable value.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated useful lives using the straight line method:

	Estimated life in years	Depreciation % per annum
Freehold land and buildings	50	2
Plant, equipment, furniture, fixtures and fittings and catering equipment	10	10
Office equipment	10 – 5	10 – 20
Motor vehicles and weight training equipment	5	20
Water flumes	25	4
Soft play equipment	3	33.33
Outdoor facilities	80	1.25
Sports equipment	5	20

Sports equipment

Sports equipment and maintenance equipment purchased prior to 1998 is dealt with on a renewals basis (the assets being replaced when required) under which no depreciation is charged. This departure from Financial Reporting Standard No 15 “Tangible Fixed Assets” is not regarded as having a material impact on the results of the Centre.

Funding

On 30 November 2000 (Billet d’Etat XXIII) the States resolved that funding for Beau Sejour Centre should be included within a single overall General Revenue budget heading for the Recreation Committee, with effect from 2001. The effect of the revision to the funding arrangements is shown in note 9 of the financial statements.

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued
year ended 31 December 2003

1. Accounting policies - continued

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Centre (Committee) benefits from the employees' services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

2. Operating income

	2003 £	2002 £
Admission and membership charges	39,103	60,288
Sports	637,667	564,794
Health and fitness	657,080	359,107
Entertainment	308,400	269,682
Trading areas	<u>371,013</u>	<u>289,493</u>
	£ 2,013,263	£ 1,543,364

3. Direct costs

	2003 £	2002 £
Sports		
Salaries, wages and superannuation	720,857	651,997
Maintenance and general expenses	<u>126,765</u>	<u>114,595</u>
	<u>847,622</u>	<u>766,592</u>
Health and fitness		
Salaries, wages and superannuation	235,231	180,129
Maintenance and general expenses	<u>43,846</u>	<u>30,706</u>
	<u>279,077</u>	<u>210,835</u>
Entertainment		
Salaries, wages and superannuation	230,645	197,596
Cinema	-	3,169
Theatre and concerts	118,669	112,622
Maintenance and general expenses	<u>22,309</u>	<u>21,424</u>
	<u>371,623</u>	<u>334,811</u>
Trading areas		
Cost of sales – bar, catering and shop	196,337	166,173
Salaries, wages and superannuation	159,290	146,112
Maintenance and general expenses	<u>52,741</u>	<u>31,408</u>
	<u>408,368</u>	<u>343,693</u>
	£ 1,906,690	£ 1,655,931

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued

year ended 31 December 2003

4. Central services expenses

	2003	2002
	£	£
Business development		
Salaries, wages and superannuation	84,663	42,442
Advertising and general expenses	<u>74,362</u>	<u>40,651</u>
	<u>159,025</u>	<u>83,093</u>
Repairs and maintenance		
Salaries, wages and superannuation	365,972	357,563
Reapportioned wages	(83,607)	(70,441)
Fuel, light and power	209,303	146,204
General expenses	<u>203,792</u>	<u>118,247</u>
	<u>695,460</u>	<u>551,573</u>
Finance, administration and information technology		
Salaries, wages and superannuation	205,042	169,093
Insurance	48,361	61,521
Rates	22,711	23,078
Postage, printing, telephone and stationery	36,596	28,338
Training, travel and entertainment	13,722	8,362
Computer charges	36,392	24,129
Advisory and Finance service charge	-	-
Consultancy charges	7,522	15,214
Audit fee	18,979	9,111
Professional fees	-	-
General expenses	21,033	27,561
Bad debts	<u>-</u>	<u>3,134</u>
	<u>410,358</u>	<u>369,541</u>
	£ 1,264,843	£ 1,004,207

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued

year ended 31 December 2003

5. Tangible fixed assets

	1 January 2003 £	Additions £	Disposals £	31 December 2003 £
<i>Cost</i>				
Freehold land and buildings	10,367,149	3,095,091	-	13,462,240
Plant and equipment	1,732,499	70,229	-	1,802,728
Furniture, fixtures and fittings	1,125,713	93,373	-	1,219,086
Office equipment	395,541	72,025	-	467,566
Catering equipment	170,038	3,421	-	173,459
Motor vehicles	-	-	-	-
Weight training equipment	115,740	188,861	10,000	294,601
Outdoor facilities	2,502	-	-	2,502
Water flumes	359,068	-	-	359,068
Soft play equipment	26,976	-	-	26,976
Sports equipment	117,647	13,995	-	131,642
Maintenance equipment	8,635	33,877	-	42,512
	<u>£ 14,421,508</u>	<u>£ 3,570,872</u>	<u>£ 10,000</u>	<u>£ 17,982,380</u>
<i>Depreciation</i>				
Freehold land and buildings	1,614,374	202,779	-	1,817,153
Plant and equipment	1,571,286	58,285	-	1,629,571
Furniture, fixtures and fittings	963,784	39,385	-	1,003,169
Office equipment	304,686	35,288	-	339,974
Catering equipment	136,416	6,758	-	143,174
Motor vehicles	-	-	-	-
Weight training equipment	81,435	55,376	10,000	126,811
Outdoor facilities	2,501	-	-	2,501
Water flumes	185,943	14,363	-	200,306
Soft play equipment	23,555	3,421	-	26,976
Sports equipment	58,196	26,062	-	84,258
Maintenance equipment	1,645	2,097	-	3,742
	<u>4,943,821</u>	<u>443,814</u>	<u>10,000</u>	<u>5,377,635</u>
Net book value	<u>£ 9,477,687</u>			<u>£ 12,604,745</u>

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued

year ended 31 December 2003

6. Stocks

	2003 £	2002 £
Consumables	18,719	40,531
Goods for resale	<u>6,787</u>	<u>10,717</u>
	£ 25,506	£ 51,248

7. Debtors and prepayments

	2003 £	2002 £
Trade debtors	123,336	84,552
Other debtors and prepayments	<u>22,975</u>	<u>58,895</u>
	£ 146,311	£ 143,447

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	-	118
Accruals	499,373	177,723
Deferred income	<u>148,581</u>	<u>93,303</u>
	£ 647,954	£ 271,144

9. Reserves

	General reserve £	Revenue Account £	Total £
Balance 1 January 2003	11,345,075	(1,938,898)	9,406,177
Capital funding	3,460,565	-	3,460,565
Deficit for year	-	(1,598,254)	(1,598,254)
Revenue funding	-	1,266,197	1,266,197
Non-cash movements	-	(399,499)	(399,499)
	<hr/>	<hr/>	<hr/>
Balance 31 December 2003	£ 14,805,640	(2,670,454)	12,135,186

The general reserve is required to fund the asset base of the Centre.

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued

year ended 31 December 2003

10. Cash flow statement

*Reconciliation of operating deficit to net cash
Inflow/(outflow) from operating activities*

	2003	2002
	£	£
Operating deficit	(1,602,084)	(1,440,348)
Depreciation charge	443,814	323,574
Decrease in stocks	25,742	4,816
(Increase)/decrease in debtors	(2,866)	69,500
(Decrease)/increase in creditors	<u>376,810</u>	<u>103,257</u>
Net cash outflow from operating activities	£ <u>(758,584)</u>	£ <u>(939,201)</u>

11. Pension Fund

The employees of Beau Sejour Centre are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme, funded by contributions from both employers and employees at rates which are determined periodically on the basis of actuarial advice and which are calculated to spread the expected costs of benefits payable to employees over the period of those employees' expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2001 indicated that a surplus existed. However, the contribution rate to the Fund was increased with effect from 1 January 2003 from 6.25% for 2002 to 7.35% for 2003. Employees contribute at a rate of 6%. The surplus is being amortised over the expected service lives of all the employees within the scheme.

Further details relating to the funding of the Superannuation Scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

The total amount of the Committee's superannuation contributions for the year ended 31 December 2003 was £83,077 (2002: £69,704), which were all paid during the year. At 31 December 2003 there were no outstanding contributions due (2002: £nil).

Whilst the States of Guernsey Recreation Committee continues to account for its defined benefit pension obligations under Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", the following additional information has been provided to satisfy the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits". As the scheme is a multi employer arrangement, the Authority is unable to identify its share of underlying assets and liabilities of the scheme or the implication of the surplus on the Board, as required by Financial Reporting Standard 17.

States of Guernsey Recreation Committee - Beau Sejour Centre

Notes to the financial statements - continued

year ended 31 December 2003

12. Related party transactions

After making appropriate enquiries in accordance with Guidance Notes issued by the States Treasurer on 27 March 1996, the Committee are of the opinion that there have been no related party transactions in the current or preceding financial years.

Of the Beau Sejour Centre's annual income and expenditure, less than 20% of their respective value is due to transactions with other States entities.

13. Statement of control

Beau Sejour Centre is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of Beau Sejour Centre has been delegated to the members of the Recreation Committee who have been appointed by the States of Guernsey. On 1 May 2004 the Recreation Committee was duly succeeded by the Culture and Leisure Department.

14. Funding

The States of Guernsey through the budgetary arrangements agreed with the Recreational Committee have undertaken to provide sufficient financial support to enable the Beau Sejour Centre to operate on a going concern basis for the foreseeable future.

Royal Court Fund

Statement of responsibilities for the preparation of financial statements

The States Treasurer is responsible for the preparation of an income and expenditure account for each financial year which fairly summarise the transactions made during the year and for selecting suitable accounting policies. In preparing that account the States Treasurer is expected to:

- apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent; and
- prepare the income and expenditure account on a going concern basis, unless it is inappropriate to do so.

The States Treasurer acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Royal Court Fund.

It is the responsibility of the Royal Court Fund to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus the Royal Court Fund is responsible for safeguarding the assets in its care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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Independent auditors' report to the Bailiff and Jurats of the Royal Court- Royal Court Fund

We have audited the income and expenditure account and related note 1 which have been prepared under the accounting policies set out therein.

Respective responsibilities of the States Treasurer and auditors

As described in the statement of responsibilities for the annual accounts, the States Treasurer is responsible for the preparation of accounts for each financial year which fairly summarise the transactions made during that year and for selecting suitable accounting policies. Our responsibility, as independent auditors, are established the UK Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts fairly summarise the transactions made during that year and are prepared in accordance with the accounting policies set out in note 1. We also report if, in our opinion, the Royal Court Fund has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the Royal Court Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free of material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts fairly summarise the transactions of the Royal Court Fund for the year ended 31 December 2003 and have been properly prepared in accordance with the accounting policies set out in note 1.

KPMG

Chartered Accountants

28 May 2004

Royal Court Fund

Income and expenditure account *for the year ended 31 December 2003*

	<i>Note</i>	2003 £	2002 £
Income			
Grant from States General Revenue Account		<u>10,000</u>	<u>10,000</u>
Expenditure			
Grants - Remembrance Day service		195	168
- Wreaths		130	85
Swearing in - Chief Pleas		79	-
Swearing in - Deputy Bailiff		-	1,167
Induction of new Dean		132	-
Sundries		<u>258</u>	<u>359</u>
		<u>794</u>	<u>1,779</u>
Surplus for the financial year, transferred to the States General Revenue Account		£ <u>9,206</u>	£ <u>8,221</u>

The income and expenditure account was approved on 28 May 2004 by:

DM Clark
States Treasurer

Royal Court Fund

Notes to the income and expenditure account
year ended 31 December 2003

1. Accounting policy

Income and expenditure account

Income and expenditure are included on a cash basis.

STATES OF ALDERNEY

STATEMENT OF RESPONSIBILITIES OF THE POLICY AND FINANCE COMMITTEE AND THE STATES TREASURER

The States Treasurer is responsible for preparing accounts for each financial year which present fairly, in all material respects, the transactions of the States of Alderney for that period and are in accordance with the applicable law. In preparing those accounts he is required to:

- select suitable accounting policies and apply them consistently and
- make judgements and estimates that are reasonable and prudent.

The Policy and Finance Committee acknowledges that it is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States of Alderney and to enable them to ensure that the accounts comply with The Government of Alderney Law, 1987. They are also responsible for safeguarding the assets of the States of Alderney and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS REPORT TO THE POLICY AND FINANCE COMMITTEE

We have audited the financial statements of the States of Alderney for the year ended 31 December 2003 which comprise the revenue account, the capital account, the summary of balances and the related notes 1 to 5.

Respective responsibilities of the States Treasurer and the auditors

As described in the Statement of Responsibilities of the Policy and Finance Committee and the States Treasurer, the States Treasurer is responsible for the preparation of accounts for each financial year which fairly summarise the transactions made during that year and for selecting suitable accounting policies. Our responsibilities, as independent auditors, are established by the UK Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the accounting policies set out in note 1. We also report to you if, in our opinion, the Treasurer has not kept proper accounting records, or if we have not yet received all the information and explanations we require for our audit.

Basis of Audit Opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and whether the accounting policies are appropriate to the States of Alderney's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts fairly summarise the transactions made during the year ended 31 December 2003 and have been properly prepared in accordance with the accounting policies set out in note 1.

KPMG

CHARTERED ACCOUNTANTS

Guernsey.

31st March 2004

STATES OF ALDERNEY

SUMMARY OF GENERAL REVENUE INCOME AND EXPENDITURE

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
INCOME ON REVENUE ACCOUNT				
Building and Development Control Committee	19,482	20,000	12,000	11,458
General Services Committee	273,908	266,800	252,600	298,383
Policy and Finance Committee	815,139	774,900	955,600	1,474,215
TOTAL INCOME ON REVENUE ACCOUNT	1,108,529	1,061,700	1,220,200	1,784,056
Net revenue cash allocation from States of Guernsey	1,010,124	1,074,750	800,000	656,515
	2,118,653	2,136,450	2,020,200	2,440,571

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
EXPENDITURE ON REVENUE ACCOUNT				
Building and Development Control Committee	20,047	36,500	36,500	30,491
General Services Committee	1,350,829	1,314,750	1,346,350	1,283,239
Policy and Finance Committee	747,777	785,200	768,000	1,126,841
TOTAL EXPENDITURE ON REVENUE ACCOUNT	2,118,653	2,136,450	2,150,850	2,440,571
Use of Accumulated Unspent Balances	-	-	(130,650)	-
	2,118,653	2,136,450	2,020,200	2,440,571

BUILDING AND DEVELOPMENT CONTROL COMMITTEE

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Planning fees	19,482	20,000	12,000	11,458
TOTAL REVENUE INCOME	19,482	20,000	12,000	11,458

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Administration				
Staff, supplies and services	16,713	30,000	30,000	28,761
Planning inquiry	-	1,500	1,500	-
Planning records system	3,334	5,000	5,000	1,730
TOTAL REVENUE EXPENDITURE	20,047	36,500	36,500	30,491

GENERAL SERVICES COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Agriculture								
Fees and charges	1,630		1,100		1,000		1,107	
Rents	3,078		4,000		4,000		3,338	
Slaughterhouse fees	3,903		1,500		1,300		1,475	
		8,611		6,600		6,300		5,920
Gardens, Cemeteries and Church								
Burial plots		551		800		900		630
Health And Welfare								
Jubilee Home								
Residents fees, etc.		-		-		-		46,161
Public Services								
Administration								
Hire vehicle fees	2,707		2,700		2,400		2,728	
Properties - General								
Rent	17,793		17,500		17,500		15,900	
Properties - Housing								
Rent	227,727		222,000		204,000		207,713	
Sewage, Sanitation and Refuse								
Cesspit emptying fees	6,229		8,000		9,300		7,703	
		254,456		250,200		233,200		234,044
Recreation								
Campsite								
Campsite fees (net)	3,848		3,000		2,500		3,243	
Rent of showers	100		200		200		308	
	3,948		3,200		2,700		3,551	
Island Hall								
Island Hall rents	6,342		6,000		9,500		8,077	
		10,290		9,200		12,200		11,628
TOTAL REVENUE INCOME		273,908		266,800		252,600		298,383

GENERAL SERVICES COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Alderney Harbour trading loss		56,931		47,000		23,400		10,794
Agriculture								
Staff	67,111		80,000		88,000		74,743	
Supplies and services	23,626		16,000		16,000		13,648	
Bovine Spongiform Encephalopathy - Compensation	2,400		3,000		3,000		2,393	
Disposal costs	575		1,500		1,500		366	
Dairy and land management compensation	62,443		65,000		65,000		63,160	
Foot and mouth insurance	804		850		850		805	
Slaughterhouse	791		3,000		3,000		2,489	
Veterinary services	2,489		1,000		1,600		576	
		160,239		170,350		178,950		158,180
Civil Emergency								
Premises	1,130		3,200		3,200		1,203	
Supplies and services	2,045		4,200		4,200		4,028	
Environmental monitoring	15,149		14,200		14,200		13,500	
Responses to major incidences	978		2,400		2,400		1,904	
		19,302		24,000		24,000		20,635
Fieldwork Scheme								
Staff	5,158		5,000		10,000		935	
Supplies and services	72		1,000		1,000		72	
		5,230		6,000		11,000		1,007
Gardens, Cemeteries and Church								
Staff	19,425		18,100		20,700		17,734	
Supplies and services	2,959		2,000		2,000		2,696	
	22,384		20,100		22,700		20,430	
<i>Less recoveries</i>	(946)		(1,200)		(1,200)		(1,487)	
		21,438		18,900		21,500		18,943
Health and Welfare								
Administration								
Supplies and services	102		500		1,000		792	
Education and Health								
Grant to Alderney playschools	350		500		500		350	
Mignot Memorial Hospital - Insure buildings	1,234		1,300		1,300		1,234	
School bus subsidy	10,000		10,000		10,000		10,053	
Youth employment scheme	2,742		3,000		3,000		1,987	
	14,326		14,800		14,800		13,624	
Home Carers Service								
Staff	2,105		3,000		3,000		2,271	
<i>Less recoveries</i>	(1,266)		(1,500)		(1,500)		(1,244)	
	839		1,500		1,500		1,027	
Jubilee Home								
Premises	-		-		-		8,776	
Staff	-		-		-		85,164	
Supplies and services	-		-		-		9,951	
	-		-		-		103,891	
<i>Less recoveries</i>	-		-		-		(2,338)	
	-		-		-		101,553	
Welfare Services								
Other social and care support	-		-		-		3,551	
Out-relief and welfare support	19,936		24,000		20,000		22,111	
	19,936		24,000		20,000		25,662	
<i>Less recoveries</i>	(4,075)		(2,000)		(2,000)		(1,512)	
	15,861		22,000		18,000		24,150	
		31,128		38,800		35,300		141,146

GENERAL SERVICES COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Public Services								
Administration								
Staff	79,415		79,500		78,000		75,218	
Supplies and services	11,287		15,400		15,400		13,869	
	<u>90,702</u>		<u>94,900</u>		<u>93,400</u>		<u>89,087</u>	
Fire Brigade and Cliff Rescue								
Staff	19,790		22,000		28,000		18,189	
Supplies and services	7,931		15,000		15,000		12,794	
Administration of Law	3,267		4,000		-		-	
	<u>30,988</u>		<u>41,000</u>		<u>43,000</u>		<u>30,983</u>	
Properties - General								
Staff	135,238		120,000		107,600		104,416	
Supplies and services	95,955		70,000		60,000		73,285	
	<u>231,193</u>		<u>190,000</u>		<u>167,600</u>		<u>177,701</u>	
<i>Less recoveries</i>	(37,995)		(20,000)		(20,000)		(13,527)	
	<u>193,198</u>		<u>170,000</u>		<u>147,600</u>		<u>164,174</u>	
Properties - Housing								
Staff	63,185		55,000		95,700		47,457	
Supplies and services	43,928		35,000		35,000		47,379	
	<u>107,113</u>		<u>90,000</u>		<u>130,700</u>		<u>94,836</u>	
Roads, Coasts and Beaches								
Staff	64,389		105,500		125,000		87,758	
Supplies and services	176,182		170,000		170,000		151,448	
	<u>240,571</u>		<u>275,500</u>		<u>295,000</u>		<u>239,206</u>	
<i>Less recoveries</i>	(561)		(6,500)		(6,500)		(3,439)	
	<u>240,010</u>		<u>269,000</u>		<u>288,500</u>		<u>235,767</u>	
Sewage, Sanitation and Refuse								
Staff	181,987		160,000		165,000		158,848	
Supplies and services	63,908		40,000		40,000		39,599	
Refuse separation / recycling	50,621		55,000		55,000		29,626	
	<u>296,516</u>		<u>255,000</u>		<u>260,000</u>		<u>228,073</u>	
<i>Less recoveries</i>	(4,025)		(10,000)		(10,000)		(3,346)	
	<u>292,491</u>		<u>245,000</u>		<u>250,000</u>		<u>224,727</u>	
Vehicle Fleet								
Staff	18,731		15,500		15,500		13,404	
Supplies and services	22,823		25,000		25,000		22,724	
	<u>41,554</u>		<u>40,500</u>		<u>40,500</u>		<u>36,128</u>	
<i>Less recoveries</i>	(3,911)		(3,500)		(3,500)		(3,540)	
	<u>37,643</u>		<u>37,000</u>		<u>37,000</u>		<u>32,588</u>	
	<u>992,145</u>		<u>946,900</u>		<u>990,200</u>		<u>872,162</u>	

GENERAL SERVICES COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Recreation								
Administration								
Grants - sporting and cultural activities	1,383		3,100		3,100		2,532	
Official entertainments and presentations	8,884		5,500		5,500		9,611	
	<u>10,267</u>		<u>8,600</u>		<u>8,600</u>		<u>12,143</u>	
Camp Site								
Camp site expenses	9,165		3,000		3,000		1,385	
	<u>9,165</u>		<u>3,000</u>		<u>3,000</u>		<u>1,385</u>	
Children's Playground								
Supplies and services	1,718		2,000		2,000		284	
	<u>1,718</u>		<u>2,000</u>		<u>2,000</u>		<u>284</u>	
Island Hall								
Premises	6,183		7,500		6,500		7,613	
Staff	16,892		20,500		20,700		19,413	
Supplies and services	2,577		4,000		4,000		2,991	
	<u>25,652</u>		<u>32,000</u>		<u>31,200</u>		<u>30,017</u>	
		46,802		45,600		44,800		43,829
Sea Fisheries								
Staff	14,200		14,200		14,200		13,500	
Supplies and services	3,414		3,000		3,000		3,043	
	<u>17,614</u>		<u>17,200</u>		<u>17,200</u>		<u>16,543</u>	
TOTAL REVENUE EXPENDITURE		1,350,829		1,314,750		1,346,350		1,283,239

POLICY AND FINANCE COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Company registrations	13,357		15,000		15,000		15,249	
Court receipts	41,563		30,000		25,000		31,719	
Duty free concession	32,978		27,000		24,000		33,370	
Housing loan interest	1,009		1,500		2,500		1,431	
Interest receivable	24,752		18,000		9,500		27,803	
Numismatic revenues	115,611		80,000		82,400		69,963	
Occupiers rates	197,327		197,000		192,500		185,187	
Permits and licences	9,603		9,500		9,500		9,080	
Post Office - share of dividend	3,744		40,000		40,000		38,876	
Rents	28,795		28,800		25,000		24,444	
Royalties and fees	3,049		3,500		3,200		3,503	
Sundry sales and charges	7,547		8,000		7,500		7,781	
Television tender payments	1,072		1,000		1,000		970	
	480,407		459,300		437,100		449,376	
<i>Less</i> transfer to currency reserve	(83,135)		(30,000)		(30,000)		(32,001)	
		397,272		429,300		407,100		417,375
Gambling, Licensing and Control								
Licences and application fees		-		-		-		410,650
Grants								
Lottery profits		1,706		1,700		2,000		2,329
Promotion and Marketing								
Accommodation permits	2,262		2,400		2,200		2,376	
Sale of advertising space	11,406		11,500		14,300		12,131	
		13,668		13,900		16,500		14,507
Property Transfer Duties								
Conge	365,156		300,000		500,000		580,288	
Leasehold duty	37,337		30,000		30,000		37,066	
Transfer duty	-		-		-		12,000	
		402,493		330,000		530,000		629,354
TOTAL REVENUE INCOME		815,139		774,900		955,600		1,474,215

POLICY AND FINANCE COMMITTEE

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
Administration								
Premises	12,469		14,000		14,000		12,880	
Staff	378,578		385,000		370,500		369,115	
Supplies and services	72,849		90,000		90,000		80,721	
Audit fees and expenses	10,869		11,000		11,000		10,292	
Breakwater / harbour investigations	41,132		20,000		8,000		22,472	
Breakwater maintenance contribution	15,000		15,000		15,000		15,000	
Census expenses	-		-		500		6,475	
Health and safety regulation	259		4,000		8,000		-	
Insurance	9,432		9,500		16,500		12,474	
Meteorological station	20		300		300		-	
States members expenses (Vote 2.10.96)	15,241		10,000		10,000		2,733	
Supplementary pensions	743		600		1,500		834	
Unforeseen expenditure	-		18,000		18,000		-	
	556,592		577,400		563,300		532,996	
Less recoveries	(12,538)		(13,000)		(14,300)		(12,364)	
		544,054		564,400		549,000		520,632
Administration of Justice								
Supplies and services		13,085		16,000		15,500		13,337
Gambling, Licensing and Control								
Cost of regulation		-		-		-		399,169
Grants								
Alderney Island Games Association	4,000		4,000		-		-	
Alderney Library (Vote 4.3.81)	1,000		1,000		2,000		1,000	
Alderney Week	3,895		2,300		2,000		2,000	
Alderney Wildlife Trust	15,000		15,000		15,000		15,000	
Minor grants	7,214		8,000		8,000		3,448	
St. John Ambulance Brigade (Vote 13.11.91)	10,000		10,000		12,000		10,000	
St. John Ambulance Brigade - new ambulance	-		-		-		10,000	
		41,109		40,300		39,000		41,448
Promotion and Marketing								
Administration								
Premises	3,685		5,000		5,500		3,642	
Staff	30,592		36,000		34,000		32,990	
Supplies and services	12,231		12,000		12,500		7,089	
	46,508		53,000		52,000		43,721	
Promotions								
Supplies and services	83,972		81,500		81,500		88,095	
Events services	3,574		10,000		11,000		10,191	
Promotion of local trade and industry	15,475		20,000		20,000		10,248	
	103,021	149,529	111,500	164,500	112,500	164,500	108,534	152,255
TOTAL REVENUE EXPENDITURE		747,777		785,200		768,000		1,126,841

STATES OF ALDERNEY CAPITAL ACCOUNT SUMMARY

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
INCOME ON CAPITAL ACCOUNT	£	£	£	£
General Services Committee	6,056	6,000	6,000	8,360
Policy and Finance Committee	16,034	28,630	103,630	89,662
TOTAL INCOME ON CAPITAL ACCOUNT	22,090	34,630	109,630	98,022
Excess of Expenditure over Income on Capital Account recovered from the States of Guernsey	957,064	1,257,876	560,870	638,570
	979,154	1,292,506	670,500	736,592

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
EXPENDITURE ON CAPITAL ACCOUNT	£	£	£	£
General Services Committee	967,382	1,263,232	670,500	687,866
Policy and Finance Committee	11,772	29,274	-	48,726
TOTAL EXPENDITURE ON CAPITAL ACCOUNT	979,154	1,292,506	670,500	736,592

GENERAL SERVICES COMMITTEE

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Sale of vehicles	-	-	-	1,020
Sewerage Law contributions	6,056	6,000	6,000	7,340
TOTAL CAPITAL INCOME	6,056	6,000	6,000	8,360

GENERAL SERVICES COMMITTEE

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Alderney Harbour capital expenditure	52,104	179,580	170,500	35,337
Agriculture				
Slaughterhouse - electrics rewiring (S of A 18.12.01, S of G 16.1.02)	2,856	2,856	-	-
Health and Welfare				
Jubilee Home - convert to sheltered accommodation (S of A 18.7.01, S of G 27.6.01)	10,784	10,833	-	101,410
Royal Connaught Nursing Home				
Lift - renovation (S of A 11.9.03, S of G 1.10.03)	9,720	35,000	-	-
Purchase and renovations (S of A 10.11.99, S of G 13.10.99)	-	8,784	-	8,781
Repairs and replacement windows (S of A 11.10.03, S of G 1.10.03)	99	-	-	-
Public Services				
Land and Property				
Airport				
Acquisition and preparation of land (S of A 3.4.01, S of G 24.4.01)	-	4,440	-	805
Acquisition of land near Airport (S of A 19.10.02, S of G 26.11.02 and 5.3.03)	30,164	30,164	-	-
Crusher site infrastructure (S of A 24.7.02, S of G 24.7.02)	40,257	69,546	-	20,044
Fire station relocation (S of A 23.4.03, S of G 25.3.03)	209,976	243,516	-	-
Island Hall repairs and conversion, Court repairs and sale of property (S of A 17.9.03, S of G 25.9.03)	186,982	262,000	450,000	-
New States houses (S of A 22.5.02, S of G 24.4.02)	202,704	202,704	-	203,205
St. Anne's Church roof - repairs	-	-	15,000	-
Vicarage - replacement (S of A 17.4.02)	123,746	123,746	-	180,043
Court House tender documents (S of A 20.11.02, S of G 13.11.02)	9,000	-	-	-
Sewage, Sanitation and Refuse				
Sewer pump replacements - Banquage/Braye (S of A 5.11.97, S of G 7.10.97)	5,000	5,000	-	-
Waste Strategy - review of options (S of A 24.7.02, S of G 18.9.02)	26,066	26,066	-	23,926
Vehicles and Plant				
Fire tender - replacement (S of G 27.8.03)	13,928	15,000	-	-
Sewerage cart /tipper lorry - replacement (S of A 20.11.02, S of G 13.11.02)	43,996	43,997	35,000	5,997
Per published accounts 2002	-	-	-	108,318
TOTAL CAPITAL EXPENDITURE	967,382	1,263,232	670,500	687,866

POLICY AND FINANCE COMMITTEE

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Loan repayments -				
Alderney Football Association	416	415	415	416
Alderney Snooker Club	2,143	3,215	3,215	2,946
Premium on grant of lease - Fort Tourgis	-	-	50,000	-
Sale of freeholds - Le Banquage	13,475	25,000	50,000	86,250
Sale of States properties	-	-	-	50
TOTAL CAPITAL INCOME	16,034	28,630	103,630	89,662

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
Fort Tourgis - consultancy and marketing costs (S of A 17.4.02, S of G 25.6.02)	11,772	29,274	-	18,726
Per published accounts 2002	-	-	-	30,000
TOTAL CAPITAL EXPENDITURE	11,772	29,274	-	48,726

GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR

	Accounts 2003		Probable Outturn 2003		Budget 2003		Accounts 2002	
	£	£	£	£	£	£	£	£
REVENUE ACCOUNT								
INCOME								
Administration								
Facilities charges	33,900		35,000		35,000		28,861	
Sundries	5,811		6,000		8,000		5,081	
	39,711		41,000		43,000		33,942	
<i>Less concessions on charges</i>	(3,625)		(1,000)		(800)		(1,177)	
	36,086		40,000		42,200		32,765	
Crane dues	41,431		44,000		51,000		41,901	
Moorings and Navigation								
Fees	103,929		95,000		93,500		95,043	
Pilotage fees	27,383		24,000		24,000		25,068	
	131,312		119,000		117,500		120,111	
<i>Less pilots remuneration</i>	(7,353)		(7,500)		(7,500)		(6,828)	
<i>concessions on charges</i>	(5,325)		(4,000)		(4,000)		(5,101)	
	118,634		107,500		106,000		108,182	
Quays and Buildings rent	12,870		11,300		11,300		10,940	
TOTAL INCOME		209,021		202,800		210,500		193,788
EXPENDITURE								
Administration								
Staff	172,643		172,900		155,000		148,702	
Supplies and services	23,672		23,000		23,000		19,884	
Insurance	5,112		5,200		5,400		5,112	
	201,427		201,100		183,400		173,698	
<i>Less recoveries</i>	(49,102)		(52,000)		(52,000)		(51,937)	
	152,325		149,100		131,400		121,761	
Cranes								
Staff	24,473		25,200		46,000		37,203	
Supplies and services	8,928		12,000		12,000		9,295	
	33,401		37,200		58,000		46,498	
<i>Less recoveries</i>	(3,846)		(3,500)		(3,500)		(2,215)	
	29,555		33,700		54,500		44,283	
Moorings and Navigation								
Supplies and services	30,842		24,900		24,900		21,514	
Wrecks and salvage	5,009		2,100		2,100		2,186	
	35,851		27,000		27,000		23,700	
Quays and Buildings								
Premises	48,221		40,000		21,000		14,838	
TOTAL EXPENDITURE		265,952		249,800		233,900		204,582
TRADING (LOSS) FOR THE FINANCIAL YEAR		(£56,931)		(£47,000)		(£23,400)		(£10,794)
FUNDED BY THE GENERAL SERVICES COMMITTEE								

GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR

	Accounts 2003	Probable Outturn 2003	Budget 2003	Accounts 2002
	£	£	£	£
CAPITAL ACCOUNT - EXPENDITURE				
Commercial Quay renovation - survey costs (S of A 10.4.03, S of G 23.4.03 and 17.10.03)	31,913	150,000	-	-
Corbet rock navigation beacon (S of A 19.8.98)	-	1,500	1,500	-
Fenders - replacement (S of A 26.6.02, S of G 9.7.02)	18,000	18,000	9,000	-
Marine radio transceiver - upgrade	-	5,000	-	-
Navigation lights (S of A 26.1.02, S of G 13.3.02)	1,548	3,757	-	11,519
New firemain and repairs	-	-	140,000	-
New fisherman's shed (S of A 26.6.01, S of G 24.10.01)	643	1,323	-	2,677
Trellex fendering (S of A 16.12.93)	-	-	20,000	-
Per published accounts 2002	-	-	-	21,141
TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE GENERAL SERVICES COMMITTEE	£52,104	£179,580	£170,500	£35,337

SUMMARY OF BALANCES AT 31 DECEMBER 2003

<u>Loans made and not repaid</u>	Balance of Loans 01.01.03	Repayments 2003	Balance 31.12.03
----------------------------------	------------------------------	--------------------	---------------------

	£	£	£
Alderney Football Association (Vote 05.06.91)	<u>1,686</u>	<u>416</u>	<u>1,270</u>

Balance of Loans 01.01.03	Repayments 2003	Balance 31.12.03
------------------------------	--------------------	---------------------

	£	£	£
New Alderney Snooker Club (Vote 16.07.01)	<u>27,054</u>	<u>2,141</u>	<u>24,911</u>

LE BANQUAGE HOUSING LOANS SCHEME

CAPITAL ACCOUNT

Balance of funds at 01.01.03 and at 31.12.03

2003
£
299,099
<u>299,099</u>

BORROWERS ACCOUNT

Balance with borrowers at 01.01.03

Instalment of loans repaid during 2003

Balance with borrowers at 31.12.03

Balance not lent at 31.12.03

30,713
<u>9,059</u>
21,654
<u>277,445</u>
<u>299,099</u>

COINS IN CIRCULATION ACCOUNT

Value of coins in circulation at 01.01.03

Value of coins issued in 2003

Less: value of coins withdrawn from circulation in 2003

Value of coins in circulation at 31.12.03

974,437
206,264
<u>(18,348)</u>
<u>1,162,353</u>

CURRENCY RESERVE FUND

Balance at 01.01.03

Transfer from General Revenue of face value of
base metal coins issued in 2003

Less: value of coins withdrawn from circulation in 2003

Balance at 31.12.03

423,999
83,135
<u>(18,348)</u>
<u>488,786</u>

INVESTMENTS

<u>2002</u>			<u>2003</u>		
SHARES	£		SHARES	£	
<u>34,730</u>	<u>39,860</u>	<u>Alderney Electricity Ltd.</u> Ordinary Shares at £1 each fully paid at cost Balance at 01.01.03 and 31.12.03	<u>34,730</u>	<u>39,860</u>	
		<u>Alderney Electricity Ltd.</u> 7% Cumulative Preference shares at £1 each fully paid at cost			
<u>10,950</u>	<u>5,499</u>	Balance at 01.01.03 and 31.12.03	<u>10,950</u>	<u>5,499</u>	
<u>2002</u>			<u>2003</u>		
SHARES	£		SHARES	£	
<u>650</u>	<u>650</u>	<u>Alderney Golf Club</u> Shares at £1 each fully paid at cost Balance at 01.01.03 and 31.12.03	<u>650</u>	<u>650</u>	
<u>2002</u>			<u>2003</u>		
SHARES	£		SHARES	£	
<u>2</u>	<u>2</u>	<u>Royal Connaught Residential Home Ltd</u> Shares at £1 each fully paid at cost Balance at 01.01.03 and 31.12.03	<u>2</u>	<u>2</u>	

STATES OF ALDERNEY

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

- a. General revenue account receipts and payments arising in the month following the year end are brought into account in the accounting year to which they relate.
- b. Capital expenditure from general revenue account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.

2 PENSION COSTS

The States provides pension arrangements for the majority of full time employees through a defined benefit scheme and the related costs are assessed in accordance with the advice of actuaries. The assets of this scheme are held separately from those of the States in an independently administered fund and are invested in a Unitised With-Profits Policy with Norwich Union. A full actuarial valuation of the scheme was carried out as at 1st January 2003.

In accordance with the transitional arrangements of Financial Reporting Standard 17, "Retirement Benefits" (FRS 17), the States has used actuarial calculations provided by the actuary to identify the implications of any surplus/(deficit) to the States as at 31st December 2003. The calculations have been carried out by a qualified independent actuary based on the results of the last full actuarial valuation, updated to 31st December 2003.

The major assumptions used by the actuary were (in nominal terms):

	Valuation at 31 December 2003
Pensionable salary growth	4.5% pa
Pension escalation in payment	4.0% pa
Discount rate	5.4% pa
Inflation assumption	3.5% pa

The assets in the scheme and the expected rate of return were:

	Value at 31 December 2003 (£)	Expected return for 2004 (%)
Norwich Union Unitised with-profits policy	£2,013,000	6.5%
Other	Nil	-%

STATES OF ALDERNEY**PENSION COSTS (Continued)**

Total market value of assets	£2,013,000
Present value of scheme liabilities	(£2,815,000)
Surplus/(Deficit) in the scheme	(£802,000)
Net pension asset/ (liability)	(£802,000)

Over the year to 31st December 2003 the employer contributed at the rate of 9.6% of pensionable salaries, including death in service premiums, subject to review at future actuarial valuations. The employee's contribution was 6% of pensionable salaries.

3 RELATED PARTY TRANSACTIONS

The States has a majority share-holding in Alderney Electricity Ltd and purchases electricity, oil and specialist electrical services from the Company. In 2003 the value of these purchases was £62,928. The States has provided goods and services to the Company during 2003 to the value of £3,209.

4 ALDERNEY GAMBLING CONTROL COMMISSION

During the year the States of Alderney received a total of £840,650 in respect of licences issued by the Commission under the Gambling (Alderney) Law 1999. This sum was transferred in total to the Commission to defray expenses and for the investment of the surplus.

5 ALDERNEY HARBOUR ACCOUNT

With effect from 2003 the Income and Expenditure of the Harbour has been taken out of the General Services Committee account and is shown as a separate Harbour account. The trading loss and capital expenditure is funded by the General Services Committee.

SUMMARY OF BALANCES AT 31 DECEMBER 2003

<u>2002</u> £	Bank accounts	<u>2003</u> £
	<u>Daisy Hansen St Anne's School Trust</u>	
1,023	Balance at 01.01.03	1,034
11	Interest received	5
<u>1,034</u>		<u>1,039</u>
-	Purchase of merit board	86
<u>1,034</u>	Balance at 31.12.03	<u>953</u>
	<u>States of Alderney Queens Silver Jubilee Fund</u>	
600	Balance at 01.01.03	607
7	Interest received	-
<u>607</u>	Balance at 31.12.03	<u>607</u>
	<u>The Anne French Hospital Annexe Fund</u>	
10,498	Balance at 01.01.03	10,734
236	Interest received	199
<u>10,734</u>	Balance at 31.12.03	<u>10,933</u>
	<u>The Anne French Room Fund</u>	
1,105	Balance at 01.01.03	1,117
12	Interest received	6
<u>1,117</u>	Balance at 31.12.03	<u>1,123</u>
	<u>States of Alderney Education Committee</u> <u>(ex - Tostevin Trust)</u>	
14,019	Balance at 01.01.03	11,846
381	Interest received	324
<u>14,400</u>		<u>12,170</u>
2,554	Educational Grants	1,517
<u>11,846</u>	Balance at 31.12.03	<u>10,653</u>
	<u>Alderney Education Committee CAYOC Account</u>	
240	Balance at 01.01.03	708
6,000	Grant from Guernsey Education Council	6,000
43	Interest received	24
<u>6,283</u>		<u>6,732</u>
5,575	Grants to Youth Organisations	5,950
<u>708</u>	Balance at 31.12.03	<u>782</u>
	<u>States of Alderney Interest on Investments Account</u> <u>(Educational Bequests)</u>	
12,309	Balance at 01.01.03	12,205
373	Interest received	343
<u>12,682</u>		<u>12,548</u>
477	Grants	-
<u>12,205</u>	Balance at 31.12.03	<u>12,548</u>
	<u>The Packe History Trust</u>	
1,552	Balance at 01.01.03	1,544
17	Interest received	2
<u>1,569</u>		<u>1,546</u>
25	History prize	-
<u>1,544</u>	Balance at 31.12.03	<u>1,546</u>

SUMMARY OF BALANCES AT 31 DECEMBER 2003

<u>2002</u> £	Bank accounts	<u>2003</u> £
264	<u>Alderney Pilotage Board</u>	267
3	Balance at 01.01.03	-
267	Interest received	267
-		67
267	Transfer to Revenue Account	200
	Balance at 31.12.03	
	<u>The Mary Roylance Jubilee Home Fund</u>	
14,420	Balance at 01.01.03	14,769
452	Interest received	412
14,872		15,181
103	Residents' amenities	141
14,769	Balance at 31.12.03	15,040
	<u>The Mary Roylance Mignot Memorial Hospital Fund</u>	
15,588	Balance at 01.01.03	16,170
582	Interest received	594
16,170	Balance at 31.12.03	16,764
	<u>Mignot Memorial Hospital Equipment Fund</u>	
864	Balance at 01.01.03	886
22	Interest received	19
886		905
-	Transfer to Mignot Memorial Hospital Amenities Fund	381
886	Balance at 31.12.03	524
	<u>St Anne's Trust</u>	
32,577	Balance at 01.01.03	33,718
1,141	Interest received	1,048
33,718	Balance at 31.12.03	34,766
	<u>The New Parsonage House Trust</u>	
-	Transfer from States of Alderney (Balance of Vicarage proceeds)	62,422
-	Balance at 31.12.03	62,422

STATES OF ALDERNEY WATER BOARD

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The States of Alderney Water Board ('the Board') acknowledges that it is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Board and of the surplus or deficit of the Board for that year. In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Board will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board. They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and the detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE BOARD

We have audited the financial statements of the States of Alderney Water Board for the year ended 31 December 2003 which comprise the revenue account, the balance sheet and the related notes 1 to 5.

Respective duties of the Board and the auditors

As described above the Board is responsible for the preparation of financial statements for each financial year which fairly summarise the transactions made during that year and for selecting suitable accounting policies. Our responsibilities, as independent auditors, are established by the UK Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out in note 1. We also report to you if, in our opinion, the Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the States of Alderney Water Board's affairs at 31st December 2003 and of its surplus for the year then ended.

KPMG

CHARTERED ACCOUNTANTS

Guernsey.

31st March 2004.

STATES OF ALDERNEY WATER BOARD

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003

	Notes	2003 £	2002 £
REVENUE			
Unmetered supplies		199,716	184,600
Metered supplies		34,333	33,722
Service charges		<u>5,220</u>	<u>846</u>
		239,269	219,168
EXPENSES			
OPERATING AND MAINTENANCE EXPENSES			
Salaries and wages		123,964	116,400
Water treatment charges		17,617	9,054
Fuel and electricity		26,647	25,466
Maintenance		17,775	21,123
Superannuation	2	8,276	8,508
Depreciation	1 & 5	<u>15,812</u>	<u>9,778</u>
		210,091	190,329
ADMINISTRATION AND GENERAL EXPENSES			
Wages and administration charge		12,426	10,921
Rents, rates and taxes		2,559	2,501
Insurance		2,546	2,443
Motor vehicle expenses		2,761	2,613
Postage and telephone		1,740	2,034
Printing and stationery		1,217	1,606
Accountancy and audit		2,215	2,127
Bank charges		334	493
Travelling and general expenses		1,468	1,074
Consultancy fees and expenses		<u>1,957</u>	<u>2,175</u>
		29,223	27,987
		239,314	218,316
OPERATING (DEFICIT) / SURPLUS		(45)	852
OTHER INCOME			
Sale of vehicle		-	2,500
Interest receivable		<u>15,544</u>	<u>16,947</u>
SURPLUS FOR THE YEAR		15,499	20,299
BALANCE BROUGHT FORWARD		591,524	571,225
BALANCE CARRIED FORWARD		<u>£607,023</u>	<u>£591,524</u>

The Water Board has no recognised gains or losses other than the surplus for the year

Notes 1 to 5 form part of these financial statements

STATES OF ALDERNEY WATER BOARD

BALANCE SHEET AS AT 31ST DECEMBER 2003

	Notes	£	2003	£	£	2002	£
ASSETS EMPLOYED							
FIXED ASSETS	1 & 5			240,212			200,440
CURRENT ASSETS							
Stock	1	21,491				21,351	
Debtors		31,295				40,290	
Bank balances - deposit		394,221				413,667	
Bank balances - current		33,645				21,315	
		<u>480,652</u>				<u>496,623</u>	
LIABILITIES FALLING DUE WITHIN ONE YEAR							
Creditors		<u>27,555</u>				<u>19,253</u>	
				453,097			477,370
				<u>£693,309</u>			<u>£677,810</u>
FINANCED BY							
RESERVES							
General	3			86,286			86,286
Revenue Account				<u>607,023</u>			<u>591,524</u>
				<u>£693,309</u>			<u>£677,810</u>

Notes 1 to 5 form part of these financial statements

The financial statements were approved by the States of Alderney Water Board on 31 March 2004 and are signed on its behalf by:

B. Pengilley
Deputy Chairman

STATES OF ALDERNEY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the States of Alderney Water Board's financial statements:

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK applicable accounting standards.

Fixed Assets

Fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of fixed assets over their anticipated useful lives using the straight line method:

	%
Mains and services	2.50
Buildings	2.50
Machinery	6.66
Tools and equipment	10.00
Motor vehicle	33.33
Consumers' meters	10.00

Calculation of depreciation is based on capital expenditure incurred at the commencement of the accounting period, and also on additions during the accounting period.

Stock

Stock is valued at the lower of cost and net realisable value.

Cash Flow Statement

Under Financial Reporting Standard No 1 the States of Alderney Water Board is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

2 PENSION COSTS

The employees of the States of Alderney Water Board are members of the States of Alderney Pension Scheme. This is a defined benefit scheme, providing benefits based on final pensionable pay, funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice and which are calculated to spread the expected cost over the period of those employees' expected service lives. The report by the actuary on the valuation of the pension fund as at 1st January 2003 indicated that the fund was in deficit. Although the employers' contribution rate remained at 9.6% for 2003 a contribution rate of 20% has been agreed with the actuary for 2004. Employees contribute at a rate of 6%.

Because the scheme is a multi employer arrangement the Board is unable to identify its share of the scheme assets and liabilities on a consistent basis, as required by Financial Reporting Standard FRS17.

The pension charge to the Water Board for the year was £13,159. (2002 £12,238).

3 GENERAL RESERVE

The General Reserve is an historic record of States of Alderney investment into the Water Board in the early years of operation.

STATES OF ALDERNEY WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 RELATED PARTY TRANSACTIONS

In 2003 Mr E.W.N.Sebire was Chairman of the General Services Committee and the Water Board. The States has a majority share-holding in Alderney Electricity Ltd and appoints annually a director to the board. This position was held by Mr J.Postlethwaite during the year 2003. The Water Board purchases electricity, oil and specialist electrical services from Alderney Electricity Ltd. In 2003 the value of these purchases was £26,647.

The States of Alderney General Services Committee is appointed by the States of Alderney to act as the Water Board.

5 FIXED ASSETS

	At 1st January 2003	Additions	Disposals and amounts written off	At 31st December 2003
	£	£	£	£
COST				
Land	10	-	-	10
Mains and Services	240,690	-	-	240,690
Buildings	10,363	1,245	-	11,608
Machinery	14,353	51,028	-	65,381
Tools and Equipment	8,249	3,219	-	11,468
Motor Vehicle	12,981	-	-	12,981
Consumer Meters	11,715	91	-	11,806
	<u>298,361</u>	<u>55,583</u>	<u>-</u>	<u>353,944</u>
DEPRECIATION				
Mains and Services	75,016	6,037	-	81,053
Buildings	7,330	259	-	7,589
Machinery	5,984	3,006	-	8,990
Tools and Equipment	1,645	1,012	-	2,657
Motor Vehicle	721	4,326	-	5,047
Consumer Meters	7,224	1,172	-	8,396
	<u>97,920</u>	<u>15,812</u>	<u>-</u>	<u>113,732</u>
NET BOOK AMOUNT	<u>£ 200,441</u>			<u>£ 240,212</u>

States of Guernsey Board of Administration – Works Department

Statement of activities and performance

Year ended 31 December 2003

Principal activities

The States of Guernsey Board of Administration – Works Department (“the Department” or “States Works Department”) operates as a trading organisation which contracts with mainly States’ clients to deliver a wide range of services. Those services demand the effort of a predominately manual labour force utilising specialist plant and equipment to maintain the public services of the Island.

Financial highlights

	2003 £'000	2002 £'000
Income	7,538	6,572
Surplus/(deficit)	263	(62)
Capital expenditure	187	856

Income has recovered in 2003 due to a number of initiatives undertaken by the Department. The results of these initiatives have been to increase income in a number of areas of the Department’s operation. The waste sector has proved a major contribution as has highway resurfacing and traffic light installation and maintenance.

Over the same period, department expenses have remained static generating a healthy surplus of £263,361. This result supports the Department’s strategy of increasing income while maintaining overhead costs in order to achieve a better return for operational effort.

Capital expenditure during the year has dropped as the Department has used this mechanism to manage the bank account and maintain a positive cash flow. This has resulted in a healthy bank balance at the year-end. Depreciation continues to increase, albeit at a slower rate as the predominantly vehicle replacement policy begins to plateau out. The rate and value of replacement vehicles, plant and equipment is now starting to balance with those reaching the end of their period of depreciation.

The indications are now positive as the Department trades out of a period of lower financial results. This trend cannot be taken for granted as the island’s current buoyant economy has certainly contributed to the availability of additional income. With the changes associated with the Machinery of Government on the horizon, the Department will be entering a further period of uncertainty until such time that new service level agreements are established with the new Departments.

Overall the results are good and have justified the initiatives proposed to achieve these results.

Operational Performance

Overheads

	2003	2002
Numeric ratio: Support staff/Operational Staff	15.1%	14.4%
Cost ratio: Support staff/Operational Staff	22.5%	21.3%

Effort

	2003	2002
Income/Employee	£ <u>47,009</u>	£ <u>40,918</u>

States of Guernsey Board of Administration – Works Department

Statement of activities and performance - continued

Year ended 31 December 2003

Operational Performance – continued

Emergency Call-Out

	2003	2002
Number of calls	398	335
Man hours worked	1,367	1,234

Non Scheduled Work

New jobs raised	4,455	4,580
-----------------	--------------	-------

Developments in 2003

The Department has entered into partnership with clients to progress developments in a timely and cost effective manner. This form of agreement has proved beneficial for all concerned.

During the year the Department was able to secure the Flygt pump distributorship for the island. This has increased the Department's customer base and provided a business relationship with the world's largest pump manufacturer.

The States decision to upgrade the island's traffic light assets has also provided a new opportunity for the Department. Siemens have subcontracted all of the on island traffic light installation and maintenance works to the Department. This offers a significant new income stream for our Electrical/Mechanical business unit.

States of Guernsey Board of Administration – Works Department

Statement of activities and performance - continued

Year ended 31 December 2003

Board members and principal officers

The States Works Department is responsible to the Board of Administration

During 2003:

Board Members were:

Deputy RC Berry OBE, President Board of Administration
Deputy ME Best, Vice President & Departmental Representative
Deputy PN Bougourd
Deputy MA Ozanne
Deputy Mrs P Robilliard
Deputy LS Trott
Advocate PJG Atkinson
Mr RHH Barneby
Mr GR Dorey

Principal officers were:

Mr RT Kirkpatrick, Chief Executive, Board of Administration
Mr S Smith, Deputy Chief Executive, Board of Administration
Mr C Le Ray, Finance Director, Board of Administration (Resigned 1 June 2003)
Mr A Lewis, Finance Director, Board of Administration (Appointed 1 September 2003)
Mr DR Parish, General Manager, States Works Department
Mr BG Langlois, Financial Controller, States Works Department
Mr NJ Dorey, Project Manager, States Works Department
Mr JD McEwan, Contract Manager, States Works Department

States of Guernsey Board of Administration – Works Department

Statement of responsibilities for the preparation of financial statements

The Board of Administration (“the Board”) is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the States Works Department and of the surplus or deficit of the States Works Department for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States Works Department. It is also responsible for safeguarding the assets of the Department and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial controls

It is the responsibility of each States Committee to identify and install a system of internal controls, including financial controls, which is adequate for its own purposes and to safeguard the assets of the States Works Department in their care and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The Board of Administration is also responsible for the economic, efficient and effective operations and management of the States Works Department.

It is acknowledged that the States Works Department is subject to financial and manpower restrictions. Nevertheless, the Board of Administration has a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States Works Department internal financial controls and monitoring procedures include:

- Annually reported and approved budgets monitored against monthly management accounts with additional operational detail reported in a detailed quarterly report which monitors actual income and expenditure against that anticipated. All such detail is regularly reviewed at meetings of the Board of Administration to ensure that all Committee members are informed of the Department’s financial affairs.
- Client invoices are subjected to a range of pre-determined computerised integrity checks prior to despatch in order to ensure accuracy.
- The control of materials and stores purchases are managed using a computerised job-costing programme with specific authorisation limits for purchases and segregated areas of responsibility for processing of payments, all of which maintain detailed audit trails.
- Manpower expenditure is monitored and controlled at source via time sheets, which are authorised, and the computerised job costing and financial accounts packages, which check validity, and permits reconciliation with the wage bill.

States of Guernsey Board of Administration – Works Department

Statement of internal financial controls - continued

- Capital expenditure authorisation is subject to strict valuation guidelines and purchase procedures.
- Regular independent review and appraisal of the soundness, adequacy and application of internal controls by the States Internal Audit Department.

The Board strives to ensure that all staff with financial responsibility in the States Works Department have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The States Works Department's internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the financial statements are subject to an independent external audit by auditors appointed by the States.



2 Grange Place
The Grange
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Independent auditors' report to the States of Guernsey Board of Administration – Works Department

We have audited the financial statements of The States of Guernsey Board of Administration – Works Department for the year ended 31 December 2003 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board and auditors

As described in the statement of responsibilities for the preparation of financial statements, the Board is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant Guernsey legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report if, in our opinion, the statement of activities and performance is not consistent with the financial statements, if the Board has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the statement of activities and performance for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Board's affairs as at 31 December 2003 and of its surplus for the year then ended.

KPMG

Chartered Accountants

30 March 2004

States of Guernsey Board of Administration – Works Department

Revenue account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Income	2	<u>7,523,385</u>	<u>6,548,558</u>
Expenses			
Labour and direct materials	3	5,193,419	4,676,354
Transport, plant and equipment maintenance	4	669,371	649,224
Building maintenance and charges	5	365,467	346,581
Administration and general	6	<u>1,046,067</u>	<u>961,993</u>
		<u>7,274,324</u>	<u>6,634,152</u>
Operating surplus/(deficit)		249,061	(85,594)
Interest received from States Treasury		<u>14,300</u>	<u>23,518</u>
Surplus/(deficit) for the financial year	11	<u>263,361</u>	<u>(62,076)</u>

All material activities derive from continuing operations.

There are no recognised gains or losses or other movements in reserves for the current or preceding financial years other than as stated in the revenue account.

States of Guernsey Board of Administration – Works Department

Balance sheet *at 31 December 2003*

	<i>Notes</i>	2003 £	2002 £
Tangible fixed assets	7	<u>4,328,248</u>	<u>4,596,989</u>
Current assets			
Stocks and work in progress	8	215,515	160,357
Debtors and prepayments	9	1,056,158	1,303,966
Balances due from States Treasury		<u>1,011,268</u>	<u>292,900</u>
		<u>2,282,941</u>	<u>1,757,223</u>
Creditors: amounts falling due within one year	10	(221,085)	(227,470)
Net current assets		<u>2,061,856</u>	<u>1,529,753</u>
Total net assets		<u>6,390,104</u>	<u>6,126,742</u>
Reserves	11	<u>6,390,104</u>	<u>6,126,742</u>

These financial statements were approved by the Board of Administration on 30 March 2004.

RC Berry OBE
President

States of Guernsey Board of Administration – Works Department

Cash flow statement

for the year ended 31 December 2003

	<i>Notes</i>	2003 £	2002 £
Net cash inflow from operating activities	<i>12</i>	<u>888,953</u>	<u>180,748</u>
Returns on investments and servicing of finance			
Interest received		<u>14,300</u>	<u>23,518</u>
Net cash inflow from returns on investments and servicing of finance		<u>14,300</u>	<u>23,518</u>
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(187,135)	(855,667)
Receipts from sales of tangible fixed assets		<u>2,250</u>	<u>14,364</u>
Net cash outflow from investing activities		(184,885)	(841,303)
Management of liquid resources			
(Increase)/decrease in amounts held with States Treasury		(718,368)	<u>637,037</u>
Movement in cash		<u>=====</u>	<u>=====</u>

States of Guernsey Board of Administration – Works Department

Notes to the financial statements

1. Principal accounting policies

The following accounting policies are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue

Revenue comprises amounts in respect of services provided and goods supplied in the year.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated useful lives using the straight-line method.

	Estimated life in years	Depreciation % per annum
Plant, tools and equipment	20-3	5-33.33
Motor vehicles	10-3	10-33.33
Office equipment	5	20
Buildings and fittings	50-10	2-10
Land		0.00

Stock and work in progress

Stock and work in progress is valued at the lower of costs and net realisable value.

Pension costs

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Board benefits from the employee's services. Surpluses or deficiencies are spread over the expected average remaining working lifetime of employees in proportion to their expected payroll costs.

States of Guernsey Board of Administration – Works Department

Notes to the financial statements - continued

2. Income

	2003 £	2002 £
Maintenance - Building and properties	2,202,459	1,742,461
- Highways	2,039,371	1,712,451
- Sewers and pump stations	841,666	821,093
- Vehicles and plant	501,392	521,740
- Land areas	1,507,003	1,383,510
Transport services	52,487	82,968
Island wide emergencies and call outs	79,770	67,289
Administrative services	<u>299,237</u>	<u>217,046</u>
	<u>7,523,385</u>	<u>6,548,558</u>

3. Labour and direct materials

	2003 £	2002 £
Labour charges:		
Wages and employers superannuation	<u>3,415,700</u>	<u>3,289,785</u>
Direct materials:		
Materials and services	1,207,246	922,430
Stores	361,684	300,134
Sub contractors	223,127	176,132
Less: discounts received	<u>(14,338)</u>	<u>(12,127)</u>
	<u>1,777,719</u>	<u>1,386,569</u>
	<u>5,193,419</u>	<u>4,676,354</u>

4. Transport, plant and equipment maintenance

	2003 £	2002 £
Vehicles - Fuel and maintenance	211,392	204,578
- Depreciation	205,187	190,570
Plant and tools - Maintenance	90,427	90,298
- Replacements	72,890	74,578
- Depreciation	47,721	48,716
Contractors charges	10,688	11,101
Garage expenses	15,759	18,078
Other costs	<u>15,307</u>	<u>11,305</u>
	<u>669,371</u>	<u>649,224</u>

States of Guernsey Board of Administration – Works Department

Notes to the financial statements - continued

5. Building maintenance and charges

	2003 £	2002 £
La Hure Mare	154,425	151,510
Burnt Lane Depot	46,715	75,111
Stones Yard Depot	(236)	6,137
Saumarez Park Depot	1,343	2,055
Post Office Garage	384	11,048
Other sites	827	2,847
Buildings and fittings depreciation	<u>162,009</u>	<u>97,873</u>
	<u>365,467</u>	<u>346,581</u>

6. Administration and general

	2003 £	2002 £
Salaries, wages and employers superannuation	766,667	704,040
Travel and collection charges	46,836	48,154
Post, stationery and telephone	40,759	43,665
Computer charges	45,814	63,944
Insurance	66,776	50,022
Audit fee	8,552	6,000
Sundry office expenses	14,714	12,413
Office and equipment depreciation	40,886	38,432
Profit on disposal of fixed assets	(2,177)	(5,965)
Bad debts provided for and written off	<u>17,240</u>	<u>1,288</u>
	<u>1,046,067</u>	<u>961,993</u>

7. Tangible fixed assets

	1 January 2003 £	Additions £	Written off/ Disposals £	31 December 2003 £
<i>Cost</i>				
Plant, tools and equipment	594,827	43,994	32,817	606,004
Motor vehicles	1,781,597	133,807	126,868	1,788,536
Office equipment	226,081	2,840	9,263	219,658
Buildings and fittings	3,526,551	6,494	57,352	3,475,693
Land	<u>649,220</u>	<u>-</u>	<u>-</u>	<u>649,220</u>
	<u>6,778,276</u>	<u>187,135</u>	<u>226,300</u>	<u>6,739,111</u>

States of Guernsey Board of Administration – Works Department

Notes to the financial statements - continued

7. Tangible fixed assets - continued

	1 January 2003 £	Charge for the year £	Disposals £	31 December 2003 £
<i>Depreciation</i>				
Plant, tools and equipment	503,189	47,721	32,813	518,097
Motor vehicles	1,151,769	205,187	126,816	1,230,140
Office equipment	72,621	40,886	9,260	104,247
Buildings and fittings	453,708	162,009	57,338	558,379
Land	-	-	-	-
	<u>2,181,287</u>	<u>455,803</u>	<u>226,227</u>	<u>2,410,863</u>
Net book value	<u>4,596,989</u>			<u>4,328,248</u>

8. Stock and work in progress

	2003 £	2002 £
Stock	121,145	132,413
Work in progress	<u>94,370</u>	<u>27,944</u>
	<u>215,515</u>	<u>160,357</u>

9. Debtors and prepayments

	2003 £	2002 £
Trade debtors	254,577	153,161
Balance due from States Departments	794,474	1,146,442
Prepayments and other debtors	<u>7,107</u>	<u>4,363</u>
	<u>1,056,158</u>	<u>1,303,966</u>

10. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	184,672	209,267
Accruals	<u>36,413</u>	<u>18,203</u>
	<u>221,085</u>	<u>227,470</u>

States of Guernsey Board of Administration – Works Department

Notes to the financial statements - continued

11. Reserves

	Revenue account £
Balance 1 January 2003	6,126,742
Surplus for financial year	<u>263,361</u>
Balance 31 December 2003	<u>6,390,104</u>

12. Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities

	2003 £	2002 £
Operating surplus/(deficit)	249,061	(85,594)
Depreciation charges and surplus on sale of tangible fixed assets	453,626	369,625
Increase in stocks and work in progress	(55,158)	(6,251)
Decrease/(increase) in debtors	247,808	(50,627)
Decrease in creditors due within one year	<u>(6,384)</u>	<u>(46,405)</u>
Net cash inflow from operating activities	<u>888,953</u>	<u>180,748</u>

13. Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
Movement in cash	-	-
Increase/(decrease) in liquid resources	<u>718,368</u>	<u>(637,037)</u>
	718,368	(637,037)
Net funds at 1 January	<u>292,900</u>	<u>929,937</u>
Net funds at 31 December	<u>1,011,268</u>	<u>292,900</u>

14. Analysis of changes in net funds

	At 1 January 2003 £	Cash flows £	At 31 December 2003 £
Cash held with States Treasury	<u>292,900</u>	<u>718,368</u>	<u>1,011,268</u>

States of Guernsey Board of Administration – Works Department

Notes to the financial statements - continued

15. Capital commitments

	2003 £	2002 £
Contracted for but not provided	<u>14,125</u>	<u>38,890</u>

16. Pension Fund

The employees of the States of Guernsey Works Department are members of the States of Guernsey Superannuation Scheme. This is a defined benefits pension scheme, funded by contributions from both employer and employee at rates which are determined periodically on the basis of actuarial advice and which are calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2001 indicated that a surplus existed. However, the contribution rate to the Fund was increased with effect from 1 January 2003 from 8.25% for 2002 to 8.35% for 2003. Employees contribute at a rate of 6%. The surplus is being amortised over the expected service lives of all the employees within the scheme.

Further details relating to the funding of the Superannuation Scheme are provided in the Superannuation Fund section of the accounts of the States of Guernsey.

The total amount of superannuation contributions for the year ended 31 December 2003 was £257,711 (2002: £228,990) which were all paid during the year.

Whilst the Board continues to account for its defined benefit pension obligations under Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", the following additional information has been provided to satisfy the transitional arrangements of Financial Reporting Standard 17 "Retirement Benefits". As the scheme is a multi employer arrangement, the Board is unable to identify its share of underlying assets and liabilities of the scheme or the implications of the surplus on the Board, as required by Financial Reporting Standard 17.

17. Related party transactions

The Department are of the opinion that there have been no related party transactions in the current or preceding financial years apart from with other States entities.

Of the States of Guernsey Board of Administration – Works Department annual income, 89% (2002: 90%) of the value is due to transactions with other States entities. This includes aggregate value of transactions with the Public Thoroughfares Committee totalling 33% (2002: 36%) of the Department's annual income.

Less than 20% of the value of the Department's annual expenditure is due to transactions with other States entities.

18. Statement of control

The States of Guernsey Board of Administration – Works Department is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the States of Guernsey Board of Administration – Works Department has been delegated to the members of the Board who have been appointed by the States of Guernsey.