XVII
2007

# BILLET D'ÉTAT

## WEDNESDAY, 27th JUNE, 2007

## ACCOUNTS OF THE STATES FOR 2006

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# *BILLET D'ÉTAT*

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**TO THE MEMBERS OF THE STATES OF**

**THE ISLAND OF GUERNSEY**

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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 **27th JUNE, 2007,** immediately after the meeting already convened for that day, for the purpose of considering the States Accounts for 2006.

G. R. ROWLAND
Bailiff and Presiding Officer

The Royal Court House,
Guernsey.
8th June, 2007

# 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

3 May 2007

Dear Sir,

I enclose a copy of the accounts of the States of Guernsey for the year ended 31 December 2006 together with the Auditors' report thereon.

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 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 (the "accounts") of the States of Guernsey for the year ended 31 December 2006 on pages 14 to 59 and 80 to 99 which have been prepared under the accounting policies set out on page 6.

**Respective duties of the Treasury and Resources Department and 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 and for selecting suitable accounting policies.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts are properly prepared in accordance with the accounting polices 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 received all the information and explanations we require for our audit.

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

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 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 for the year ended 31 December 2006 have been properly prepared in accordance with the accounting policies set out on page 6.

***KPMG Channel Islands Limited***

Chartered Accountants

Guernsey
3 May 2007

# STATES OF GUERNSEY ACCOUNTING POLICIES

1. The accounts of the States of Guernsey comprising those Departments set out on pages 14 to 59 and 80 to 99 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 tax receipts are accounted for by recognising cash received and the amounts accrued based on assessments due for collection as at 31 January in the following calendar year. All other 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 Treasury and Resources Department accounts. Other interest is shown in the respective funds and accounts to which it relates.

# FINANCIAL REPORT
## For the Year Ended 31 December 2006

### Introduction

The purpose of this report is to give a brief overview of the major financial highlights of the outturn of General Revenue for 2006.

As set out in the December 2006 Budget Report, the States accounts are being considered by the States a month earlier than in previous years. It is intended that the Budget Report will be also be considered a month earlier, in November.

The Treasury and Resources Department is undertaking a general overview of the format of the States accounts, including whether, in the light of experience, specific functions are budgeted for in the appropriate Department. Such reviews of the form and content of the accounts have been carried out periodically in the past and have invariably led to improvements. The method of funding and accounting for Departmental routine capital expenditure is also being reviewed.

### General Revenue Account Income and Expenditure

In summary, the outturn for 2006 compared to 2005 was as follows:

| | 2006<br>£m | 2005<br>£m |
|---|---|---|
| Income | 325.1 | 310.5 |
| Expenditure | 294.6 | 291.6 |
| Operating Surplus | 30.5 | 18.9 |

The Operating Surplus for 2006 was £11.6m more than in 2005 and the main reasons for the increase in Operating Surplus are:

- Total income increased by 4.7% with income tax receipts increasing by £11.4m (4.4%) compared to 2005.
- Ongoing revenue expenditure increased by only 1.0% in cash terms but decreased by 3.4% in real terms (2005: real terms increase of 2.5%). This represents the first decrease in real terms for many years and is a marked turnaround in the trend of year on year above inflation increases.

The major increases in expenditure in 2006 compared to 2005 were due to Social Insurance and Supplementary Benefits (£3.0m) and Health Services (£2.5m) which were offset by underspends in other areas. Overall, Departments underspent by £9.3m compared to their authorised budgets.

During 2006 capital expenditure was £41.8m (2005: £50.2m). Major areas of expenditure during the year included the following:

| | £m |
|---|---|
| • Education Development Plan | 17.0 |
| • Corporate Housing Programme Fund | 7.0 |
| • Health & Social Services: Site Development Plan | 4.3 |
| • Treasury & Resources: Royal Court | 4.0 |
| • Public Services: Drainage infrastructure | 3.1 |

# FINANCIAL REPORT
## For the Year Ended 31 December 2006

### General Revenue Account

The overall position of the General Revenue Account at 31 December 2006 was as follows:

| | £m | £m |
|---|---|---|
| Operating surplus | | 30.5 |
| Capital income | | 0.8 |
| Less: | | |
| Guernsey Gambling Control Commission loan - write off | (0.1) | |
| Transfers to Capital Fund | (13.5) | |
| | | (13.6) |
| | | 17.7 |
| Add: Balance as at 1.1.2006 | | 16.8 |
| Balance as at 31.12.2006 | | 34.5 |

### Capital Fund

The Capital Fund represents the amounts allocated and available to Departments 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 1.1.2006 | | 45.8 |
| Appropriation for the year | 12.9 | |
| Transfers from Capital Reserve | 17.2 | |
| Transfer from Restructuring and Reorganisation Fund | 0.8 | |
| Transfers from General Revenue | 0.6 | |
| Savings on Projects returned to Capital Reserve | (1.0) | |
| Expenditure in year | (41.8) | |
| | | (11.3) |
| Balance of Fund as at 31.12.2006 | | 34.5 |

### 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 1.1.2006 | | 42.4 |
| Interest received | 3.9 | |
| Savings on Projects returned from Capital Fund | 1.0 | |
| Transfers to Capital Fund | (17.2) | |
| | | (12.3) |
| Balance of Fund as at 31.12.2006 | | 30.1 |

# FINANCIAL REPORT
## For the Year Ended 31 December 2006

In the 2007 Budget debate in December 2006, the States approved a further transfer of £5m to the Capital Reserve at the beginning of 2007.

The following transfers from the Capital Reserve at the beginning of 2007 have been approved:

- £5.0m to continue with the funding of the construction of the new Secondary and Special Needs Schools at Les Nicolles.
- £17.15m as the first tranche of funding for the construction of the Clinical Block.

**Contingency Reserve Fund**

The purpose of the Contingency Reserve Fund is to provide protection against financial difficulties including significant economic downturns having a severe adverse effect on the Island. In June 2006 the States, as part of the Future Economic & Taxation Strategy, resolved "*That up to half of the Contingency Reserve (interest and capital) may be used to fund the shortfall in public sector expenditure during a transitional phase*".

The movements on the Contingency Reserve Fund for the year can be summarised as follows:

| | £m | £m |
|---|---|---|
| Balance of Fund as at 1.1.2006 | | 205.7 |
| Transfer to Restructuring and Reorganisation Fund | | (5.0) |
| Net appreciation of investments and interest received | 3.9 | |
| Investment management fees | (0.4) | |
| Net investment gain | | 3.5 |
| Balance of Fund as at 31.12.2006 | | 204.2 |

In the 2007 Budget debate in December 2006, the States approved a transfer to the Fund at the beginning of 2007 of £15.0m.

**Ports Holding Account**

In 2006 the Ports had a total operating surplus of £1.8m (2005: £1.4m) and capital expenditure of £4.4m (2005: £2.4m).

The Balance of the Ports Holding Account as at 31 December 2006 was £7.6m (2005: £7.2m).

The 2006 Accounts only include the amounts already paid and agreed as payable in respect of contractors' claims for the St Peter Port Harbour New Jetty cladding replacement and St Sampson's Marina development projects. If any further amounts are agreed as payable, they will be funded from the Ports Holding Account.

# FINANCIAL REPORT
## For the Year Ended 31 December 2006

**Superannuation Fund**

The movements on the Superannuation Fund for the year can be summarised as follows:

| | £m | £m |
|---|---|---|
| Balance of Fund as at 1.1.2006 | | 782.8 |
| Employer and employee contributions | 27.4 | |
| Pensions and lump sums paid | (29.6) | |
| Net reduction | | (2.2) |
| Investment income net of management and other fees | | 22.1 |
| Appreciation of investments | | 44.2 |
| Balance of Fund as at 31.12.2006 | | 846.9 |

The asset and liability values of the Fund, on the FRS17 basis, can be summarised as follows:

| | £m 2006 | £m 2005 |
|---|---|---|
| Market Value of Scheme Assets | 846.9 | 782.8 |
| Present Value of the Scheme Liabilities | (1,007.4) | (940.3) |
| Deficit | (160.5) | (157.5) |
| Funding Level | 84% | 83% |

**Appointment of External Auditors**

In 2002, following a competitive tender process, the States approved the appointment of KPMG Channel Islands Limited 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 Review of the Machinery of Government, the Public Accounts Committee is mandated to recommend the appointment of external auditors. In accordance with this, the provision of external audit services to the States was put out to tender during 2007.

Having evaluated the tenders and consulted with the various interested parties, the Public Accounts Committee is recommending that the States appoint the firm of Deloitte and Touche LLP as auditors of the States accounts for the year ending 31 December 2007. It is the intention of the Public Accounts Committee that there should be no major review of the reappointment of external auditors for a period of five years unless the appointment proves unsatisfactory in any significant respect.

It is emphasised that the Public Accounts Committee's decision to recommend the appointment of Deloitte and Touche LLP should be not taken as meaning that the services provided by KPMG Channel Islands Limited have been in anyway unsatisfactory.

Michelle Herpe FCCA
Assistant Chief Accountant
3 May 2007

# INCOME AND EXPENDITURE SUMMARY

| | 2006 £'000 | 2005 £'000 | 2004 £'000 | 2003 £'000 |
|---|---|---|---|---|
| **Income** | | | | |
| Income Tax | 270,098 | 258,707 | 235,892 | 238,968 |
| Other Taxes | 51,984 | 49,727 | 46,614 | 43,224 |
| Miscellaneous Revenue Income | 3,016 | 2,047 | 2,373 | 5,777 |
| | 325,098 | 310,481 | 284,879 | 287,969 |
| **Revenue Expenditure** | (294,612) | (291,605) | (275,656) | (254,390) |
| **Operating Surplus** | 30,486 | 18,876 | 9,223 | 33,579 |
| **Capital Income** | 770 | - | 5,153 | 5,023 |
| | £31,256 | £18,876 | £14,376 | £38,602 |
| **Capital Expenditure** | | | | |
| Major Construction and Development Projects | 28,443 | 36,338 | 29,730 | 23,205 |
| Transfers to Corporate Housing Programme | 7,000 | 5,000 | - | 9,789 |
| Miscellaneous Capital Works | 2,775 | 4,878 | 8,174 | 6,925 |
| Equipment, Machinery and Vehicles | 2,641 | 2,870 | 2,985 | 5,869 |
| ICT Projects | 893 | 1,095 | 3,476 | 5,319 |
| | £41,752 | £50,181 | £44,365 | £51,107 |

# GENERAL REVENUE APPROPRIATION ACCOUNT

| | 2006 £ | 2005 £ | 2004 £ | 2003 £ |
|---|---|---|---|---|
| Operating Surplus | 30,485,629 | 18,876,562 | 9,223,363 | 33,579,260 |
| Capital Income | 769,879 | - | 5,152,655 | 5,023,248 |
| | 31,255,508 | 18,876,562 | 14,376,018 | 38,602,508 |
| Appropriated as follows | | | | |
| Capital Fund - General | (12,900,000) | (12,500,000) | (16,000,000) | (17,600,000) |
| Capital Fund - Reserve | - | (10,000,000) | (7,000,000) | (15,000,000) |
| Contingency Reserve Fund | - | (5,000,000) | (5,000,000) | (23,800,000) |
| Transfer to / (from) General Revenue Account Reserve | £18,355,508 | (£8,623,438) | (£13,623,982) | (£17,797,492) |

# GENERAL REVENUE INCOME AND EXPENDITURE

# REVENUE INCOME

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Income Tax** | | 270,098,490 | | 269,000,000 | | 255,000,000 | | 258,706,691 |
| **Other Taxes** | | | | | | | | |
| Customs and Immigration | | | | | | | | |
| Excise duties, etc. | | | | | | | | |
| Beer | 2,221,192 | | 2,250,000 | | 2,200,000 | | 1,989,051 | |
| Cider | 316,309 | | 250,000 | | 250,000 | | 257,865 | |
| Motor Spirit | 2,017,147 | | 1,900,000 | | 2,000,000 | | 1,921,002 | |
| Spirits | 1,956,637 | | 1,900,000 | | 2,100,000 | | 1,940,040 | |
| Tobacco | 5,668,285 | | 5,600,000 | | 6,500,000 | | 6,419,133 | |
| Wine | 2,755,574 | | 2,650,000 | | 2,600,000 | | 2,399,025 | |
| *Less* duties collected for Sark | (219,517) | | (200,000) | | (200,000) | | (189,207) | |
| Import duties on foreign goods, etc. | 822,340 | | 650,000 | | 650,000 | | 696,985 | |
| | 15,537,967 | | 15,000,000 | | 16,100,000 | | 15,433,894 | |
| Document duty, etc | 20,811,115 | | 19,150,000 | | 17,750,000 | | 19,283,039 | |
| Dwellings profit tax | 9,582 | | - | | - | | - | |
| Exempt company fees | 5,094,229 | | 5,100,000 | | 4,900,000 | | 4,797,545 | |
| Motor vehicle tax | 6,279,654 | | 6,100,000 | | 6,300,000 | | 6,070,080 | |
| Tax on rateable values | 4,250,969 | | 4,200,000 | | 4,200,000 | | 4,142,830 | |
| | | 51,983,516 | | 49,550,000 | | 49,250,000 | | 49,727,388 |
| **Miscellaneous Income** | | | | | | | | |
| Interest receivable | 11,263,936 | | | | | | 12,112,813 | |
| *Less* net amount due to third parties | (11,167,900) | | | | | | (12,554,102) | |
| General Revenue Account interest receivable / (payable) | 96,036 | | | | | | (441,289) | |
| Unrealised profit / (loss) on revaluation of investments | (288,787) | | | | | | 564 | |
| | (192,751) | | 100,000 | | (200,000) | | (440,725) | |
| Court fines and fixed penalties | 764,847 | | 650,000 | | 750,000 | | 755,930 | |
| Loan Funds Interest | 23,004 | | 20,000 | | 25,000 | | 20,993 | |
| Retention Tax - net receipt | 1,244,647 | | 1,250,000 | | - | | - | |
| States Trading Companies dividends | 169,704 | | 180,000 | | 350,000 | | 659,740 | |
| Surplus on Notes and Coins Account | 1,006,648 | | 950,000 | | 825,000 | | 1,021,652 | |
| Other Income Per 2005 Accounts | - | | - | | - | | 29,581 | |
| | | 3,016,099 | | 3,150,000 | | 1,750,000 | | 2,047,171 |
| **TOTAL REVENUE INCOME** | | 325,098,105 | | 321,700,000 | | 306,000,000 | | 310,481,250 |

# REVENUE EXPENDITURE SUMMARY

| | Accounts 2006 | Total Authorised 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Policy Council | 7,672,129 | 8,776,809 | 7,850,000 | 7,850,508 |
| Treasury and Resources Department | 20,728,533 | 23,246,200 | 21,177,000 | 20,917,949 |
| Commerce and Employment Department | 10,567,332 | 11,834,000 | 12,110,000 | 11,707,015 |
| Culture and Leisure Department | 3,126,690 | 3,270,767 | 2,900,000 | 2,958,837 |
| Education Department | 64,147,934 | 65,254,136 | 64,250,000 | 64,085,712 |
| Environment Department | 7,723,046 | 8,990,000 | 8,600,000 | 8,357,773 |
| Health and Social Services Department | 82,719,362 | 82,722,000 | 82,050,000 | 80,197,842 |
| Home Department | 25,176,238 | 26,544,300 | 26,060,000 | 24,283,036 |
| Housing Department | 1,726,250 | 1,892,000 | 1,600,000 | 1,669,604 |
| Public Services Department | 7,629,624 | 7,646,700 | 7,470,000 | 9,206,249 |
| Social Security Department | 63,395,338 | 63,780,000 | 63,158,000 | 60,370,163 |
| **TOTAL REVENUE EXPENDITURE** | 294,612,476 | 303,956,912 | 297,225,000 | 291,604,688 |

# POLICY COUNCIL

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Archive Service** | | | | | | | | |
| Premises | 9,391 | | 28,000 | | 28,000 | | 5,727 | |
| Staff | 160,659 | | 167,000 | | 167,000 | | 170,993 | |
| Supplies and services | 22,546 | | 33,000 | | 33,000 | | 24,228 | |
| | 192,596 | | 228,000 | | 228,000 | | 200,948 | |
| *Less* operating income | (628) | | (1,000) | | (1,000) | | (1,090) | |
| | | 191,968 | | 227,000 | | 227,000 | | 199,858 |
| **External Affairs and Government Business** | | | | | | | | |
| **Administration** | | | | | | | | |
| Staff | 410,574 | | 420,000 | | 420,000 | | 393,715 | |
| Supplies and services | 50,264 | | 148,000 | | 140,000 | | 76,920 | |
| Consultants fees | 305,961 | | 465,000 | | 345,000 | | 271,093 | |
| Provision of hospitality to visitors | 3,165 | | 25,000 | | 25,000 | | 70,772 | |
| | 769,964 | | 1,058,000 | | 930,000 | | 812,500 | |
| **Contributions to Aid Overseas** | | | | | | | | |
| **Grants** | 1,747,559 | | 1,750,000 | | 1,700,000 | | 1,500,000 | |
| **Emergency Disaster Relief** | | | | | | | | |
| Asia Quake Appeal | - | | - | | - | | 100,000 | |
| Niger / West Africa Appeal | - | | - | | - | | 50,000 | |
| General provision | - | | 200,000 | | 200,000 | | - | |
| | 1,747,559 | | 1,950,000 | | 1,900,000 | | 1,650,000 | |
| **Elections** | | | | | | | | |
| Supplies and services | 135 | | 1,000 | | 1,000 | | 3,235 | |
| *Less* recoveries | - | | - | | - | | (986) | |
| | 135 | | 1,000 | | 1,000 | | 2,249 | |
| **Government Business** | | | | | | | | |
| Premises | 175,416 | | 187,000 | | 187,000 | | 166,329 | |
| Staff | 494,173 | | 576,000 | | 576,000 | | 531,988 | |
| Supplies and services | 303,188 | | 450,192 | | 416,000 | | 452,486 | |
| Consultants fees | - | | - | | - | | 28,450 | |
| | 972,777 | | 1,213,192 | | 1,179,000 | | 1,179,253 | |
| *Less* recoveries | (1,415) | | (6,000) | | (6,000) | | (5,342) | |
| | 971,362 | | 1,207,192 | | 1,173,000 | | 1,173,911 | |
| **Guernsey Financial Services Commission** | 300,000 | | 300,000 | | 300,000 | | 300,000 | |
| **Guernsey Tax Tribunal Allowances** | 11,135 | | 5,000 | | 5,000 | | 8,243 | |
| | | 3,800,155 | | 4,521,192 | | 4,309,000 | | 3,946,903 |
| **Human Resources** | | | | | | | | |
| Staff | 854,133 | | 878,000 | | 888,000 | | 876,374 | |
| Supplies and services | 334,344 | | 533,000 | | 533,000 | | 527,816 | |
| Consultants fees | 21,483 | | 23,000 | | 23,000 | | 22,206 | |
| | 1,209,960 | | 1,434,000 | | 1,444,000 | | 1,426,396 | |
| *Less* recoveries | (2,317) | | (5,000) | | (5,000) | | (16,068) | |
| | | 1,207,643 | | 1,429,000 | | 1,439,000 | | 1,410,328 |
| **Legal Aid Scheme** | | | | | | | | |
| Premises | 14,550 | | 12,000 | | 12,000 | | 10,292 | |
| Staff | 124,497 | | 120,000 | | 110,000 | | 102,542 | |
| Supplies and services | 12,885 | | 28,000 | | 28,000 | | 16,131 | |
| Civil Legal Aid | 674,448 | | 670,000 | | 760,000 | | 851,460 | |
| Criminal Legal Aid | 986,419 | | 660,000 | | 510,000 | | 737,870 | |
| | 1,812,799 | | 1,490,000 | | 1,420,000 | | 1,718,295 | |
| *Less* recoveries | (128,205) | | (115,000) | | (320,000) | | (171,697) | |
| | | 1,684,594 | | 1,375,000 | | 1,100,000 | | 1,546,598 |

# POLICY COUNCIL

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Policy and Research Unit** | | | | | | | | |
| **Administration** | | | | | | | | |
| Staff | 448,028 | | 471,000 | | 471,000 | | 453,759 | |
| Supplies and services | 21,771 | | 40,000 | | 40,000 | | 26,008 | |
| Consultants fees | 85 | | 7,000 | | 7,000 | | - | |
| | 469,884 | | 518,000 | | 518,000 | | 479,767 | |
| **Household Expenditure Survey** | | | | | | | | |
| Supplies and services | 26,849 | | 52,117 | | - | | 15,883 | |
| Contracted-out work | 60,500 | | 51,500 | | - | | 60,500 | |
| | 87,349 | | 103,617 | | - | | 76,383 | |
| **Strategic and Corporate Initiatives** | | | | | | | | |
| Supplies and services | - | | 199,000 | | 123,000 | | 8,933 | |
| Consultants fees and contracted-out work | 3,895 | | 124,000 | | 124,000 | | 34 | |
| Grants | 58,307 | | 60,000 | | 60,000 | | 56,668 | |
| | 62,202 | 619,435 | 383,000 | 1,004,617 | 307,000 | 825,000 | 65,635 | 621,785 |
| | | 7,503,795 | | 8,556,809 | | 7,900,000 | | 7,725,472 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (250,000) | | - |
| | | 7,503,795 | | 8,556,809 | | 7,650,000 | | 7,725,472 |
| **Scrutiny Committee** | | | | | | | | |
| Staff | 162,340 | | 168,000 | | 168,000 | | 110,455 | |
| Supplies and services | 3,494 | | 10,000 | | 10,000 | | 9,797 | |
| Consultants fees | 2,500 | | 42,000 | | 42,000 | | 4,784 | |
| | | 168,334 | | 220,000 | | 220,000 | | 125,036 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (20,000) | | - |
| | | 168,334 | | 220,000 | | 200,000 | | 125,036 |
| **TOTAL REVENUE EXPENDITURE** | | 7,672,129 | | 8,776,809 | | 7,850,000 | | 7,850,508 |

# TREASURY AND RESOURCES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Income Tax** | | | | | | | | |
| Premises | 59,758 | | 60,000 | | 60,000 | | 68,553 | |
| Staff | 3,148,038 | | 3,290,000 | | 3,290,000 | | 3,046,288 | |
| Supplies and services | 1,278,310 | | 1,240,000 | | 1,240,000 | | 1,271,857 | |
| Consultants fees | 147 | | - | | - | | 6,371 | |
| | 4,486,253 | | 4,590,000 | | 4,590,000 | | 4,393,069 | |
| *Less* recoveries | (48,212) | 4,438,041 | - | 4,590,000 | - | 4,590,000 | - | 4,393,069 |
| **Information and Communications Technology** | | | | | | | | |
| Staff | 501,696 | | 640,000 | | 640,000 | | 563,260 | |
| Supplies and services | 397,379 | | 600,000 | | 600,000 | | 396,840 | |
| Consultants fees | - | | - | | - | | 19,702 | |
| Contracted-out work | 96,090 | 995,165 | 120,000 | 1,360,000 | 120,000 | 1,360,000 | 108,799 | 1,088,601 |

# TREASURY AND RESOURCES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **States Property Services** | | | | | | | | |
| Premises | 738,406 | | 813,600 | | 811,000 | | 696,944 | |
| Staff | 1,835,649 | | 2,349,600 | | 2,189,000 | | 680,991 | |
| Supplies and services | 221,178 | | 240,800 | | 228,000 | | 95,133 | |
| Consultants fees | 91,136 | | 168,000 | | 168,000 | | 199,456 | |
| Contracted-out work | 633,192 | | 594,000 | | 594,000 | | 562,288 | |
| Rent | 539,134 | | 530,000 | | 530,000 | | 481,860 | |
| | 4,058,695 | | 4,696,000 | | 4,520,000 | | 2,716,672 | |
| *Less* operating income | (1,769,979) | | (1,874,800) | | (1,875,000) | | (1,399,757) | |
| | | 2,288,716 | | 2,821,200 | | 2,645,000 | | 1,316,915 |
| **Treasury** | | | | | | | | |
| **Administration** | | | | | | | | |
| Premises | 1,000 | | - | | - | | - | |
| Staff | 1,754,602 | | 1,615,000 | | 1,575,000 | | 1,582,793 | |
| Supplies and services | 858,670 | | 1,075,000 | | 1,075,000 | | 1,037,115 | |
| Consultants fees | 4,319 | | - | | - | | 81,658 | |
| Contracted-out work | 35,311 | | - | | - | | 31,635 | |
| | 2,653,902 | | 2,690,000 | | 2,650,000 | | 2,733,201 | |
| *Less* recoveries | (146,566) | | (100,000) | | (100,000) | | (127,504) | |
| | 2,507,336 | | 2,590,000 | | 2,550,000 | | 2,605,697 | |
| *Less* operating income | (180,093) | | - | | - | | - | |
| | 2,327,243 | | 2,590,000 | | 2,550,000 | | 2,605,697 | |
| **Audit, Risk and Assurance** | | | | | | | | |
| Premises | 29,639 | | 80,000 | | 80,000 | | 102,820 | |
| Staff | 165,777 | | 240,000 | | 280,000 | | 344,273 | |
| Supplies and services | 63,433 | | 30,000 | | 30,000 | | (548) | |
| Consultants fees | 12,537 | | - | | - | | 35,767 | |
| Contracted-out work | 60,650 | | 100,000 | | 100,000 | | 99,097 | |
| External Audit fee | 53,690 | | 55,000 | | 55,000 | | 51,633 | |
| Insurance premiums and transfers to Insurance Deductible Fund | 3,164,882 | | 3,250,000 | | 3,250,000 | | 3,567,673 | |
| | 3,550,608 | | 3,755,000 | | 3,795,000 | | 4,200,715 | |
| *Less* recoveries | (1,419,674) | | (1,500,000) | | (1,500,000) | | (1,298,332) | |
| | 2,130,934 | | 2,255,000 | | 2,295,000 | | 2,902,383 | |
| **Cadastre** | | | | | | | | |
| Premises | 6,032 | | 7,000 | | 7,000 | | 6,417 | |
| Staff | 219,644 | | 240,000 | | 240,000 | | 234,832 | |
| Supplies and services | 20,697 | | 20,000 | | 20,000 | | 30,702 | |
| | 246,373 | | 267,000 | | 267,000 | | 271,951 | |
| *Less* recoveries | (17,647) | | (17,000) | | (17,000) | | (17,743) | |
| | 228,726 | | 250,000 | | 250,000 | | 254,208 | |
| | | 4,686,903 | | 5,095,000 | | 5,095,000 | | 5,762,288 |
| **Commonwealth Parliamentary Association** | | | | | | | | |
| Annual contribution to General Council | 25,175 | | 25,000 | | 25,000 | | 24,488 | |
| Supplies and services | 16,506 | | 18,000 | | 18,000 | | 16,794 | |
| | 41,681 | | 43,000 | | 43,000 | | 41,282 | |
| *Less* operating income | (2,078) | | (3,000) | | (3,000) | | (3,920) | |
| | | 39,603 | | 40,000 | | 40,000 | | 37,362 |
| **Payments to States Members** | | | | | | | | |
| Allowances | 1,502,462 | | 1,515,000 | | 1,520,000 | | 1,456,738 | |
| Pensions and pension contributions | 314,897 | | 360,000 | | 230,000 | | 196,863 | |
| | | 1,817,359 | | 1,875,000 | | 1,750,000 | | 1,653,601 |
| | | 14,265,787 | | 15,781,200 | | 15,480,000 | | 14,251,836 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (700,000) | | - |
| | | 14,265,787 | | 15,781,200 | | 14,780,000 | | 14,251,836 |

# TREASURY AND RESOURCES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Courts and Law Officers** | | | | | | | | |
| **Bailiff** | | | | | | | | |
| Staff | 931,034 | | 895,000 | | 895,000 | | 763,776 | |
| Supplies and services | 56,233 | | 95,000 | | 95,000 | | 50,950 | |
| Consultants fees | - | | - | | - | | 13,884 | |
| Grant - Royal Court Fund | 5,344 | | 10,000 | | 10,000 | | 6,716 | |
| | | **992,611** | | **1,000,000** | | **1,000,000** | | **835,326** |
| **Court of Appeal** | | **116,321** | | **140,000** | | **140,000** | | **122,693** |
| **Court Buildings** | | | | | | | | |
| Premises | 111,792 | | 170,000 | | 170,000 | | 74,389 | |
| Staff | 41,815 | | 50,000 | | 50,000 | | 44,083 | |
| Supplies and services | 35,300 | | 10,000 | | 10,000 | | 4,261 | |
| | | **188,907** | | **230,000** | | **230,000** | | **122,733** |
| **Greffe** | | | | | | | | |
| Premises | - | | 5,000 | | 5,000 | | 2,966 | |
| Staff | 1,042,060 | | 1,065,000 | | 1,040,000 | | 982,986 | |
| Supplies and services | 122,794 | | 200,000 | | 200,000 | | 239,062 | |
| Consultants fees | 325 | | - | | - | | 4,293 | |
| Transfer from Net Working Capital Reserve | - | | - | | - | | (35,176) | |
| | 1,165,179 | | 1,270,000 | | 1,245,000 | | 1,194,131 | |
| *Less* operating income | (1,209,813) | | (845,000) | | (865,000) | | (640,148) | |
| | | **(44,634)** | | **425,000** | | **380,000** | | **553,983** |
| **H.E. Lieutenant Governor** | | | | | | | | |
| Establishment allowance and salary | | **623,008** | | **625,000** | | **625,000** | | **614,605** |
| **Law Officers** | | | | | | | | |
| Premises | 37,319 | | 30,000 | | 30,000 | | 17,373 | |
| Staff | 2,253,904 | | 2,385,000 | | 2,385,000 | | 1,993,743 | |
| Supplies and services | 225,228 | | 245,000 | | 245,000 | | 245,660 | |
| Consultants fees | - | | - | | - | | 77,055 | |
| Contracted-out work | 1,948 | | - | | - | | - | |
| | 2,518,399 | | 2,660,000 | | 2,660,000 | | 2,333,831 | |
| *Less* operating income | (85,968) | | (50,000) | | (50,000) | | (53,851) | |
| | | **2,432,431** | | **2,610,000** | | **2,610,000** | | **2,279,980** |
| **Magistrates Court** | | | | | | | | |
| Staff | 237,549 | | 245,000 | | 245,000 | | 228,978 | |
| Supplies and services | 8,452 | | 20,000 | | 20,000 | | 8,998 | |
| | 246,001 | | 265,000 | | 265,000 | | 237,976 | |
| *Less* operating income | (14,966) | | (20,000) | | (20,000) | | (15,292) | |
| | | **231,035** | | **245,000** | | **245,000** | | **222,684** |
| **Sergeant and Sheriff** | | | | | | | | |
| Premises | 3,422 | | 5,000 | | 5,000 | | 2,354 | |
| Staff | 327,141 | | 337,000 | | 337,000 | | 318,949 | |
| Supplies and services | 53,696 | | 38,000 | | 38,000 | | 24,015 | |
| | 384,259 | | 380,000 | | 380,000 | | 345,318 | |
| *Less* operating income | (158,716) | | (160,000) | | (160,000) | | (129,554) | |
| | | **225,543** | | **220,000** | | **220,000** | | **215,764** |
| | | **4,765,222** | | **5,495,000** | | **5,450,000** | | **4,967,768** |
| **Use of Accumulated Unspent Balances** | | - | | - | | **(750,000)** | | - |
| | | **4,765,222** | | **5,495,000** | | **4,700,000** | | **4,967,768** |
| **Public Accounts Committee** | | | | | | | | |
| Staff | 96,843 | | 97,000 | | 87,000 | | 76,981 | |
| Supplies and services | 4,711 | | 8,000 | | 8,000 | | 6,803 | |
| Consultants fees | - | | - | | 5,000 | | - | |
| Contracted-out work | 198,550 | | 200,000 | | 170,000 | | 90,240 | |
| | | **300,104** | | **305,000** | | **270,000** | | **174,024** |
| **Alderney - Domestic Account Net Revenue cash allocation** | | **1,397,420** | | **1,665,000** | | **1,615,000** | | **1,524,321** |
| **Use of Accumulated Unspent Balances** | | - | | - | | **(188,000)** | | - |
| | | **1,397,420** | | **1,665,000** | | **1,427,000** | | **1,524,321** |
| **TOTAL REVENUE EXPENDITURE** | | **20,728,533** | | **23,246,200** | | **21,177,000** | | **20,917,949** |

# COMMERCE AND EMPLOYMENT DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration of Resources** | | | | | | | | |
| Premises | 165,490 | | 132,000 | | 152,000 | | 166,683 | |
| Staff | 756,248 | | 790,000 | | 836,000 | | 838,798 | |
| Supplies and services | 210,797 | | 311,500 | | 419,000 | | 242,633 | |
| Contracted-out work | 3,558 | | 5,000 | | 5,000 | | 4,002 | |
| | 1,136,093 | | 1,238,500 | | 1,412,000 | | 1,252,116 | |
| *Less* operating income | (3,955) | 1,132,138 | (2,000) | 1,236,500 | (2,000) | 1,410,000 | (17,742) | 1,234,374 |
| **Business Development** | | | | | | | | |
| Premises | - | | - | | 8,000 | | 7,487 | |
| Staff | 722,157 | | 726,000 | | 972,000 | | 954,452 | |
| Supplies and services | 2,219,091 | | 2,495,500 | | 2,548,000 | | 3,145,427 | |
| Consultants fees | 114,106 | | 114,000 | | 19,000 | | 137,596 | |
| Grants | 66,422 | | 104,500 | | 145,000 | | 95,929 | |
| Grant to Guernsey Enterprise Agency | 50,000 | | 50,000 | | 50,000 | | 31,000 | |
| Grant to Guernsey Finance LBG | 600,000 | | 600,000 | | 600,000 | | 650,000 | |
| Grant to Guernsey Training Agency Trust | 416,715 | | 416,000 | | 416,000 | | 403,992 | |
| Interest Subsidy Scheme | 77,717 | | 113,000 | | 113,000 | | 103,187 | |
| Office of Public Trustee | 8,673 | | 21,000 | | 25,000 | | 8,753 | |
| Organic Milk Support Scheme | - | | 50,000 | | 50,000 | | - | |
| | 4,274,881 | | 4,690,000 | | 4,946,000 | | 5,537,823 | |
| *Less* operating income | (404,146) | 3,870,735 | (192,000) | 4,498,000 | (211,000) | 4,735,000 | (347,774) | 5,190,049 |
| **Client Services** | | | | | | | | |
| Premises | 34,125 | | 40,700 | | 34,000 | | 57,234 | |
| Staff | 1,409,724 | | 1,463,800 | | 1,537,000 | | 1,462,963 | |
| Supplies and services | 504,829 | | 677,000 | | 591,000 | | 443,089 | |
| Consultants fees | 40,613 | | 38,000 | | 31,000 | | 33,282 | |
| Contracted-out work | 130,453 | | 135,000 | | 134,000 | | 124,140 | |
| Cull Cattle compensation payments | 54,150 | | 57,000 | | 57,000 | | 54,150 | |
| Dairy Farm Management Payment Scheme | 1,938,398 | | 2,025,000 | | 2,025,000 | | 1,951,349 | |
| | 4,112,292 | | 4,436,500 | | 4,409,000 | | 4,126,207 | |
| *Less* operating income | (143,688) | 3,968,604 | (138,000) | 4,298,500 | (138,000) | 4,271,000 | (156,343) | 3,969,864 |
| **Events Group** | | | | | | | | |
| Transfer to Culture and Leisure Department | | 375,000 | | 375,000 | | 375,000 | | - |
| **Strategic Development** | | | | | | | | |
| Staff | 256,479 | | 266,000 | | 255,000 | | 255,714 | |
| Supplies and services | 19,917 | | 31,500 | | 19,000 | | 13,857 | |
| Consultants fees | 230,016 | | 303,500 | | 220,000 | | 339,170 | |
| Transport Links - Financial Concessions | 714,443 | | 825,000 | | 825,000 | | 703,987 | |
| | | 1,220,855 | | 1,426,000 | | 1,319,000 | | 1,312,728 |
| **TOTAL REVENUE EXPENDITURE** | | 10,567,332 | | 11,834,000 | | 12,110,000 | | 11,707,015 |

# CULTURE AND LEISURE DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Beau Sejour Centre** | | | | | | | | |
| Premises | 445,802 | | 640,650 | | 554,000 | | 337,079 | |
| Staff | 2,285,199 | | 2,075,200 | | 2,160,000 | | 2,336,739 | |
| Supplies and Services | 536,187 | | 646,000 | | 635,000 | | 722,131 | |
| Consultants fees | 4,402 | | - | | - | | 14,091 | |
| Contracted-out work | 8,520 | | 13,000 | | 13,000 | | 12,712 | |
| External Audit fee | 8,398 | | 8,000 | | 7,000 | | 8,033 | |
| | 3,288,508 | | 3,382,850 | | 3,369,000 | | 3,430,785 | |
| *Less* operating income | (2,477,045) | | (2,516,000) | | (2,516,000) | | (2,634,396) | |
| | 811,463 | | 866,850 | | 853,000 | | 796,389 | |
| *Less* funding from Channel Islands Lottery | (180,000) | | (180,000) | | (100,000) | | (150,000) | |
| | | 631,463 | | 686,850 | | 753,000 | | 646,389 |
| **Central Services** | | | | | | | | |
| Premises | 45,731 | | 50,000 | | - | | - | |
| Staff | 260,819 | | 312,400 | | 318,000 | | 410,068 | |
| Supplies and services | 67,295 | | 37,000 | | 31,000 | | 37,796 | |
| Consultants fees | - | | - | | - | | 823 | |
| Contracted-out work | 4,517 | | - | | - | | - | |
| | 378,362 | | 399,400 | | 349,000 | | 448,687 | |
| *Less* operating income | (1,851) | | - | | - | | - | |
| | | 376,511 | | 399,400 | | 349,000 | | 448,687 |
| **Cultural Activities Inside the Island** | | | | | | | | |
| Premises | 12,313 | | - | | - | | - | |
| Staff | 46,476 | | 42,500 | | 39,500 | | 10,130 | |
| Supplies and services | 10,435 | | 35,000 | | 44,000 | | 6,392 | |
| Consultants fees | - | | - | | - | | 968 | |
| Contracted-out work | 1,325 | | - | | - | | - | |
| Grants - General | 55,000 | | 55,000 | | 55,000 | | 79,592 | |
| Grant to Friends of St James | 57,500 | | 57,500 | | 57,500 | | 57,500 | |
| | 183,049 | | 190,000 | | 196,000 | | 154,582 | |
| *Less* operating income | (1,928) | | - | | - | | - | |
| | | 181,121 | | 190,000 | | 196,000 | | 154,582 |
| **Events and Information** | | | | | | | | |
| Premises | 1,972 | | 8,000 | | - | | - | |
| Staff | 215,593 | | 228,600 | | - | | - | |
| Supplies and services | 160,722 | | 138,000 | | 110,000 | | 269,714 | |
| Consultants fees | 5,000 | | - | | - | | - | |
| Contracted-out work | 189,677 | | 190,000 | | - | | - | |
| Grants | 212,085 | | 205,000 | | 375,000 | | - | |
| | 785,049 | | 769,600 | | 485,000 | | 269,714 | |
| *Less* operating income | (103,688) | | (53,000) | | (40,000) | | (96,805) | |
| *Less* transfer from Commerce and Employment Department | (375,000) | | (375,000) | | (375,000) | | - | |
| | | 306,361 | | 341,600 | | 70,000 | | 172,909 |
| **Historic Sites** | | | | | | | | |
| Premises | 250,102 | | 252,117 | | 190,000 | | 132,385 | |
| Staff | 48,214 | | 53,000 | | - | | 14,050 | |
| Supplies and services | 35,753 | | 24,000 | | 19,000 | | 22,033 | |
| Consultants fees | 497 | | 3,000 | | 3,000 | | 3,337 | |
| Contracted-out work | 458 | | - | | - | | - | |
| | 335,024 | | 332,117 | | 212,000 | | 171,805 | |
| *Less* operating income | (100) | | - | | - | | (100) | |
| | | 334,924 | | 332,117 | | 212,000 | | 171,705 |
| **Museums and Galleries** | | | | | | | | |
| Premises | 59,538 | | 65,000 | | 62,000 | | 50,198 | |
| Staff | 853,273 | | 817,000 | | 874,000 | | 989,082 | |
| Supplies and services | 147,169 | | 227,000 | | 218,000 | | 206,512 | |
| Consultants fees | 3,037 | | 3,000 | | 3,000 | | 250 | |
| Contracted-out work | 42,555 | | 3,000 | | 2,000 | | 2,219 | |
| Grants | 10,500 | | 15,000 | | - | | - | |
| | 1,116,072 | | 1,130,000 | | 1,159,000 | | 1,248,261 | |
| *Less* admission charges | (153,090) | | (148,000) | | (148,000) | | (153,326) | |
| *Less* operating income | (97,043) | | (73,000) | | (65,000) | | (103,585) | |
| | | 865,939 | | 909,000 | | 946,000 | | 991,350 |

# CULTURE AND LEISURE DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Outdoor Sports Facilities** | | | | | | | | |
| Premises | 150,686 | | 121,000 | | 121,000 | | 119,649 | |
| Staff | 204,091 | | 201,800 | | 164,000 | | 171,936 | |
| Supplies and services | 4,631 | | 2,000 | | 2,000 | | 16,818 | |
| Contracted-out work | 1,558 | | - | | - | | - | |
| | 360,966 | | 324,800 | | 287,000 | | 308,403 | |
| *Less* operating income | (155,382) | 205,584 | (136,000) | 188,800 | (136,000) | 151,000 | (188,463) | 119,940 |
| **Sports Commission funding** | | 224,787 | | 223,000 | | 223,000 | | 253,275 |
| **TOTAL REVENUE EXPENDITURE** | | 3,126,690 | | 3,270,767 | | 2,900,000 | | 2,958,837 |

# EDUCATION DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Education Office** | | | | | | | | |
| Premises | 435,837 | | 204,400 | | 133,000 | | 404,142 | |
| Staff | 1,993,684 | | 2,138,000 | | 2,053,000 | | 2,174,207 | |
| Supplies and services | 954,943 | | 1,054,000 | | 1,054,000 | | 1,013,473 | |
| Consultants fees | 48,800 | | 20,000 | | 20,000 | | 27,052 | |
| | 3,433,264 | | 3,416,400 | | 3,260,000 | | 3,618,874 | |
| *Less* recoveries | (146,422) | 3,286,842 | (9,000) | 3,407,400 | (9,000) | 3,251,000 | (145,515) | 3,473,359 |
| **Schools and Pupils Support Services** | | | | | | | | |
| Premises | 402,218 | | 790,700 | | 793,000 | | 380,331 | |
| Staff | 4,638,695 | | 4,289,800 | | 3,700,000 | | 4,429,636 | |
| Supplies and services | 4,353,268 | | 5,375,780 | | 6,410,000 | | 6,471,848 | |
| Consultants fees | 52,323 | | 85,000 | | 85,000 | | 79,180 | |
| Contracted-out work | 166,473 | | 178,500 | | - | | 163,859 | |
| Grants | 452,989 | | 439,000 | | 439,000 | | 436,745 | |
| Apprenticeship Scheme - grants to employers | 372,756 | | 516,000 | | 716,000 | | 418,376 | |
| | 10,438,722 | | 11,674,780 | | 12,143,000 | | 12,379,975 | |
| *Less* recoveries | (150,743) | 10,287,979 | (80,000) | 11,594,780 | (80,000) | 12,063,000 | (184,360) | 12,195,615 |
| **College of Further Education** | | | | | | | | |
| Premises | 273,132 | | 238,700 | | 195,000 | | 224,698 | |
| Staff | 5,552,592 | | 5,449,300 | | 5,435,000 | | 5,191,141 | |
| Supplies and services | 653,897 | | 712,000 | | 712,000 | | 605,458 | |
| | 6,479,621 | | 6,400,000 | | 6,342,000 | | 6,021,297 | |
| *Less* recoveries | (31,117) | | - | | - | | - | |
| | 6,448,504 | | 6,400,000 | | 6,342,000 | | 6,021,297 | |
| *Less* operating income | (640,301) | 5,808,203 | (665,000) | 5,735,000 | (665,000) | 5,677,000 | (588,660) | 5,432,637 |
| **Schools** | | | | | | | | |
| **Primary Sector** | | | | | | | | |
| Premises | 886,543 | | 782,500 | | 720,000 | | 853,586 | |
| Staff | 10,901,300 | | 11,143,500 | | 11,113,000 | | 10,628,080 | |
| Supplies and services | 423,531 | | 465,073 | | 403,000 | | 402,728 | |
| | 12,211,374 | | 12,391,073 | | 12,236,000 | | 11,884,394 | |
| *Less* recoveries | (43,586) | | (10,000) | | (10,000) | | (44,380) | |
| | 12,167,788 | | 12,381,073 | | 12,226,000 | | 11,840,014 | |

# EDUCATION DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Schools (continued)** | | | | | | | | |
| **Secondary Sector** | | | | | | | | |
| Premises | 1,009,564 | | 840,000 | | 725,000 | | 1,020,977 | |
| Staff | 13,994,924 | | 13,772,000 | | 13,404,000 | | 13,245,335 | |
| Supplies and services | 1,136,259 | | 1,097,357 | | 971,000 | | 1,052,566 | |
| | 16,140,747 | | 15,709,357 | | 15,100,000 | | 15,318,878 | |
| *Less* recoveries | (51,562) | | (28,000) | | (28,000) | | (39,059) | |
| | 16,089,185 | | 15,681,357 | | 15,072,000 | | 15,279,819 | |
| **Special Education** | | | | | | | | |
| Premises | 176,536 | | 136,700 | | 109,000 | | 136,215 | |
| Staff | 2,927,538 | | 2,783,100 | | 2,485,000 | | 2,540,358 | |
| Supplies and services | 98,937 | | 70,230 | | 68,000 | | 96,201 | |
| | 3,203,011 | | 2,990,030 | | 2,662,000 | | 2,772,774 | |
| *Less* recoveries | (7,328) | | (1,000) | | (1,000) | | (840) | |
| | 3,195,683 | | 2,989,030 | | 2,661,000 | | 2,771,934 | |
| **Voluntary Sector** | | | | | | | | |
| Premises | 73,271 | | 67,400 | | 51,000 | | 60,668 | |
| Staff | 1,248,226 | | 1,217,900 | | 1,200,000 | | 1,186,800 | |
| Supplies and services | 57,412 | | 55,161 | | 49,000 | | 55,837 | |
| | 1,378,909 | 32,831,565 | 1,340,461 | 32,391,921 | 1,300,000 | 31,259,000 | 1,303,305 | 31,195,072 |
| | | 52,214,589 | | 53,129,101 | | 52,250,000 | | 52,296,683 |
| **Grants to Colleges and Libraries** | | | | | | | | |
| Blanchelande College | 535,711 | | 535,711 | | 495,000 | | 484,506 | |
| Elizabeth College | 1,879,438 | | 1,879,438 | | 1,850,000 | | 1,759,008 | |
| Guille Alles Library | 1,010,000 | | 1,010,000 | | 1,010,000 | | 1,000,000 | |
| Ladies College | 1,569,886 | | 1,569,886 | | 1,515,000 | | 1,474,955 | |
| Priaulx Library | 255,000 | | 255,000 | | 255,000 | | 260,000 | |
| Schools Library Service | 375,000 | 5,625,035 | 375,000 | 5,625,035 | 375,000 | 5,500,000 | 375,000 | 5,353,469 |
| **Higher and Advanced Education** | | 6,308,310 | | 6,500,000 | | 6,500,000 | | 6,435,560 |
| **TOTAL REVENUE EXPENDITURE** | | 64,147,934 | | 65,254,136 | | 64,250,000 | | 64,085,712 |

# ENVIRONMENT DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration and Central Services** | | | | | | | | |
| Staff | 123,518 | | 140,000 | | 140,000 | | 135,414 | |
| Supplies and services | 12,146 | | 20,000 | | 20,000 | | 13,289 | |
| | | 135,664 | | 160,000 | | 160,000 | | 148,703 |
| **Environment Policy and Management** | | | | | | | | |
| Premises, Upkeep and Repairs | 206,858 | | 207,000 | | 199,000 | | 221,184 | |
| Staff | 212,660 | | 247,000 | | 247,000 | | 226,346 | |
| Supplies and services | 75,449 | | 124,000 | | 124,000 | | 123,724 | |
| Consultants fees | 34,365 | | 36,000 | | 1,000 | | 1,300 | |
| Contracted-out work | 1,311,547 | | 1,359,000 | | 1,353,000 | | 1,395,137 | |
| L'Ancresse Commons Council Grant | 25,000 | | 25,000 | | 25,000 | | 30,000 | |
| | 1,865,879 | | 1,998,000 | | 1,949,000 | | 1,997,691 | |
| *Less* operating income | (740) | | (7,000) | | (7,000) | | (2,983) | |
| | | 1,865,139 | | 1,991,000 | | 1,942,000 | | 1,994,708 |
| **Land Use Planning and Development Regulation** | | | | | | | | |
| Staff | 1,801,590 | | 1,990,000 | | 1,990,000 | | 1,995,192 | |
| Supplies and services | 210,673 | | 330,000 | | 330,000 | | 184,052 | |
| Consultants fees | 9,543 | | 100,000 | | 100,000 | | 56,886 | |
| | 2,021,806 | | 2,420,000 | | 2,420,000 | | 2,236,130 | |
| *Less* operating income | (2,531) | | (3,000) | | (3,000) | | (1,748) | |
| | | 2,019,275 | | 2,417,000 | | 2,417,000 | | 2,234,382 |
| **Traffic Policy and Traffic Management** | | | | | | | | |
| Premises | 15,456 | | 17,000 | | 17,000 | | 15,144 | |
| Staff | 929,147 | | 1,014,000 | | 1,014,000 | | 916,972 | |
| Supplies and services | 294,081 | | 363,000 | | 363,000 | | 363,830 | |
| Consultants fees | 10,461 | | 29,000 | | 29,000 | | 22,773 | |
| Contracted-out work | 406,188 | | 386,000 | | 386,000 | | 423,516 | |
| | 1,655,333 | | 1,809,000 | | 1,809,000 | | 1,742,235 | |
| *Less* operating income | (502,220) | | (477,000) | | (477,000) | | (449,804) | |
| | 1,153,113 | | 1,332,000 | | 1,332,000 | | 1,292,431 | |
| **Scheduled Bus Service Support** | | | | | | | | |
| Contract payments, etc. | 1,923,607 | | 2,138,000 | | 2,138,000 | | 1,983,660 | |
| Leasing charges | (348,432) | | (348,000) | | (348,000) | | (348,432) | |
| | 1,575,175 | | 1,790,000 | | 1,790,000 | | 1,635,228 | |
| **School Bus Service Support** | 233,823 | | 235,000 | | 235,000 | | 227,042 | |
| **Traffic Strategy Initiatives** | - | | 200,000 | | - | | - | |
| | | 2,962,111 | | 3,557,000 | | 3,357,000 | | 3,154,701 |
| **Waste Services** | | | | | | | | |
| **Bulk Refuse** | | | | | | | | |
| Supplies and services | 259,284 | | 275,000 | | 275,000 | | 218,966 | |
| *Less* operating income | - | | - | | - | | (30) | |
| | 259,284 | | 275,000 | | 275,000 | | 218,936 | |
| **Paper Savers Scheme** | | | | | | | | |
| Baling and export | 123,333 | | 134,000 | | 134,000 | | 122,976 | |
| Collection points | 20,566 | | 26,000 | | 26,000 | | 19,401 | |
| | 143,899 | | 160,000 | | 160,000 | | 142,377 | |
| **Recycling of Waste** | | | | | | | | |
| Premises | 43,176 | | 41,000 | | 41,000 | | 36,696 | |
| Staff | 123,492 | | 118,000 | | 118,000 | | 106,539 | |
| Supplies and services | 132,245 | | 119,000 | | 119,000 | | 199,709 | |
| Contracted-out work | 24,684 | | 30,000 | | 7,000 | | 44,292 | |
| | 323,597 | | 308,000 | | 285,000 | | 387,236 | |
| *Less* operating income | (87,995) | | (55,000) | | (55,000) | | (78,806) | |
| | 235,602 | | 253,000 | | 230,000 | | 308,430 | |

# ENVIRONMENT DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Waste Services (continued)** | | | | | | | | |
| **Waste Segregation Site** | | | | | | | | |
| Premises | 4,610 | | 4,000 | | 4,000 | | 2,587 | |
| Supplies and services | 66,579 | | 51,000 | | 51,000 | | 50,723 | |
| Contracted-out work | 408,232 | | 427,000 | | 427,000 | | 395,681 | |
| | 479,421 | | 482,000 | | 482,000 | | 448,991 | |
| *Less* operating income | (292,418) | | (388,000) | | (388,000) | | (310,035) | |
| | 187,003 | | 94,000 | | 94,000 | | 138,956 | |
| **Waste Strategy Initiatives** | | | | | | | | |
| Premises | 1,314 | | 1,000 | | 1,000 | | - | |
| Staff | 19,942 | | 100,500 | | 100,500 | | - | |
| Supplies and services | 218,409 | | 279,000 | | 279,000 | | - | |
| Consultants fees | 168,156 | | 186,500 | | 103,500 | | 16,580 | |
| Contracted-out work | 7,248 | | 16,000 | | 16,000 | | - | |
| | 415,069 | | 583,000 | | 500,000 | | 16,580 | |
| *Less* operating income | (500,000) | | (500,000) | | (500,000) | | - | |
| | (84,931) | 740,857 | 83,000 | 865,000 | - | 759,000 | 16,580 | 825,279 |
| | | 7,723,046 | | 8,990,000 | | 8,635,000 | | 8,357,773 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (35,000) | | - |
| **TOTAL REVENUE EXPENDITURE** | | 7,723,046 | | 8,990,000 | | 8,600,000 | | 8,357,773 |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration** | | | | | | | | |
| Premises | 287 | | 550 | | 1,000 | | - | |
| Staff | 2,505,047 | | 2,815,570 | | 2,976,000 | | 2,660,295 | |
| Supplies and services | 1,475,889 | | 1,535,982 | | 1,547,000 | | 1,548,142 | |
| Consultants fees | 91,530 | | 63,000 | | 63,000 | | 63,540 | |
| Contracted-out work | 20,848 | | 45,320 | | 45,000 | | 15,417 | |
| Grants | - | | 4,000 | | 4,000 | | 3,567 | |
| | 4,093,601 | | 4,464,422 | | 4,636,000 | | 4,290,961 | |
| *Less* recoveries | (135,839) | | (127,130) | | (127,000) | | (135,011) | |
| | 3,957,762 | | 4,337,292 | | 4,509,000 | | 4,155,950 | |
| *Less* operating income | (30,086) | 3,927,676 | (15,000) | 4,322,292 | (15,000) | 4,494,000 | (50,444) | 4,105,506 |
| **Corporate Support Services** | | | | | | | | |
| Premises | 2,551,632 | | 2,645,150 | | 2,645,000 | | 2,391,635 | |
| Staff | 9,195,178 | | 9,850,612 | | 9,851,000 | | 9,101,237 | |
| Supplies and services | 4,136,774 | | 3,978,718 | | 3,979,000 | | 4,362,728 | |
| Consultants fees | 4,763 | | - | | - | | 9,942 | |
| Contracted-out work | 380,066 | | 139,250 | | 139,000 | | 363,662 | |
| | 16,268,413 | | 16,613,730 | | 16,614,000 | | 16,229,204 | |
| *Less* recoveries | (916,581) | | (687,840) | | (688,000) | | (966,523) | |
| | 15,351,832 | | 15,925,890 | | 15,926,000 | | 15,262,681 | |
| *Less* operating income | (40,720) | 15,311,112 | (22,000) | 15,903,890 | (22,000) | 15,904,000 | (44,241) | 15,218,440 |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Adult Services** | | | | | | | | |
| Premises | 183,703 | | 247,300 | | 247,000 | | 122,315 | |
| Staff | 33,267,535 | | 32,026,933 | | 33,487,000 | | 31,622,809 | |
| Supplies and services | 8,049,190 | | 8,355,300 | | 8,355,000 | | 9,263,439 | |
| Consultants fees | 44,823 | | 48,000 | | 48,000 | | 63,490 | |
| Contracted-out work | 1,350,531 | | 1,419,430 | | 1,420,000 | | 361,639 | |
| Grants | 177,501 | | 177,000 | | 177,000 | | 162,854 | |
| | 43,073,283 | | 42,273,963 | | 43,734,000 | | 41,596,546 | |
| *Less* recoveries | (240,645) | | (22,030) | | (22,000) | | (170,608) | |
| | 42,832,638 | | 42,251,933 | | 43,712,000 | | 41,425,938 | |
| *Less* operating income | (3,959,777) | 38,872,861 | (3,278,000) | 38,973,933 | (3,278,000) | 40,434,000 | (3,519,184) | 37,906,754 |
| **Children and Young People Services** | | | | | | | | |
| Premises | 72,526 | | 46,700 | | 97,000 | | 73,378 | |
| Staff | 8,107,469 | | 8,264,685 | | 8,790,000 | | 7,840,044 | |
| Supplies and services | 1,346,648 | | 1,893,500 | | 1,973,000 | | 1,399,744 | |
| Consultants fees | 164,677 | | 147,000 | | 147,000 | | 157,201 | |
| Contracted-out work | 76,748 | | 255,000 | | 255,000 | | 183,183 | |
| | 9,768,068 | | 10,606,885 | | 11,262,000 | | 9,653,550 | |
| *Less* recoveries | (37,358) | | (11,000) | | (11,000) | | (1,456) | |
| | 9,730,710 | | 10,595,885 | | 11,251,000 | | 9,652,094 | |
| *Less* operating income | (23,022) | 9,707,688 | (15,000) | 10,580,885 | (15,000) | 11,236,000 | (24,398) | 9,627,696 |
| **Out of Island Placements** | | | | | | | | |
| Staff | 74,690 | | 42,000 | | 42,000 | | 35,045 | |
| Supplies and services | 855,865 | | - | | - | | 676,861 | |
| Consultants fees | - | | - | | - | | 15,711 | |
| Contracted-out work | 4,921,522 | 5,852,077 | 4,633,000 | 4,675,000 | 3,958,000 | 4,000,000 | 3,570,974 | 4,298,591 |
| **Public Health and Strategy** | | | | | | | | |
| Premises | 4,216 | | 2,000 | | 2,000 | | 4,369 | |
| Staff | 1,738,291 | | 1,766,000 | | 1,766,000 | | 1,714,914 | |
| Supplies and services | 548,073 | | 674,000 | | 674,000 | | 571,645 | |
| Consultants fees | 9,188 | | 57,000 | | 57,000 | | 40,032 | |
| Contracted-out work | 9,397 | | 18,000 | | 18,000 | | 9,005 | |
| Grants | 411,998 | | 232,000 | | 232,000 | | 337,159 | |
| | 2,721,163 | | 2,749,000 | | 2,749,000 | | 2,677,124 | |
| *Less* recoveries | (26,166) | | (15,000) | | (15,000) | | (18,409) | |
| | 2,694,997 | | 2,734,000 | | 2,734,000 | | 2,658,715 | |
| *Less* operating income | (312,887) | 2,382,110 | (248,000) | 2,486,000 | (248,000) | 2,486,000 | (299,338) | 2,359,377 |
| **Reciprocal Health Agreements** | | | | | | | | |
| Staff | 71,565 | | 82,000 | | 82,000 | | 65,773 | |
| Supplies and services | 221,033 | | 168,700 | | 172,000 | | 263,318 | |
| Consultants fees | 330,359 | | 198,000 | | 195,000 | | 302,024 | |
| Contracted-out work | 4,357,324 | | 3,551,300 | | 3,551,000 | | 4,320,363 | |
| | 4,980,281 | | 4,000,000 | | 4,000,000 | | 4,951,478 | |
| *Less* recoveries | (80,742) | | - | | - | | - | |
| | 4,899,539 | | 4,000,000 | | 4,000,000 | | 4,951,478 | |
| *Less* operating income | (16,156) | 4,883,383 | - | 4,000,000 | - | 4,000,000 | - | 4,951,478 |
| **Service Development** | | - | | - | | (2,284,000) | | - |
| | | 80,936,907 | | 80,942,000 | | 80,270,000 | | 78,467,842 |
| **St John Ambulance and Rescue Service Grant** | | 1,782,455 | | 1,780,000 | | 1,780,000 | | 1,730,000 |
| **TOTAL REVENUE EXPENDITURE** | | 82,719,362 | | 82,722,000 | | 82,050,000 | | 80,197,842 |

# HOME DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration and Central Services** | | | | | | | | |
| Premises | 29,759 | | 38,800 | | - | | - | |
| Staff | 889,242 | | 885,400 | | 771,000 | | 643,779 | |
| Supplies and services | 518,254 | | 681,880 | | 729,000 | | 188,017 | |
| Consultants fees | 33,400 | | 35,900 | | - | | 8,500 | |
| Grants | 38,000 | 1,508,655 | 38,000 | 1,679,980 | 38,000 | 1,538,000 | 38,000 | 878,296 |
| **Bailiwick Drug and Alcohol Strategy** | | | | | | | | |
| Premises | - | | - | | - | | 5,425 | |
| Staff | 91,652 | | 152,000 | | 152,000 | | 129,235 | |
| Supplies and services | 94,828 | | 75,000 | | 75,000 | | 94,582 | |
| Consultants fees | 1,717 | | 8,000 | | 8,000 | | 4,119 | |
| Grants | 373,300 | | 255,000 | | 255,000 | | 221,170 | |
| | 561,497 | | 490,000 | | 490,000 | | 454,531 | |
| *Less* Liquor Licensing fees | (169,642) | 391,855 | - | 490,000 | - | 490,000 | - | 454,531 |
| **Broadcasting** | | | | | | | | |
| Supplies and services | 1,557 | | 1,000 | | 1,000 | | 1,048 | |
| Contribution to local television subtitling | 44,982 | | 45,000 | | 45,000 | | 44,898 | |
| | 46,539 | | 46,000 | | 46,000 | | 45,946 | |
| *Less* operating income | (3,976) | 42,563 | (12,000) | 34,000 | (12,000) | 34,000 | - | 45,946 |
| **Customs, Immigration and Nationality Service** | | | | | | | | |
| Premises | 224,307 | | 244,760 | | 250,000 | | 253,308 | |
| Staff | 3,365,810 | | 3,500,000 | | 3,500,000 | | 3,242,464 | |
| Supplies and services | 569,494 | | 575,740 | | 557,000 | | 740,053 | |
| Consultants fees | - | | - | | - | | 1,065 | |
| | 4,159,611 | | 4,320,500 | | 4,307,000 | | 4,236,890 | |
| *Less* recoveries | (19,690) | | (23,000) | | (23,000) | | (25,546) | |
| | 4,139,921 | | 4,297,500 | | 4,284,000 | | 4,211,344 | |
| *Less* operating income | (33,130) | | (12,000) | | (12,000) | | (14,622) | |
| | 4,106,791 | | 4,285,500 | | 4,272,000 | | 4,196,722 | |
| Passport Fees | (336,333) | | (260,000) | | (260,000) | | (271,530) | |
| Payments to HM Government | 336,333 | 4,106,791 | 260,000 | 4,285,500 | 260,000 | 4,272,000 | 271,530 | 4,196,722 |
| **Data Protection** | | | | | | | | |
| Premises | 20,269 | | 23,000 | | 23,000 | | 21,149 | |
| Staff | 136,665 | | 150,000 | | 150,000 | | 137,252 | |
| Supplies and services | 30,822 | | 36,000 | | 36,000 | | 30,850 | |
| Consultants fees | 1,663 | | - | | - | | - | |
| | 189,419 | | 209,000 | | 209,000 | | 189,251 | |
| *Less* operating income | (43,383) | 146,036 | (40,000) | 169,000 | (40,000) | 169,000 | (41,686) | 147,565 |
| **Emergency Planning** | | | | | | | | |
| Premises | 26,701 | | 15,000 | | 15,000 | | 5,572 | |
| Staff | 54,696 | | 59,000 | | 59,000 | | 55,419 | |
| Supplies and services | 56,360 | | 37,000 | | 37,000 | | 60,545 | |
| | 137,757 | | 111,000 | | 111,000 | | 121,536 | |
| *Less* recoveries | - | 137,757 | (1,000) | 110,000 | (1,000) | 110,000 | (912) | 120,624 |
| **Financial Intelligence Service** | | | | | | | | |
| Supplies and services | | 69,208 | | 124,170 | | 110,000 | | 89,848 |
| **Fire and Rescue Service** | | | | | | | | |
| Premises | 78,748 | | 85,000 | | 82,000 | | 85,657 | |
| Staff | 2,700,130 | | 2,838,300 | | 2,878,000 | | 2,710,542 | |
| Supplies and services | 203,662 | | 264,700 | | 246,000 | | 294,498 | |
| | 2,982,540 | | 3,188,000 | | 3,206,000 | | 3,090,697 | |
| *Less* operating income | (3,140) | 2,979,400 | (3,000) | 3,185,000 | (1,000) | 3,205,000 | (1,545) | 3,089,152 |
| **Gambling Control** | | | | | | | | |
| Supplies and services | 798 | | 1,000 | | 1,000 | | 379 | |
| *Less* operating income | (26,820) | (26,022) | (25,000) | (24,000) | (25,000) | (24,000) | (9,840) | (9,461) |

# HOME DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Parole Review** | | | | | | | | |
| Supplies and services | 1,080 | | 3,000 | | 3,000 | | 298 | |
| Allowances to members | 16,092 | | 10,000 | | 10,000 | | 14,142 | |
| | | 17,172 | | 13,000 | | 13,000 | | 14,440 |
| **Police Force** | | | | | | | | |
| Premises | 142,113 | | 177,000 | | 177,000 | | 113,526 | |
| Staff | 8,740,160 | | 9,481,000 | | 9,538,000 | | 8,708,136 | |
| Supplies and services | 2,327,701 | | 1,934,500 | | 1,881,000 | | 2,094,022 | |
| | 11,209,974 | | 11,592,500 | | 11,596,000 | | 10,915,684 | |
| *Less* recoveries | (20,399) | | (18,000) | | (18,000) | | (119,543) | |
| | 11,189,575 | | 11,574,500 | | 11,578,000 | | 10,796,141 | |
| *Less* operating income | (41,212) | | (26,000) | | (26,000) | | (36,392) | |
| | | 11,148,363 | | 11,548,500 | | 11,552,000 | | 10,759,749 |
| **Prison Service** | | | | | | | | |
| Premises | 357,260 | | 391,000 | | 391,000 | | 362,826 | |
| Staff | 2,782,321 | | 2,737,000 | | 2,906,000 | | 2,714,058 | |
| Supplies and services | 736,923 | | 832,750 | | 828,000 | | 750,916 | |
| Maintenance of prisoners in the United Kingdom | 241,139 | | 460,000 | | 460,000 | | 175,321 | |
| | 4,117,643 | | 4,420,750 | | 4,585,000 | | 4,003,121 | |
| *Less* recoveries | (6,926) | | (15,000) | | (15,000) | | (12,131) | |
| | | 4,110,717 | | 4,405,750 | | 4,570,000 | | 3,990,990 |
| **Probation Service** | | | | | | | | |
| Premises | 3,907 | | 5,000 | | 5,000 | | 9,227 | |
| Staff | 487,358 | | 467,000 | | 467,000 | | 444,060 | |
| Supplies and services | 52,478 | | 51,400 | | 49,000 | | 51,347 | |
| | | 543,743 | | 523,400 | | 521,000 | | 504,634 |
| | | 25,176,238 | | 26,544,300 | | 26,560,000 | | 24,283,036 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (500,000) | | - |
| **TOTAL REVENUE EXPENDITURE** | | 25,176,238 | | 26,544,300 | | 26,060,000 | | 24,283,036 |

# HOUSING DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration** | | | | | | | | |
| Staff | 494,350 | | 555,000 | | 555,000 | | 504,507 | |
| Supplies and services | 28,715 | | 90,000 | | 90,000 | | 24,319 | |
| Consultants fees | 2,941 | | 20,000 | | 20,000 | | 24,516 | |
| | | 526,006 | | 665,000 | | 665,000 | | 553,342 |
| **Residential Homes** | | | | | | | | |
| Premises | 186,752 | | 159,000 | | 159,000 | | 183,932 | |
| Staff | 1,545,509 | | 1,566,000 | | 1,566,000 | | 1,491,747 | |
| Supplies and services | 179,837 | | 179,000 | | 179,000 | | 164,288 | |
| Consultants fees | 3,029 | | - | | - | | 2,155 | |
| | 1,915,127 | | 1,904,000 | | 1,904,000 | | 1,842,122 | |
| *Less* recoveries | (6,230) | | (5,000) | | (5,000) | | (6,125) | |
| | 1,908,897 | | 1,899,000 | | 1,899,000 | | 1,835,997 | |
| *Less* operating income | (708,653) | | (672,000) | | (672,000) | | (719,735) | |
| | | 1,200,244 | | 1,227,000 | | 1,227,000 | | 1,116,262 |
| | | 1,726,250 | | 1,892,000 | | 1,892,000 | | 1,669,604 |
| **Use of Accumulated Unspent Balances** | | - | | - | | (292,000) | | - |
| **TOTAL REVENUE EXPENDITURE** | | 1,726,250 | | 1,892,000 | | 1,600,000 | | 1,669,604 |

# PUBLIC SERVICES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration** | | | | | | | | |
| Premises | 9,240 | | 4,000 | | 4,000 | | 4,000 | |
| Staff | 522,453 | | 556,000 | | 556,000 | | 485,409 | |
| Supplies and services | 18,202 | | 27,000 | | 27,000 | | 26,904 | |
| Consultants fees | - | | - | | - | | 33,233 | |
| Grants | 63,000 | | 63,000 | | - | | - | |
| | 612,895 | | 650,000 | | 587,000 | | 549,546 | |
| **Alderney Airport Trading Loss** | 480,942 | | 495,000 | | 495,000 | | 472,903 | |
| **Alderney Breakwater** | | | | | | | | |
| Premises | 10,575 | | 28,000 | | 28,000 | | 10,225 | |
| Staff | 74,085 | | 70,000 | | 70,000 | | 75,058 | |
| Supplies and services | 23,186 | | 39,000 | | 39,000 | | 41,826 | |
| Contracted-out work | 313,838 | | 330,000 | | 330,000 | | 280,732 | |
| | 421,684 | | 467,000 | | 467,000 | | 407,841 | |
| *Less* Contribution from States of Alderney | (15,000) | | (17,000) | | (17,000) | | (15,000) | |
| | 406,684 | | 450,000 | | 450,000 | | 392,841 | |
| **Emergency Services** | | | | | | | | |
| Supplies and services | 12,309 | | 14,000 | | 14,000 | | 13,447 | |
| Contracted-out work | 50,286 | | 55,000 | | 55,000 | | 54,309 | |
| | 62,595 | | 69,000 | | 69,000 | | 67,756 | |
| *Less* recoveries | (4,100) | | (5,000) | | (5,000) | | (4,031) | |
| | 58,495 | 1,559,016 | 64,000 | 1,659,000 | 64,000 | 1,596,000 | 63,725 | 1,479,015 |
| **Service Delivery** | | | | | | | | |
| **Administration** | | | | | | | | |
| Staff | 169,491 | | 195,050 | | 195,000 | | 249,934 | |
| Supplies and services | 14,166 | | 23,000 | | 15,000 | | 14,600 | |
| | 183,657 | | 218,050 | | 210,000 | | 264,534 | |
| **Pumping Stations** | | | | | | | | |
| Supplies and services | 170,135 | | 200,000 | | 200,000 | | 149,585 | |
| Upkeep and repairs | 484,107 | | 535,000 | | 515,000 | | 761,895 | |
| | 654,242 | | 735,000 | | 715,000 | | 911,480 | |
| **Refuse Disposal and Land Reclamation** | | | | | | | | |
| Premises | 7,959 | | 5,000 | | 5,000 | | 33,838 | |
| Staff | - | | - | | - | | 474,186 | |
| Supplies and services | 133,359 | | 186,900 | | 187,000 | | 489,929 | |
| Consultants fees | 22,051 | | 24,000 | | 24,000 | | 17,952 | |
| Contracted-out work | 859,224 | | 865,100 | | 865,000 | | 42,801 | |
| Preparation and completion of sites | 41,675 | | 72,800 | | 50,000 | | 125,452 | |
| | 1,064,268 | | 1,153,800 | | 1,131,000 | | 1,184,158 | |
| *Less* operating income | (1,925,379) | | (2,470,000) | | (2,470,000) | | (2,274,944) | |
| | (861,111) | | (1,316,200) | | (1,339,000) | | (1,090,786) | |
| **Roads Infrastructure** | | | | | | | | |
| Supplies and services | - | | - | | 8,000 | | 7,782 | |
| Resurfacing and reconstruction | 1,999,461 | | 2,000,000 | | 2,000,000 | | 2,100,895 | |
| Road cleaning | 1,080,804 | | 1,004,000 | | 1,004,000 | | 1,170,829 | |
| Upkeep and repairs | 218,194 | | 302,000 | | 302,000 | | 375,139 | |
| | 3,298,459 | | 3,306,000 | | 3,314,000 | | 3,654,645 | |

# PUBLIC SERVICES DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Service Delivery (continued)** | | | | | | | | |
| **Sewage Tankers** | | | | | | | | |
| Staff | - | | - | | - | | 1,069,466 | |
| Supplies and services | 370 | | - | | - | | 605 | |
| Contracted out work | 1,622,690 | | 1,614,250 | | 1,614,000 | | 475,653 | |
| | 1,623,060 | | 1,614,250 | | 1,614,000 | | 1,545,724 | |
| *Less* operating income | (1,390,064) | | (1,353,000) | | (1,353,000) | | (1,308,461) | |
| | 232,996 | | 261,250 | | 261,000 | | 237,263 | |
| **Sewers and Outfalls** | | | | | | | | |
| Consultants fees | 6,421 | | 35,000 | | 35,000 | | 4,189 | |
| Sewer descaling | 102,479 | | 95,000 | | 95,000 | | 114,110 | |
| Sewer rehabilitation | 880,374 | | 932,700 | | 848,000 | | 1,015,005 | |
| Upkeep and repairs | 158,414 | | 110,000 | | 110,000 | | 193,225 | |
| | 1,147,688 | | 1,172,700 | | 1,088,000 | | 1,326,529 | |
| **Surface Water Outfalls and Streams** | | | | | | | | |
| Supplies and services | 1,237 | | 1,000 | | 1,000 | | 1,047 | |
| Rehabilitation and separation | 424,513 | | 500,000 | | 500,000 | | 210,029 | |
| Upkeep and repairs | 277,509 | | 250,000 | | 250,000 | | 295,435 | |
| | 703,259 | | 751,000 | | 751,000 | | 506,511 | |
| | | 5,359,190 | | 5,127,800 | | 5,000,000 | | 5,810,176 |
| **Technical Services** | | | | | | | | |
| Premises | - | | - | | 3,000 | | 29,190 | |
| Staff | 677,538 | | 815,400 | | 815,000 | | 1,818,196 | |
| Supplies and services | 33,880 | | 52,700 | | 64,000 | | 204,517 | |
| Contracted-out work | - | | - | | - | | 100,164 | |
| | 711,418 | | 868,100 | | 882,000 | | 2,152,067 | |
| *Less* operating income | - | | (8,200) | | (8,000) | | (235,009) | |
| | | 711,418 | | 859,900 | | 874,000 | | 1,917,058 |
| **TOTAL REVENUE EXPENDITURE** | | 7,629,624 | | 7,646,700 | | 7,470,000 | | 9,206,249 |

# SOCIAL SECURITY DEPARTMENT

| | Accounts 2006 | | Total Authorised 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Non Contributory Services** | | | | | | | | |
| Premises | 27,377 | | 27,000 | | 27,000 | | 28,680 | |
| Staff | 1,024,963 | | 1,070,000 | | 1,070,000 | | 971,856 | |
| Supplies and services | 508,761 | | 472,000 | | 472,000 | | 766,509 | |
| Attendance and invalid care allowance | 2,050,251 | | 1,990,000 | | 2,089,000 | | 1,916,916 | |
| Community and environment projects | 218,494 | | 175,000 | | 175,000 | | 162,275 | |
| Concessionary TV licences for the elderly | 482,912 | | 480,000 | | 474,000 | | 453,060 | |
| Family allowance | 8,055,230 | | 8,090,000 | | 8,050,000 | | 7,753,729 | |
| Grants to Charities | 185,935 | | 186,000 | | 186,000 | | 182,288 | |
| Grants to Parochial Outdoor Assistance Boards | - | | - | | - | | 431,399 | |
| Medical expenses assistance scheme | 111,232 | | 150,000 | | 150,000 | | 107,501 | |
| Supplementary benefit scheme | 12,142,110 | | 12,700,000 | | 11,550,000 | | 10,663,912 | |
| | | 24,807,265 | | 25,340,000 | | 24,243,000 | | 23,438,125 |
| **States Grants** | | | | | | | | |
| Health Service scheme | 9,194,360 | | 9,150,000 | | 9,260,000 | | 8,782,340 | |
| Long-Term Care Insurance scheme | 1,454,562 | | 1,450,000 | | 1,485,000 | | 1,383,486 | |
| Social Insurance scheme | 27,939,151 | | 27,840,000 | | 28,170,000 | | 26,766,212 | |
| | | 38,588,073 | | 38,440,000 | | 38,915,000 | | 36,932,038 |
| **TOTAL REVENUE EXPENDITURE** | | 63,395,338 | | 63,780,000 | | 63,158,000 | | 60,370,163 |

# CAPITAL INCOME AND EXPENDITURE

# CAPITAL INCOME

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Sale of property / land | 769,879 | 3,000,000 | 3,000,000 | - |
| **TOTAL CAPITAL INCOME** | **769,879** | **3,000,000** | **3,000,000** | **-** |

# CAPITAL EXPENDITURE SUMMARY

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Treasury and Resources Department | 5,007,573 | 5,446,216 | 8,720,100 | 11,869,009 |
| Commerce and Employment Department | 38,629 | 40,000 | 585,000 | 16,701 |
| Culture and Leisure Department | 82,478 | 131,400 | 136,000 | 290,143 |
| Education Department | 17,959,274 | 13,292,000 | 19,535,000 | 15,772,244 |
| Environment Department | 322,374 | 637,000 | 995,000 | 800,823 |
| Health and Social Services Department | 6,656,964 | 7,637,000 | 6,596,000 | 11,192,125 |
| Home Department | 1,286,944 | 1,913,000 | 1,759,500 | 1,181,271 |
| Housing Department | 7,010,260 | 7,030,000 | 8,000,000 | 5,017,243 |
| Public Services Department | 3,387,147 | 4,306,000 | 4,924,000 | 4,041,017 |
| **TOTAL CAPITAL EXPENDITURE** | **41,751,643** | **40,432,616** | **51,250,600** | **50,180,576** |

# TREASURY AND RESOURCES DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Income Tax** | | | | |
| IT Projects and equipment | 90,428 | 59,000 | 85,000 | 20,155 |
| **Information and Communications Technology** | | | | |
| Corporate IT projects | 184,556 | 200,000 | 350,000 | 462,550 |
| **States Property Services** | | | | |
| Consultants fees and site investigations net expenditure / (recovery) | (30,685) | (50,000) | (350,000) | 86,374 |
| Markets reconstruction consultants | 46,429 | 15,000 | 68,500 | 60,409 |
| Miscellaneous capital works | 149,081 | 85,000 | 1,575,000 | 258,896 |
| St Barnabas renovation and conversion - £2,850,000 | 471,185 | 440,000 | 330,000 | 1,854,596 |
| St James external conservation works - £770,000 | 800 | 8,000 | - | 22,958 |
| St Peter Port car parking and quay enhancement - £800,000 | - | 5,000 | - | - |
| Town Arsenal flats refurbishment - £579,007 | - | 43,000 | - | 12,045 |
| Vehicles - replacement / additional | - | - | - | 8,882 |
| **Treasury** | | | | |
| Corporate finance and purchasing system - £5,200,000 | 86,677 | 50,000 | 100,000 | 194,616 |
| IT Projects and equipment | 135,860 | 145,000 | 6,500 | (2,000) |
| **Courts** | | | | |
| Courts redevelopment | | | | |
| Courts building annex | 125,000 | 125,000 | 125,000 | - |
| Courts extension and refurbishment - £17,500,000 | 1,329,953 | 1,250,000 | 400,000 | 8,087,890 |
| Royal Court essential maintenance - £2,850,000 | 2,522,966 | 2,450,000 | 2,000,000 | 296,211 |
| Rue Marguerite retaining walls | - | - | - | 150,000 |
| Equipment - replacement / additional | 113,511 | 175,000 | 155,000 | 196,961 |
| IT Projects and equipment | - | - | - | 37,895 |
| Miscellaneous capital works | 59,744 | - | - | - |
| **States of Alderney net Capital Expenditure** | (277,932) | 446,216 | 3,875,100 | 120,571 |
| **TOTAL CAPITAL EXPENDITURE** | 5,007,573 | 5,446,216 | 8,720,100 | 11,869,009 |

# COMMERCE AND EMPLOYMENT DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Equipment - replacement / additional | 38,629 | 40,000 | - | - |
| IT Projects and equipment | - | - | 300,000 | - |
| Miscellaneous capital works | - | - | 285,000 | - |
| Raymond Falla House extension / alterations - £476,000 | - | - | - | (11,181) |
| Vehicles - replacement / additional | - | - | - | 27,882 |
| **TOTAL CAPITAL EXPENDITURE** | 38,629 | 40,000 | 585,000 | 16,701 |

# CULTURE AND LEISURE DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Administration and Policy Implementation** | | | | |
| Transfers to Sports Loans Fund | - | - | 62,000 | - |
| **Beau Sejour Centre** | | | | |
| Equipment - replacement / additional | (542) | - | - | 59,766 |
| Miscellaneous capital works | - | - | - | 66,865 |
| Redevelopment - £9,000,000 | - | - | - | 31,480 |
| **Museums and Galleries** | | | | |
| Asterix, Gallo-roman wreck preservation treatment work - £159,520 | 7,500 | 10,000 | - | - |
| Equipment - replacement / additional | - | 6,500 | - | 10,446 |
| IT Projects and equipment | 23,164 | 58,000 | - | 825 |
| Miscellaneous capital works | 3,911 | 3,900 | - | 43,548 |
| Vehicles - replacement/additional | 15,399 | 17,000 | 20,000 | - |
| **Outdoor Sports Facilities** | | | | |
| Equipment - replacement / additional | 20,443 | 23,000 | 46,000 | - |
| Miscellaneous capital works | 990 | - | 8,000 | 79,979 |
| Osmond Priaulx Memorial Playing Field | | | | |
| Grandstand - £600,000 | - | - | - | 24,341 |
| Landscaping / general site enhancement - £491,000 | - | - | - | (27,107) |
| Vehicles - replacement/additional | 11,613 | 13,000 | - | - |
| **TOTAL CAPITAL EXPENDITURE** | 82,478 | 131,400 | 136,000 | 290,143 |

# EDUCATION DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Education Development Plan** | | | | |
| College of Further Education - Phase A - £8,130,000 | 4,493,032 | 4,725,000 | 4,000,000 | 2,325,683 |
| Le Rondin Special Needs School - £13,900,000 | 430,894 | 420,000 | 180,000 | 4,891,636 |
| Les Nicolles | | | | |
| Secondary and Special Needs Schools - £44,395,000 | 11,163,036 | 5,950,000 | 12,700,000 | 1,885,429 |
| Land Purchases | - | - | 175,000 | 1,251,056 |
| Oakvale School minor alterations | - | - | - | 25,925 |
| Project execution plan - £6,000,000 | 842,486 | 900,000 | 960,000 | 925,681 |
| Sixth Form Centre - £5,580,000 | 69,963 | 200,000 | 110,000 | 2,977,971 |
| **Other projects** | | | | |
| Essential Maintenance Programme - £2,637,000 | 48,907 | 80,000 | - | 539,148 |
| Forest Primary School redevelopment - £2,825,297 | - | 10,000 | - | - |
| Information and Communication Technology Strategy | - | - | - | 2,892 |
| Miscellaneous capital works | 898,648 | 985,000 | 1,340,000 | 946,823 |
| Vauvert School | | | | |
| Dry rot and maintenance repairs - £250,000 | - | 10,000 | - | - |
| Modernisation - £932,971 | 12,308 | 12,000 | - | - |
| Vehicles - replacement / additional | - | - | 70,000 | - |
| **TOTAL CAPITAL EXPENDITURE** | 17,959,274 | 13,292,000 | 19,535,000 | 15,772,244 |

# ENVIRONMENT DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Environment Policy and Management** | | | | |
| Miscellaneous capital works | 18,247 | 33,000 | 100,000 | 190,585 |
| **Land Use Planning and Development Regulation** | | | | |
| IT Projects and equipment | 4,133 | 5,000 | - | 32,710 |
| **Traffic Policy and Traffic Management** | | | | |
| IT Projects and equipment | 10,575 | 75,000 | 75,000 | - |
| Miscellaneous capital works | 1,588 | 87,000 | 410,000 | 161,198 |
| Traffic signal replacement programme - £1,725,000 | 275,981 | 425,000 | 400,000 | 388,450 |
| **Waste Services** | | | | |
| Energy from waste facility - preparatory works - £2,450,000 | - | - | - | 15,621 |
| Equipment - replacement / additional | - | - | 10,000 | (48) |
| Vehicles - replacement / additional | 11,850 | 12,000 | - | 12,307 |
| **TOTAL CAPITAL EXPENDITURE** | 322,374 | 637,000 | 995,000 | 800,823 |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Site Development Plan** | | | | |
| Clinical Block - £36,100,000 | 2,141,023 | 2,000,000 | - | - |
| Fourth Theatre / Critical care facility - £3,466,000 | 44,525 | 100,000 | 65,000 | 1,429,368 |
| Headquarters accommodation replacement | - | - | - | 2,393 |
| La Corbinerie car parking - £800,000 | 24,096 | 24,000 | - | 65,815 |
| La Corbinerie continuing care wards - £6,318,928 | 23,180 | 23,000 | - | 110,153 |
| Mignot Memorial Hospital extension and redevelopment - £6,186,000 | 2,841,609 | 3,400,000 | 3,150,000 | 191,660 |
| St Martins Community Centre - £1,350,000 | 19,803 | 19,500 | 380,000 | 1,313,281 |
| Site Development Planning costs - £3,772,700 | (1,021,984) | (1,300,000) | 500,000 | 567,728 |
| States Analysts Laboratory / Environmental Health relocation - £3,350,000 | 194,087 | 250,000 | 37,000 | 703,177 |
| Transfer to Accommodation Fund | - | - | - | 4,000,000 |
| **Other Capital Projects** | | | | |
| Computerised radiology equipment - £1,297,000 | 9,854 | 17,500 | 60,000 | 86,888 |
| Equipment - replacement / additional | 952,508 | 1,300,000 | 1,684,500 | 1,400,869 |
| IT Projects and equipment | 306,411 | 245,000 | 355,000 | 110,637 |
| Miscellaneous capital works | 1,056,476 | 1,440,000 | 314,500 | 501,179 |
| Perruque House / Le Carrefour refurbishment - £468,299 | - | - | - | 3,027 |
| Property purchases | - | - | - | 465,000 |
| Vehicles - replacement / additional | 65,376 | 118,000 | 50,000 | 240,950 |
| **TOTAL CAPITAL EXPENDITURE** | 6,656,964 | 7,637,000 | 6,596,000 | 11,192,125 |

# HOME DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Administration and Central Services** | | | | |
| IT Projects and equipment | - | - | 22,000 | - |
| Miscellaneous capital works | 33,201 | 62,000 | 50,000 | 78,123 |
| **Customs, Immigration and Nationality Service** | | | | |
| Airport CCTV system replacement - £526,000 | 9,033 | 25,000 | - | 64,950 |
| Equipment - replacement / additional | 541,831 | 570,000 | 696,000 | 33,684 |
| IT Projects and equipment | 18,512 | 30,000 | 186,000 | 51,146 |
| Miscellaneous capital works | 24,343 | 42,500 | 5,250 | 24,006 |
| Vehicles - replacement / additional | - | - | - | (4,755) |
| **Emergency Planning** | | | | |
| Equipment - replacement / additional | 269,018 | 355,000 | - | - |
| **Financial Intelligence Service** | | | | |
| IT Projects and equipment | 8,400 | 60,000 | 143,000 | 23,217 |
| **Fire and Rescue Service** | | | | |
| Equipment - replacement / additional | 46,288 | 58,000 | - | 4,019 |
| Fire / Police radio system replacement - £1,625,000 | 20,750 | 37,000 | 5,500 | 209,358 |
| IT Projects and equipment | 3,356 | 10,500 | - | 6,635 |
| Miscellaneous capital works | 8,031 | 8,000 | 52,000 | 26,630 |
| Vehicles - replacement / additional | 31,672 | 150,000 | 155,000 | 11,323 |
| **Police Force** | | | | |
| Equipment - replacement / additional | 64,166 | 68,500 | 114,500 | 7,413 |
| IT Projects and equipment | 11,253 | 124,500 | 46,000 | 64,819 |
| Miscellaneous capital works | 104,944 | 202,000 | 129,000 | 236,386 |
| Vehicles - replacement / additional | 79,246 | 84,000 | 50,000 | 17,290 |
| **Prison Service** | | | | |
| Additional Prisoner accommodation and new visitor facilities - £6,500,000 | 858 | - | - | 190,046 |
| Equipment - replacement / additional | - | - | 100,000 | - |
| IT Projects and equipment | - | - | - | 2,205 |
| Miscellaneous capital works | 12,042 | 26,000 | 5,250 | 71,041 |
| Vehicles - replacement / additional | - | - | - | 63,735 |
| **TOTAL CAPITAL EXPENDITURE** | 1,286,944 | 1,913,000 | 1,759,500 | 1,181,271 |

# HOUSING DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Courtil Jacques refurbishment Phase I - £727,018 | 10,260 | 30,000 | - | 4,577 |
| Courtil Jacques refurbishment Phase II - £660,549 | - | - | - | 1,824 |
| Guernsey Youth Housing Project - £455,000 | - | - | - | 10,842 |
| Miscellaneous capital works | - | - | 1,000,000 | - |
| Transfer to Corporate Housing Programme Fund | 7,000,000 | 7,000,000 | 7,000,000 | 5,000,000 |
| **TOTAL CAPITAL EXPENDITURE** | 7,010,260 | 7,030,000 | 8,000,000 | 5,017,243 |

# PUBLIC SERVICES DEPARTMENT

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Alderney Airport net Capital Expenditure** | 345,389 | 423,000 | 399,000 | 166,516 |
| **Drainage Infrastructure** | | | | |
| Belle Greve Pumping Station refurbishment | 74,487 | 75,000 | - | - |
| Foul water network extension plan | 2,772,445 | 3,250,000 | 3,400,000 | 3,136,937 |
| Miscellaneous capital works | 144,188 | 263,000 | 480,000 | - |
| Sewage tankers replacement | 1,295 | 165,000 | 275,000 | 188,494 |
| Sewer connection grant scheme | 59,629 | 50,000 | - | 69,942 |
| **Waste Service** | | | | |
| Miscellaneous capital works | - | 50,000 | 50,000 | - |
| Mont Cuet gas extraction system - £830,000 | (10,286) | 30,000 | 280,000 | 450,776 |
| Vehicles - replacement / additional | - | - | 40,000 | 28,352 |
| **TOTAL CAPITAL EXPENDITURE** | 3,387,147 | 4,306,000 | 4,924,000 | 4,041,017 |

# MISCELLANEOUS ACCOUNTS

# SUMMARY OF

| | 2006 £ | 2005 £ |
|---|---|---|
| GENERAL REVENUE BALANCES | | |
| Capital Fund - General | 34,496,326 | 45,784,348 |
| Capital Fund - Reserve | 30,143,755 | 42,439,977 |
| Contingency Reserve Fund | 204,164,431 | 205,686,072 |
| General Revenue Account Reserve | 34,548,356 | 16,854,610 |
| Net Working Capital Reserve | 39,493,662 | 39,493,662 |
| States Trading Entities Reserve | 131,598,267 | 131,598,267 |
| NOTES AND COINS ISSUE | | |
| Notes and coins in circulation | 35,572,151 | 32,599,082 |
| *Less* face value of precious metal coins | (1,934,092) | (1,741,772) |
| NOTES AND COINS WITHDRAWN FROM CIRCULATION | | |
| Awaiting re-issue | 474,982 | 678,648 |
| Awaiting destruction | 112,137 | 395,032 |
| STATES ENTITIES AND OTHER THIRD PARTY DEPOSITS | 79,887,944 | 97,847,574 |
| VARIOUS CAPITAL ACCOUNTS | | |
| Corporate Housing Programme | 45,463,362 | 40,870,381 |
| Farm Loans Fund | 701,066 | 701,066 |
| Health and Social Services Accommodation Fund | 619,343 | 2,179,030 |
| Higher Education Loans Fund | 730,166 | 725,468 |
| Restructuring and Reorganisation Fund | 2,839,588 | - |
| Sewers Connection Loans Fund | 200,000 | 200,000 |
| Sports Loans Fund | 319,001 | 319,001 |
| Wilfred Carey Purchase Fund | 2,772,864 | 2,695,687 |
| | £642,203,309 | £659,326,133 |

# BALANCES

| | 2006 | 2005 |
|---|---|---|
| | £ | £ |
| CASH AND FINANCIAL INVESTMENTS | | |
| Bank Deposits and other Financial Investments | 249,676,652 | 231,609,185 |
| Cash in hand | 655,387 | 1,163,849 |
| Contingency Reserve Fund - Investments | 204,164,431 | 205,686,072 |
| INVESTMENT IN STATES TRADING ENTITIES | | |
| Alderney Electricity Ltd. | 3,165 | 3,165 |
| Cabernet Ltd. | 5,060,288 | 5,060,288 |
| Guernsey Electricity Ltd. | 109,208,844 | 109,208,844 |
| Guernsey Post Ltd. | 22,386,258 | 22,386,258 |
| LOANS OUTSTANDING | | |
| Energy from Waste Facility | 2,283,254 | 3,274,699 |
| Farm Loans Fund | 166,303 | 281,182 |
| Guernsey Gambling Control Commission | - | 101,884 |
| Guernsey Water | - | 15,923 |
| Health and Social Services Accommodation Fund | 2,866,756 | 2,935,099 |
| Higher Education Loans Fund | 644,968 | 622,082 |
| Housing Development and Loan Fund | 19,003,056 | 25,784,988 |
| Sewers Connection Loans Fund | 67,552 | 79,589 |
| Sports Loans Fund | 259,750 | 288,250 |
| NET CURRENT ASSETS | | |
| Debtors and prepayments | 54,466,499 | 76,659,095 |
| Stocks | 4,029,191 | 3,424,288 |
| Creditors and Accruals | (21,127,126) | (19,573,368) |
| Housing Development and Loan Fund - Private Sector Borrowing | (5,000,000) | (5,000,000) |
| | 648,815,228 | 664,011,372 |
| *Less* Net Assets held in a fiduciary capacity | (6,611,919) | (4,685,239) |
| | £642,203,309 | £659,326,133 |

# CAPITAL FUND - GENERAL

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 45,784,348 | 61,052,230 |
| Appropriation from Revenue Account | 12,900,000 | 12,500,000 |
| Capital Allocations returned to General Revenue | - | (1,050,000) |
| Transfer from Restructuring and Reorganisation Fund | 800,000 | - |
| Transfers from Capital Fund - Reserve | 17,238,529 | 23,426,194 |
| Transfers from General Revenue | 555,000 | 36,500 |
| Savings on projects returned to Capital Fund - Reserve | (1,029,908) | - |
| | 76,247,969 | 95,964,924 |
| *Less* | | |
| Department capital expenditure | (41,751,643) | (50,180,576) |
| Balance at 31 December | £34,496,326 | £45,784,348 |

# CAPITAL FUND - RESERVE

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 42,439,977 | 50,725,795 |
| Appropriations from Revenue Account | - | 10,000,000 |
| Interest received | 3,912,399 | 5,140,377 |
| Savings on projects returned from Capital Fund - General | 1,029,908 | - |
| *Less* | | |
| Transfers to Capital Fund - General | (17,238,529) | (23,426,195) |
| Balance at 31 December | £30,143,755 | £42,439,977 |

# CONTINGENCY RESERVE FUND

## CAPITAL ACCOUNT

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | 205,686,072 | 189,730,178 |
| Interest | 10,544,163 | 10,417,750 |
| Investment Management Fees | (389,866) | (377,710) |
| Net appreciation / (depreciation) of investments - realised and unrealised profits and losses on investments and foreign exchange contracts | (6,675,938) | 915,854 |
| Transfer from General Revenue | - | 5,000,000 |
| Transfer to Restructuring and Reorganisation Fund | (5,000,000) | - |
| Balance at 31 December | £204,164,431 | £205,686,072 |

At 31 December, the Reserve was held as follows:

| | 2006 £ | 2005 £ |
|---|---|---|
| Government Securities | 87,899,872 | 90,698,923 |
| Other Securities | 110,896,702 | 107,427,468 |
| | 198,796,574 | 198,126,391 |
| Cash Deposits including accrued interest and Investment Management Fees due | 5,367,857 | 7,559,681 |
| | £204,164,431 | £205,686,072 |

# GENERAL REVENUE ACCOUNT RESERVE

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | 16,854,610 | 24,434,548 |
| Appropriation for the year | 18,355,508 | (8,623,438) |
| Capital Allocations returned | - | 1,050,000 |
| Guernsey Gambling Control Commission loan - write off | (106,762) | - |
| Transfers to Capital Fund - General | (555,000) | (6,500) |
| Balance at 31 December | £34,548,356 | £16,854,610 |

# NET WORKING CAPITAL RESERVE

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 39,493,662 | 39,528,838 |
| Transfer to Treasury and Resources Department | - | (35,176) |
| Balance at 31 December | £39,493,662 | £39,493,662 |

# STATES TRADING ENTITIES RESERVE

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January and balance at 31 December | £131,598,267 | £131,598,267 |

| Represented by: | 2006<br>£ | 2005<br>£ |
|---|---|---|
| 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 |
| | £131,598,267 | £131,598,267 |

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| **FORFEITED PRIZES ACCOUNT** | | |
| Balance at 1 January | 134,308 | 133,743 |
| Share of forfeited prizes | 31,904 | 26,420 |
| Transfer to Operating Account | (25,800) | (25,855) |
| Balance at 31 December | £140,412 | £134,308 |

## OPERATING ACCOUNT

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Forfeited prizes | 25,800 | 25,855 |
| Sale of tickets | 1,522,768 | 1,598,500 |
| | 1,548,568 | 1,624,355 |
| Agents' commission | (202,752) | (207,916) |
| Contribution to prize fund including forfeited prizes | (918,480) | (987,791) |
| Printing and stationery | (64,198) | (95,610) |
| Promotion | (9,861) | (18,005) |
| Staff costs | (19,866) | (16,912) |
| States of Jersey administration charges | (10,521) | (21,637) |
| Other expenses | (975) | (1,828) |
| Surplus | 321,915 | 274,656 |
| Chief Pleas of Sark - share of surplus | (2,911) | (1,794) |
| States of Alderney - share of surplus | (2,910) | (2,104) |
| States of Guernsey - share of surplus transferred to Appropriation Account | (316,094) | (270,758) |
| | £ - | £ - |

## APPROPRIATION ACCOUNT

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 11,671 | 5,266 |
| Share of surplus transferred from Operating Account | 316,094 | 270,758 |
| | 327,765 | 276,024 |
| Donation to Association of Guernsey Charities | (131,597) | (114,353) |
| Transfers to Beau Sejour Centre | (180,000) | (150,000) |
| Balance at 31 December | £16,168 | £11,671 |

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.

# CORPORATE HOUSING PROGRAMME

| | 2006 | 2005 |
|---|---|---|
| | £ | £ |
| **SUMMARY OF BALANCES AT 31 DECEMBER** | | |
| Corporate Housing Programme Fund | 3,530,025 | 1,039,461 |
| Housing Development and Loan Fund | 24,659,071 | 16,386,927 |
| States Houses Fund | 3,089,514 | 2,427,035 |
| States Housing Association Fund | 181,696 | 231,970 |
| | 31,460,306 | 20,085,393 |
| *Less* Private Sector Borrowing | (5,000,000) | (5,000,000) |
| | £26,460,306 | £15,085,393 |

# CORPORATE HOUSING PROGRAMME FUND

| | 2006 | 2005 |
|---|---|---|
| | £ | £ |
| Balance at 1 January | 1,039,461 | 289,628 |
| Interest | 184,353 | 72,649 |
| Transfer from General Revenue Account | 7,000,000 | 5,000,000 |
| Administration Costs | | |
| Staff | (337,240) | (354,736) |
| Supplies and Services | (25,530) | (28,711) |
| Consultants fees | (78,874) | (51,506) |
| Document Duty Grant Scheme | (41,286) | (52,191) |
| Purchase of Land | (17,396) | - |
| Transfer to States Housing Association Fund | (3,000,000) | (3,000,000) |
| Transfer to States Houses Fund | (800,000) | (800,000) |
| Youth Housing Project | (393,463) | (268,804) |
| Youth Housing Project - adjustment of 2004 provision | - | 233,132 |
| Balance at 31 December | £3,530,025 | £1,039,461 |

# HOUSING DEVELOPMENT AND LOAN FUND

| | 2006 | 2005 |
|---|---|---|
| | £ | £ |
| **REVENUE ACCOUNT** | | |
| Interest receivable | | |
| Borrowers | 859,652 | 1,036,333 |
| States of Guernsey | 923,323 | 570,522 |
| Administration Costs | | |
| Staff | (46,073) | (34,238) |
| Other expenditure | (397) | (2,922) |
| Interest payable on borrowing and other fees | | |
| Private Sector | (246,293) | (245,554) |
| Surplus on Revenue Account for the year transferred to Capital Account | £1,490,212 | £1,324,141 |

**CAPITAL ACCOUNT**

| | 2006 | 2005 |
|---|---|---|
| Balance at 1 January | 37,171,915 | 35,847,774 |
| Surplus for year on Revenue Account | 1,490,212 | 1,324,141 |
| Balance at 31 December | £38,662,127 | £37,171,915 |

# HOUSING DEVELOPMENT AND LOAN FUND (continued)

| | 2006 £ | 2005 £ |
|---|---|---|
| **BORROWERS ACCOUNT** | | |
| Balance at 1 January | 25,784,988 | 31,803,648 |
| Advances to borrowers | 629,543 | 1,697,114 |
| Repayments receivable from borrowers | (7,411,475) | (7,715,774) |
| Balance at 31 December | £19,003,056 | £25,784,988 |

**SUMMARY OF BALANCES AT 31 DECEMBER**

| | 2006 £ | 2005 £ |
|---|---|---|
| Capital Account | 38,662,127 | 37,171,915 |
| Borrowers Account | (19,003,056) | (25,784,988) |
| | £19,659,071 | £11,386,927 |
| Represented by: | | |
| Cash balance with States of Guernsey | 24,659,071 | 16,386,927 |
| Private Sector borrowing | (5,000,000) | (5,000,000) |
| | £19,659,071 | £11,386,927 |

Note :

As envisaged when the Housing Development and Loan Fund was established (Billet d'Etat XIII, 1990), there is a £25 million private sector borrowing facility. As at 31 December 2006, the Fund borrowed £5 million (2005: £5 million) from this source.

# STATES HOUSES FUND

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | 2,427,035 | 3,878,543 |
| Income | | |
| Interest | 146,620 | 151,476 |
| Other Income | - | 137,993 |
| Rents | 13,445,831 | 11,053,674 |
| Less Rent rebates | (6,384,426) | (4,786,991) |
| Sale of Property | 707,231 | - |
| Transfer from Corporate Housing Programme Fund | 800,000 | 800,000 |
| | 11,142,291 | 11,234,695 |
| Expenditure | | |
| Administration Costs | | |
| Staff | (805,110) | (788,795) |
| Supplies and Services | (63,156) | (108,859) |
| Contracted out work | (54,353) | (46,753) |
| Consultants fees | (2,339) | (21,269) |
| States Houses | | |
| Repairs, maintenance, refurbishment and enhancements | (6,202,685) | (6,972,928) |
| Insurance, rates and taxes | (845,568) | (797,927) |
| Other expenditure | (79,566) | (71,129) |
| Balance at 31 December | £3,089,514 | £2,427,035 |

Note :

The Housing Department has responsibility for approximately 2,050 dwellings with an estimated re-instatement value at 2006 prices of £370 million.

# STATES HOUSING ASSOCIATION FUND

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 231,970 | (2,234,144) |
| Income | | |
| Interest | 126,398 | 48,280 |
| Transfer from Corporate Housing Programme Fund | 3,000,000 | 3,000,000 |
| | 3,358,368 | 814,136 |
| Expenditure | | |
| Administration Costs | | |
| Staff | (45,435) | (43,853) |
| Consultants fees | (1,782) | (469) |
| Other expenditure | (412) | - |
| Grants to Guernsey Housing Association | (2,657,663) | (248,327) |
| Rent Rebates | (471,380) | (289,517) |
| Balance at 31 December | £181,696 | £231,970 |

# FARM LOANS FUND

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| **CAPITAL ACCOUNT** | | |
| Balance at 1 January and balance at 31 December | £701,066 | £701,066 |

**BORROWERS ACCOUNT**

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Balance at 1 January | 281,182 | 319,717 |
| Repayments receivable from borrowers | (114,879) | (38,535) |
| Balance at 31 December | £166,303 | £281,182 |

# HEALTH AND SOCIAL SERVICES DEPARTMENT - ACCOMMODATION FUND

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | 2,179,030 | - |
| Income | | |
| Interest | 58,749 | 259,919 |
| Loan from General Revenue | - | 3,000,000 |
| Rents | 651,644 | 569,031 |
| Transfer from Health and Social Services Department capital allocation | - | 4,000,000 |
| Transfer from Health and Social Services Department revenue budget | 621,000 | 700,000 |
| | 3,510,423 | 8,528,950 |
| Expenditure | | |
| Administration Costs | (174,933) | (179,259) |
| John Henry Court - capital project | (1,624,799) | (5,100,257) |
| Lease / Rental Payments | (646,655) | (637,579) |
| Loan from General Revenue | | |
| Capital repayments | (68,343) | (64,901) |
| Interest payable | (134,587) | (138,694) |
| Repairs, maintenance, refurbishment and enhancements | (108,734) | (128,300) |
| Utilities Charges | (133,029) | (100,930) |
| Balance at 31 December | £619,343 | £2,179,030 |

# NOTES AND COINS ISSUE

### NOTES AND COINS IN CIRCULATION

| | 2006 £ Notes | 2006 £ Coins | 2005 £ Notes | 2005 £ Coins |
|---|---|---|---|---|
| In circulation at 1 January | 26,632,412 | 8,174,488 | 25,039,101 | 7,893,842 |
| Issued during the year | 108,551,310 | 432,411 | 104,918,392 | 294,832 |
| Withdrawn during the year | (105,982,846) | (1,394) | (103,325,081) | (14,186) |
| In circulation at 31 December | £29,200,876 | £8,605,505 | £26,632,412 | £8,174,488 |

### NOTES AND COINS RESERVE

| | 2006 £ Notes | 2006 £ Coins | 2005 £ Notes | 2005 £ Coins |
|---|---|---|---|---|
| In circulation at 31 December | 29,200,876 | 8,605,505 | 26,632,412 | 8,174,488 |
| Less release from Reserve | (340,000) | (3,828,322) | (340,000) | (3,609,589) |
| Balance at 31 December | £28,860,876 | £4,777,183 | £26,292,412 | £4,564,899 |

### NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING RE-ISSUE

| | 2006 £ Notes | 2006 £ Coins | 2005 £ Notes | 2005 £ Coins |
|---|---|---|---|---|
| Awaiting re-issue at 1 January | 629,800 | 48,848 | 701,400 | 74,882 |
| Withdrawn during the year | 104,319,440 | 1,195 | 97,167,300 | 11,811 |
| Re-issued during the year | (104,487,640) | (36,661) | (97,238,900) | (37,845) |
| Awaiting re-issue at 31 December | £461,600 | £13,382 | £629,800 | £48,848 |

### NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING DESTRUCTION

| | 2006 £ Notes | 2006 £ Coins | 2005 £ Notes | 2005 £ Coins |
|---|---|---|---|---|
| Awaiting destruction at 1 January | 360,989 | 34,043 | 196,248 | 31,668 |
| Withdrawn during the year | 1,663,406 | 199 | 6,157,781 | 2,375 |
| Destroyed during the year | (1,946,500) | - | (5,993,040) | - |
| Awaiting destruction at 31 December | £77,895 | £34,242 | £360,989 | £34,043 |

# NOTES AND COINS ISSUE (continued)

## NOTES AND COINS TRADING ACCOUNT

| | | 2006 £ | | 2005 £ |
|---|---|---|---|---|
| Interest on balance in circulation | | 1,293,543 | | 1,245,482 |
| Royalties on sale of coins | | | | |
| Royalties receivable | - | | 112,359 | |
| Less transfer to Notes and Coins Reserve | - | | (14,247) | |
| | | - | | 98,112 |
| Sundry income | | 132 | | 232 |
| | | 1,293,675 | | 1,343,826 |
| Administration | | | | |
| Premises | (2,586) | | (2,400) | |
| Staff | (57,348) | | (53,978) | |
| Supplies and services | (24,782) | | (64,157) | |
| Note screening | (119,735) | | (105,058) | |
| Recoveries | 1,282 | | 422 | |
| | | (203,169) | | (225,171) |
| Purchase of new notes and coins issued | | | | |
| Stock at 1 January | (418,049) | | (311,609) | |
| Purchases | (273,215) | | (203,443) | |
| Stock at 31 December | 607,406 | | 418,049 | |
| | | (83,858) | | (97,003) |
| Surplus for year transferred to General Revenue | | £1,006,648 | | £1,021,652 |

# RESTRUCTURING AND REORGANISATION FUND

| | 2006 £ | 2005 £ |
|---|---|---|
| Transfer from Contingency Reserve Fund | 5,000,000 | - |
| Redundancy payments | (1,242,734) | - |
| Judicial Review of redundancy payment - legal costs | (112,244) | - |
| Electronic Health and Social Care Record capital project - contribution | (800,000) | - |
| Other expenditure | (5,434) | - |
| Balance at 31 December | £2,839,588 | £ - |

# SEWERS CONNECTION LOANS FUND

| | 2006 £ | 2005 £ |
|---|---|---|
| **CAPITAL ACCOUNT** | | |
| Balance at 1 January | 200,000 | 230,000 |
| Transfer to General Revenue Account | - | (30,000) |
| Balance at 31 December | £200,000 | £200,000 |

## BORROWERS ACCOUNT

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | 79,589 | 91,611 |
| Advances to borrowers | 8,744 | 8,342 |
| Repayments receivable from borrowers | (20,781) | (20,364) |
| Balance at 31 December | £67,552 | £79,589 |

# SPORTS LOANS FUND

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| **CAPITAL ACCOUNT** | | |
| Balance at 1 January and balance at 31 December | £319,001 | £319,001 |
| **BORROWERS ACCOUNT** | | |
| Balance at 1 January | 288,250 | 274,250 |
| Advances to borrowers | - | 40,000 |
| Repayments receivable from borrowers | (28,500) | (26,000) |
| Balance at 31 December | £259,750 | £288,250 |

# WILFRED CAREY PURCHASE FUND

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| **CAPITAL ACCOUNT** | | |
| Balance at 1 January and balance at 31 December | £1,773,000 | £1,773,000 |
| **REVENUE ACCOUNT** | | |
| Balance at 1 January | 898,854 | 861,361 |
| Interest | 126,295 | 125,599 |
| Transferred to Purchase of Exhibits Account | (62,000) | (88,106) |
| Balance at 31 December | £963,149 | £898,854 |
| **PURCHASE OF EXHIBITS ACCOUNT** | | |
| Balance at 1 January | 23,833 | 47,519 |
| Sundry purchases | (49,118) | (111,792) |
| Transferred from Revenue Account | 62,000 | 88,106 |
| Balance at 31 December | £36,715 | £23,833 |

# SUMMARY OF BALANCES

| | 2006 £ | 2005 £ |
|---|---|---|
| Consolidated Superannuation Fund | 846,883,829 | 782,803,285 |
| H M Receiver General | 1,468,908 | 1,338,021 |
| Various charity, amenity and other fund Capital Accounts etc. | 500,325 | 691,318 |
| Various charity, amenity and other fund Revenue Accounts etc. | 2,273,102 | 2,301,414 |
| | £851,126,164 | £787,134,038 |

# HELD IN A FIDUCIARY CAPACITY

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Consolidated Superannuation Fund - Investments | 844,312,308 | 782,239,979 |
| Various charity, amenity and other funds etc. | | |
| Investments and bank deposit accounts | 201,937 | 208,820 |
| Net Assets held by the States of Guernsey | 6,611,919 | 4,685,239 |
| | £851,126,164 | £787,134,038 |

# SUPERANNUATION FUND

| | 2006 | | 2005 |
|---|---|---|---|
| | £ | £ | £ |
| **TEACHERS** | | | |
| Employers' contributions | 963,571 | | 3,311,021 |
| Teachers' contributions | 437,659 | | 1,625,291 |
| Transfer values received from Non-members of the Fund | 78,439 | | 3,125,465 |
| | | 1,479,669 | 8,061,777 |
| Pensions | (630,107) | | (4,556,784) |
| Lump sum payments | (251,485) | | (711,478) |
| Contributions refunded to teachers | (4,886) | | (11,163) |
| Transfer values paid to Members of the Fund | (3,002,907) | | - |
| Transfer values paid to Non-members of the Fund | (286,188) | | (1,428,622) |
| | | (4,175,573) | (6,708,047) |
| Net additions / (reductions) | | (2,695,904) | 1,353,730 |
| Returns on Investments: | | | |
| Investment management and other fees | (131,513) | | (618,527) |
| Interest, dividends and commission | 1,114,226 | | 4,666,338 |
| Net appreciation of investments - realised and unrealised profits and losses | 1,958,563 | | 15,480,631 |
| | | 2,941,276 | 19,528,442 |
| Balance at 1 January | | 36,568,042 | 168,977,870 |
| Transfer to Combined Pool | | - | (153,292,000) |
| Balance at 31 December | | £36,813,414 | £36,568,042 |
| **COMBINED POOL** | | | |
| Employers' contributions | 15,014,504 | | 10,327,441 |
| Employees' contributions | 8,868,522 | | 7,385,085 |
| Capital payment | 400,000 | | 903,000 |
| Post Office employees' contributions - widows and childrens scheme | 333 | | 500 |
| Refunds of contributions repaid | 15,493 | | 41,833 |
| Transfer values received from Members of the Fund | 3,002,907 | | - |
| Transfer values received from Non-members of the Fund | 1,271,008 | | 2,095,542 |
| | | 28,572,767 | 20,753,401 |
| Pensions | (20,761,937) | | (14,895,134) |
| Lump sum payments | (4,812,933) | | (3,301,811) |
| Contributions refunded to employees | (840,353) | | (779,005) |
| Transfer values paid to Non-members of the Fund | (1,922,924) | | (1,009,139) |
| | | (28,338,147) | (19,985,089) |
| Net additions | | 234,620 | 768,312 |
| Returns on Investments: | | | |
| Investment management and other fees | (2,825,367) | | (2,197,587) |
| Interest, dividends and commission | 23,937,532 | | 15,552,084 |
| Net appreciation of investments - realised and unrealised profits and losses | 42,076,911 | | 90,673,901 |
| | | 63,189,076 | 104,028,398 |
| Balance at 1 January | | 743,950,097 | 485,861,387 |
| Transfer from Teachers | | - | 153,292,000 |
| Balance at 31 December | | £807,373,793 | £743,950,097 |

# SUPERANNUATION FUND

| | 2006 £ | 2006 £ | 2005 £ |
|---|---|---|---|
| **STATES MEMBERS PENSION FUND** | | | |
| States contribution | 256,466 | | 132,718 |
| Members' contributions | 47,546 | | 44,239 |
| Capital payment | 35,000 | | 35,000 |
| | | 339,012 | 211,957 |
| Pensions | | (121,514) | (108,719) |
| Net additions | | 217,498 | 103,238 |
| Returns on Investments: | | | |
| Investment management and other fees | (8,673) | | (16,264) |
| Interest, dividends and commission | 73,483 | | 58,581 |
| Net appreciation of investments - realised and unrealised profits and losses | 129,168 | | 307,572 |
| | | 193,978 | 349,889 |
| Balance at 1 January | | 2,285,146 | 1,832,019 |
| Balance at 31 December | | £2,696,622 | £2,285,146 |
| **CONSOLIDATED SUPERANNUATION FUND** | | | |
| Employers' contributions | 16,234,541 | | 13,771,180 |
| Teachers' and other employees' contributions | 9,353,727 | | 9,054,615 |
| Capital payments | 435,000 | | 938,000 |
| Post Office employees' contributions - widows and childrens scheme | 333 | | 500 |
| Refunds of contributions repaid | 15,493 | | 41,833 |
| Transfer values received from Non-members of the Fund | 1,349,447 | | 5,221,007 |
| | | 27,388,541 | 29,027,135 |
| Pensions | (21,513,558) | | (19,560,637) |
| Lump sum payments | (5,064,418) | | (4,013,289) |
| Contributions refunded | (845,239) | | (790,168) |
| Transfer values paid to Non-members of the Fund | (2,209,112) | | (2,437,761) |
| | | (29,632,327) | (26,801,855) |
| Net additions / (reductions) | | (2,243,786) | 2,225,280 |
| Returns on Investments: | | | |
| Investment management and other fees | (2,965,553) | | (2,832,378) |
| Interest, dividends and commission | 25,125,241 | | 20,277,003 |
| Net appreciation of investments - realised and unrealised profits and losses | 44,164,642 | | 106,462,104 |
| | | 66,324,330 | 123,906,729 |
| Balance at 1 January | | 782,803,285 | 656,671,276 |
| Balance at 31 December | | £846,883,829 | £782,803,285 |

# SUPERANNUATION FUND

Notes :

a) Following the States approval, in July 2005, of the Public Sector Remuneration Committee's proposal to close the Teachers Scheme to new entrants and to allow current Members to opt to transfer to the Public Servants' Pension Scheme (Combined Pool), a transfer of £153,292,000 was made from the Teachers Scheme to the Combined Pool on 1 November 2005.

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. The employer 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 Treasury and Resources Department 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 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 were increased from 1 January 2003 based on the actuarial recommendations of the valuation undertaken as at 31 December 2001.

c ) The total contributions payable in respect of 2006 amounting to £16,234,541 have been charged as expenses in the revenue accounts for the current year. As the Accounts do not incorporate a Balance Sheet it is not possible to adopt FRS 17 in full. However, the following disclosures provide the information which would be required under FRS 17.

( i ) The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2006.

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

| | 31 December 2006 % p.a. | 31 December 2005 % p.a. | 31 December 2004 % p.a. |
|---|---|---|---|
| Discount rate | 5.10% | 4.70% | 5.30% |
| Inflation | 3.10% | 2.90% | 2.90% |
| Increases to deferred benefits during deferment | 3.10% | 2.90% | 3.00% |
| Increases to pensions in payment | 3.10% | 2.90% | 3.00% |
| Increases to salaries | 4.60% | 4.40% | 4.40% |

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 may not necessarily be borne out in practice.

( iii ) Market Value of Scheme assets

| | Market value at 31 December 2006 £'000 | Assumed expected return on assets % p.a. | Market value at 31 December 2005 £'000 | Assumed expected return on assets % p.a. | Market value at 31 December 2004 £'000 | Assumed expected return on assets % p.a. |
|---|---|---|---|---|---|---|
| Equities | 671,589 | 8.50% | 616,727 | 8.00% | 503,428 | 7.50% |
| Bonds | 154,245 | 4.70% | 151,540 | 4.30% | 134,269 | 4.70% |
| Cash | 21,050 | 5.00% | 14,536 | 4.50% | 18,974 | 4.75% |
| | 846,884 | | 782,803 | | 656,671 | |
| Present value of the schemes liabilities | (1,007,347) | | (940,281) | | (819,533) | |
| Resulting (deficit) and Net pension (liability) | (160,463) | | (157,478) | | (162,862) | |

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

# SUPERANNUATION FUND

Notes : (continued)

( iv ) A valuation of the funds' investments was made at 31 December 2006. 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 2006. 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 5.642% of the balance of the fund at 1 January 2006 (2005, 16.212%) or 5.650% of the average daily balance of the fund during the year before crediting such net appreciation or interest, etc. (2005, 16.198%).

Interest, dividends and commissions were equal to 3.210% of the balance of the fund at 1 January 2006 (2005, 3.088%) or 3.214% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2005, 3.085%).

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

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| (Deficit) in scheme at 1 January | | (157,478) | | (162,862) |
| Movement in the year: | | | | |
| Cost attributable to current service of staff | | (35,351) | | (29,575) |
| Contributions paid in the year | | 16,670 | | 14,709 |
| Expected return on pension scheme assets | | 56,357 | | 44,650 |
| Interest on pension scheme liabilities | | (43,672) | | (42,918) |
| Actuarial gain / (loss): | | | | |
| Actual return less expected return on pension scheme assets | 12,933 | | 82,090 | |
| Experience gains and losses arising on the scheme liabilities | (47,320) | | 21,226 | |
| Change in assumptions underlying the present value of the scheme liabilities | 37,398 | | (84,798) | |
| | | 3,011 | | 18,518 |
| (Deficit) in scheme at 31 December | | (160,463) | | (157,478) |

d ) A full actuarial valuation of the Fund as at 31 December 2004 was carried out. The results of this valuation were reported to the States in November 2005 (Billet d'Etat XX, 2005). The States resolved that a review of the present arrangements for providing pensions for public sector employees should be undertaken.

In October 2006 (Billet d'Etat XVII, 2006), the States agreed that the pensions for public sector employees in Guernsey should continue to be broadly comparable to the (changing) provisions in the United Kingdom public sector. It was resolved that a Review Panel of the Pensions Consultative Committee would produce a detailed report and necessary Rule changes for consideration by the Pensions Consultative Committee in 2007.

# CASH FLOW STATEMENT

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| Net cash inflow from operating activities | 1 | | 53,531,044 | | 14,233,601 |
| Returns on investments and servicing of finance | | | | | |
| Returns on investments and interest received | | 14,742,295 | | 23,068,707 | |
| Interest paid | | (7,255,501) | | (7,413,725) | |
| Net cash inflow from returns on investments and servicing of finance | | | 7,486,794 | | 15,654,982 |
| Investing activities | | | | | |
| Payments to acquire capital assets | | (41,751,643) | | (50,180,576) | |
| Receipts (net) from sales of financial investments | | 5,753,118 | | 2,269,980 | |
| Receipts from sales of capital assets and capital repayments | | 769,879 | | - | |
| Net cash outflow from investing activities | | | (35,228,646) | | (47,910,596) |
| Net movement in balances on loans and miscellaneous funds, etc. | | | (3,998,710) | | 14,435,324 |
| Increase / (Decrease) in cash | 2 & 3 | | £21,790,482 | | (£3,586,689) |

Notes :

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

| | 2006 £ | 2005 £ |
|---|---|---|
| Operating Surplus | 30,485,629 | 18,876,562 |
| Interest received | (11,263,936) | (12,112,813) |
| Interest paid | 11,167,900 | 12,554,102 |
| Decrease / (Increase) in stocks | (604,903) | 21,629 |
| Decrease / (Increase) in debtors | 22,192,596 | (3,253,385) |
| Increase / (Decrease) in creditors | 1,553,758 | (1,852,494) |
| Net cash inflow from operating activities | £53,531,044 | £14,233,601 |

2 **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

| | 2006 £ | 2005 £ |
|---|---|---|
| Change in net funds - increase in cash in the year | 21,790,482 | (3,586,689) |
| Net funds at 1 January | 12,037,166 | 15,623,855 |
| Net funds at 31 December | £33,827,648 | £12,037,166 |

3 **ANALYSIS OF CHANGES IN NET FUNDS**

| | At 1 January 2006 £ | Movement in net funds £ | At 31 December 2006 £ |
|---|---|---|---|
| Cash at banks | 10,873,317 | 22,298,944 | 33,172,261 |
| Cash in hand | 1,163,849 | (508,462) | 655,387 |
| Total | £12,037,166 | 21,790,482 | £33,827,648 |

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.

# NOTES TO ACCOUNTS

1. Non Audit Services
The 2006 revenue expenditure of the following departments include non-audit services provided by KPMG Channel Islands Limited:
Policy Council - £7,560
Commerce and Employment Department - £22,770

2. On 29 June 2005 (Billet d'Etat IX, 2005), the States authorised the Treasury and Resources Department to facilitate (if necessary by providing guarantees) the borrowings from third parties by Cabernet Ltd. (the holding company of Aurigny Air Services Ltd. and Anglo Normandy Engineering Ltd.). As at 31 December 2006, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of a £4.2million loan facility that Cabernet Ltd. has obtained from a local financial institution at normal commercial rates and terms.

# TRADING UNDERTAKINGS

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of activities and performance
*Year ended 31 December 2006*

**Principal purpose**

To operate the Guernsey Dairy in order to:

- Support the policies of the Commerce & Employment Department;
- Support a viable dairy industry in Guernsey by purchasing all locally produced milk;
- Satisfy the total consumer demand for fresh milk in 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**

**Summary**
Despite continued efforts to restrict expenditure, the Dairy was unable to meet its financial targets for the second year. As a result, an operating deficit of £303,352 was incurred. After interest, this translates to an overall loss of £290,773. This is largely due to rising costs, the conditions in place which restrict the raising of revenue through price increases, and the delays in implementing efficiencies.

The Dairy has maintained its credit control and has no bad debts.

**Sales**

Sales turnover increased by almost £29,000 due to an increase in by-product sales. Ice cream and butter sales were higher; the former due to franchising the distribution, the latter due to retail exports to the UK and more effectively exploiting the local catering market replacing the need for bulk trade exports.

Liquid milk sales again remained steady. Sales followed the established trend of movement towards lower fat content. Organic milk remained around 1% of liquid milk sales. Supply of this product now meets demand, but remains loss making. However, improvements to the collection and processing procedures have maximised yields. Further improvements to the performance of Organic milk are in train and should affect 2007's results.

**Milk intake**

Milk production from Guernsey farmers reached quota levels for the first time since quotas were introduced. Despite this, the uneven production throughout the year still meant that the increased costs for purchasing and transporting Jersey milk have again been incurred at both ends of the year in order to meet local demand. This amounted to £36,700 in 2006.

In 2006, the shortfall was 28,164 litres compared to 53,646 litres in 2005. A new farmer began supplying the Dairy in 2006 and that business is growing.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**By-product sales**

Channel Islands Cream Liqueur had one final production run in 2006, and has now ceased.

Cream sales generally remain excellent, despite increased competition from UK brands.

Retail butter sales grew significantly, due to sales through a UK multiple, and also other bulk sales to the UK and Continental Europe. This enabled the cream formerly used in CICL production to be sold profitably.

Cheese sales were consolidated in 2006 by reducing to just one size of retail packaging. The introduction of an extra mature cheddar just before the end of 2006 is being backed up by further makes in 2007.

Ice cream sales developed in 2006 with the franchising of distribution. This should also improve catering sales, which is a market not yet exploited. It is hoped that 2007 sales will be even higher, as the franchise was awarded part year, and after UK companies had agreed contracts with local retailers.

**Expenses**

Fuel, light, power and water costs were again a serious issue in 2006. Price rises in these areas were above the rate of inflation, and caused considerable difficulties for the Dairy. Refuse costs continued to rise, and measures were introduced to reduce waste.

Advertising and promotion costs were reduced by 57%, despite the launch of UK butter sales. This was a short-term necessity. Product research and development was halted, saving almost £14,000.

Carriage costs have shown significant increases, emphasised by the trend amongst companies to itemise these rather than include in an overall price.

Cleaning costs have risen by 51%. The increased cost of chemicals and the introduction of new ones accounts for this increase.

Depreciation charges have reduced by £16,000 (7%), highlighting the lack of investment in infrastructure as a result of imposed cashflow restrictions.

Professional fees rose by nearly £10,000, as the Dairy employed a consultant to review plant and plant operations to identify any upgrade requirements to meet regulatory demands. This led to a 32% (nearly £29,000) rise in maintenance costs.

Salaries and Wages costs have been kept to a rise of 2.8%; within inflation. Following a review of the partitioning of the wages of non-production staff to better account for the time spent in the production of Dairy products as opposed to general management roles, which are less easy to attribute, a far greater percentage has been allocated to Production. This results in a lower gross surplus, and is a far more accurate representation of cost than in previous years.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Financial summary**

The following summary shows the cash movement and the effect of the non-cash items such as depreciation and stock movements on the Dairy's performance for 2006.

| | £ |
|---|---|
| Sales | 4,501,760 |
| Cost of sales | 3,426,986 |
| Gross surplus | 1,074,774 |
| Other income | 19,712 |
| | 1,094,486 |
| Cash expenses | (1,159,118) |
| Loss before non-cash items | (64,632) |
| Non-cash items | (226,141) |
| Net deficit | (290,773) |

**Capital expenditure**

Capital expenditure was significantly reduced in 2006. Whilst no serious plant maintenance or replacement cost has been incurred as a result of the cut back, this can only continue in the short term.

| **Capital expenditure for 2006** | £ |
|---|---|
| **Plant & Machinery** | |
| Photon Control Panel | 4,100 |
| Paracetic Acid Metering Pump | 873 |
| Portable Foam Generator | 940 |
| Waste Compactor | 4,526 |
| 2 Spirax Sarco Steam Controls | 2,963 |
| 2 Pasteuriser Control Panels | 25,152 |
| Cheese/Milk Pre-heater | 959 |
| Butter/Cream Pre-heater | 1,300 |
| Cream Level Transmitter | 573 |
| Daikin Air Conditioner Unit | 2,577 |
| **Lab Equipment** | |
| Gerber Centrifuge | 2,081 |
| **Fixtures and Fittings** | |
| HP Laserjet Printer | 611 |
| DS2 Sales software | 2,850 |
| Profile Enterprise Payroll Software | 8,860 |
| Central Heating Boiler | 2,480 |
| **Total capital expenditure** | 60,845 |

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of activities and performance - continued
*Year ended 31 December 2006*

### Operational performance

During 2006 several upgrades were made to the existing systems. The new Accounts package improved the efficiency of the financial records. Management received information in a more timely, accurate and appropriate form, which helped to improve strategic decision-making. A new bespoke programme captures the tanker data, and allows all producer data to be automated. This has resulted in better quality information and efficient payment for the farmers.

Channel Island Cream Liqueur production ceased, but alternative uses for the cream were found. Butter with the Guernsey brand is sought after in both the UK and Europe. Marketing and distribution is a major hurdle to overcome, and requires investment. Input by an experienced consultant has opened many possibilities for future sales if funds are available for this investment. Currently, UK firms are exploiting the Channel Island brand to great effect. We do not yet have the resources to take advantage of this opportunity and have not seen any evidence of their promotion affecting our sales.

### Overall purpose of the Dairy Management Board

The Dairy Management Board exists to review and advise on the strategic objectives of the Dairy and to submit recommendations on these matters to the Commerce & Employment Department. It should operate by challenging established practices and assumptions and critically reviewing annual business plans for recommendation to the Commerce and Employment Department.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Department members and principal officers**

**Department members:**

| | | |
|---|---|---|
| Deputy S Falla | - | Minister |
| Deputy C McNulty Bauer | - | Deputy Minister |
| Deputy M O'Hara | - | Member |
| Deputy L Gallienne | - | Member |
| Deputy D Staples | - | Member |
| Mr R Babbe | - | Member (Non-voting) |
| Mr P Ferbrache | - | Member (Non-voting) |

(Mr P Ferbrache resigned on 31st October 2006)

**Principal officers:**

| | | |
|---|---|---|
| Mr ND Lewis | - | Chief Officer |
| Mr R Nash | - | Director of Client Services |
| Mr CJ Hall | - | General Manager |

**Dairy Management Board members**

Deputy C McNulty Bauer (appointed 5th September 2006)
Deputy D Staples
Mr R Nash
Mr C Hall
Mr M Vaudin - non-executive (resigned 31st August 2006)
Mr N Counihan - non-executive (resigned 3rd September 2006)

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Statement of responsibilities for the preparation of financial statements

The States of Guernsey Commerce and Employment 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 States of Guernsey Commerce and Employment Department – Dairy Trading Account ("the Dairy"), of the surplus or deficit of the Dairy for that period, and that are in accordance with applicable laws and regulations. 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;
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so; and
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Department 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 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 Dairy 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.

It is acknowledged that States Departments are subject to financial and manpower restrictions. Nevertheless, Departments 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 Department's internal financial 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 the States Internal Audit;
- the requirement for all audit reports to be tabled at a meeting of the relevant States Department to ensure that all Department members are aware of their financial affairs; and
- regular review of the performance and security of the States financial assets by the Treasury and Resources Department's Investment Sub-Committee.

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 an independent external audit by auditors appointed by the States of Guernsey.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the States of Guernsey Commerce and Employment Department – Dairy Trading Account

We have audited the financial statements of States of Guernsey Commerce and Employment Department – Dairy Trading Account for the year ended 31 December 2006, which comprise the revenue account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the Department and auditors**

The Department is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the statement of responsibilities for the preparation of financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Department 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Department'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, in accordance with UK accounting standards, of the state of the Dairy's affairs as at 31 December 2006 and of its deficit for the year then ended.

**KPMG Channel Islands Limited**

*Chartered Accountants*

17 April 2007

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Revenue account
*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Sales** | 1 | | | | |
| Liquid milk | | | 3,593,193 | | 3,624,380 |
| By-products | | | 903,308 | | 846,240 |
| Channel Islands Cream Liquor | | | 3,819 | | - |
| Sundry sales | | | 1,440 | | 2,248 |
| **Total sales** | | | 4,501,760 | | 4,472,868 |
| **Cost of sales** | | | | | |
| Opening product stock | | 211,436 | | 108,582 | |
| Opening packaging stock | | 213,163 | 424,599 | 176,040 | 284,622 |
| Production wages | | 678,077 | | 295,485 | |
| Milk | | 2,074,052 | | 2,066,050 | |
| Milk wastage | | 154,012 | | 137,542 | |
| By-product ingredients | | 30,015 | | 28,989 | |
| Packaging materials | | 453,908 | | 462,386 | |
| Carriage inwards | | 25,207 | | 10,359 | |
| Offshore processing and freight | | 22,463 | | 7,026 | |
| Sundries | | 38 | 3,437,772 | 175 | 3,008,012 |
| Closing product stock | | (181,754) | | (211,436) | |
| Closing packaging stock | | (253,631) | (435,385) | (213,163) | (424,599) |
| **Total cost of sales** | | | 3,426,986 | | 2,868,035 |
| Gross surplus | | | 1,074,774 | | 1,604,833 |
| Other operating income | | | 7,133 | | 7,595 |
| Administration expenses | 2 | | (1,385,259) | | (1,684,158) |
| **Operating deficit for the year** | | | (303,352) | | (71,730) |
| Net interest receivable | 1 | | 12,579 | | 14,248 |
| **Retained (deficit)/surplus for the year** | 7 | | (290,773) | | (57,482) |

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.

Notes 1 to 13 form an integral part of these financial statements.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Balance sheet
*at 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Tangible fixed assets** | 3 | **1,634,059** | 1,795,366 |
| **Current assets** | | | |
| Stocks | 4 | **503,897** | 488,892 |
| Debtors and prepayments | 5 | **552,270** | 502,402 |
| Balances due from States Treasury | | **182,677** | 218,412 |
| Bank deposit | | **171,469** | 274,216 |
| Cash in hand | | **99** | 105 |
| | | **1,410,412** | 1,484,027 |
| **Creditors: amounts falling due within one year** | 6 | **446,754** | 390,903 |
| **Net current assets** | | **963,658** | 1,093,124 |
| **Total net assets** | | **2,597,717** | 2,888,490 |
| **Reserves** | 7 | **2,597,717** | 2,888,490 |

The financial statements were approved by the States of Guernsey Commerce and Employment Department on 17th April 2007.

Signed on behalf of the Department

**S Falla**
*Minister*

Notes 1 to 13 form an integral part of these financial statements.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Cash flow statement
*for the year ended 31 December 2006*

| | | 2006 | | 2005 | |
|---|---|---|---|---|---|
| | *Notes* | **£** | **£** | £ | £ |
| **Net cash outflow from operating activities** | *8* | | **(116,512)** | | (79,106) |
| **Returns on investments and servicing of finance** | | | | | |
| Interest received | | | **12,642** | | 14,248 |
| **Capital expenditure and financial investment** | | | | | |
| Payments to acquire tangible fixed assets | | **(60,846)** | | (128,226) | |
| Receipts from sales of tangible fixed assets | | **4,200** | | 50 | |
| **Net cash outflow from investing activities** | | | **(56,646)** | | (128,176) |
| **Decrease in cash** | *10* | | **(160,516)** | | (193,034) |

Notes 1 to 13 form an integral part of these financial statements.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements
For the year ended 31st December 2006

**1. Accounting policies**

The financial statements are prepared under the historical cost convention in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

*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 | 20 – 5 | 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 |
| Motor vehicles (except forklifts) | 5 | 20 straight line |
| Forklift trucks | 20– 15 | 5 – 6.7 straight line |
| Computer hardware | 3 | 33.3 straight line |
| Computer software | 5 – 3 | 20 – 33.3 straight line |

*Income*

Sales are accounted for on an accruals basis.

Interest is recognised on an accruals basis.

*Expenses*

Expenses are accounted for on an accruals basis.

*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.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements - continued

### 2. Administration expenses

| | 2006 £ | 2005 £ |
|---|---|---|
| Opening non product stock | **64,293** | 63,859 |
| Advertising and promotion | **18,936** | 44,245 |
| Carriage outwards | **3,440** | (182) |
| Cleaning materials | **58,318** | 38,527 |
| Depreciation | **218,707** | 234,676 |
| Discount allowed | **-** | 1,334 |
| Fuel, light, power and water | **207,578** | 184,064 |
| General administration costs | **43,989** | 46,158 |
| Laboratory expenses | **61,467** | 47,640 |
| Loss on disposal of fixed assets | **-** | 47 |
| Motor vehicle expenses | **27,171** | 25,257 |
| Other expenses | **82,211** | 69,236 |
| Product research and development | **122** | 14,065 |
| Professional fees | **24,470** | 14,520 |
| R & M and insurance (plant and machinery) | **95,292** | 72,731 |
| R & M and insurance (site and buildings) | **24,842** | 18,453 |
| Rates | **2,713** | 2,713 |
| Salaries and wages | **513,955** | 863,808 |
| Staff training and recruitment | **6,266** | 7,300 |
| Closing non production stock | **(68,511)** | (64,293) |
| | **1,385,259** | 1,684,158 |

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements - continued

**3. Tangible fixed assets**

| | 1 January 2006 | Additions | Disposals | **31 December 2006** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| *Cost* | | | | |
| Site and roads | 966 | - | - | **966** |
| Buildings | 1,510,823 | - | - | **1,510,823** |
| Plant and machinery | 2,623,732 | 43,963 | 9,688 | **2,658,007** |
| Motor vehicles | 181,281 | - | 13,531 | **167,750** |
| Laboratory equipment | 117,030 | 2,081 | - | **119,111** |
| Furniture and fittings | 161,530 | 14,801 | - | **176,331** |
| | 4,595,362 | 60,845 | 23,219 | **4,632,988** |

| | 1 January 2006 | Charge for the year | Disposals | **31 December 2006** |
|---|---|---|---|---|
| | £ | £ | £ | **£** |
| *Depreciation* | | | | |
| Site and roads | 965 | - | - | **965** |
| Buildings | 501,555 | 36,634 | - | **538,189** |
| Plant and machinery | 1,950,321 | 139,226 | 9,625 | **2,079,922** |
| Motor vehicles | 134,515 | 18,936 | 10,148 | **143,303** |
| Laboratory equipment | 100,197 | 5,269 | - | **105,466** |
| Furniture and fittings | 112,442 | 18,642 | - | **131,084** |
| | 2,799,995 | 218,707 | 19,773 | **2,998,929** |
| **Net book value** | 1,795,366 | | | **1,634,059** |

**4. Stocks**

| | **2006** | 2005 |
|---|---|---|
| | **£** | £ |
| Milk and milk by-products | **181,754** | 211,436 |
| Packaging materials | **253,631** | 213,163 |
| Other stock | **68,511** | 64,293 |
| | **503,897** | 488,892 |

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements - continued

### 5. Debtors and prepayments

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Trade debtors | **459,859** | 412,153 |
| Prepayments | **7,965** | 15,724 |
| Accrued income | **84,446** | 74,525 |
| | **552,270** | 502,402 |

### 6. Creditors: amounts falling due within one year

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Bank overdraft | **85,068** | 63,040 |
| Trade creditors | **278,928** | 266,444 |
| Accruals | **82,758** | 61,419 |
| | **446,754** | 390,903 |

### 7. Reserves

| | General Reserve<br>£ | Revenue Account<br>£ | Total<br>£ |
|---|---|---|---|
| Balance 1 January 2006 | 3,002,491 | (114,001) | 2,888,490 |
| Deficit for the financial year | - | (290,773) | (290,773) |
| **Balance 31 December 2006** | **3,002,491** | **(404,774)** | **2,597,717** |

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

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Operating loss for the year | **(303,352)** | (71,730) |
| Depreciation | **218,707** | 234,676 |
| Profit on sale of fixed assets | **(817)** | (3) |
| Increase in debtors | **(49,869)** | (60,614) |
| Increase in stocks | **(15,005)** | (140,411) |
| Increase / (decrease) in creditors | **33,824** | (41,024) |
| **Net cash outflow from operating activities** | **(116,512)** | (79,106) |

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements - continued

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

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance at 1 January | **429,693** | 622,727 |
| Net cash outflow | **(160,516)** | (193,034) |
| | **269,177** | 429,693 |

### 10. Analysis of the changes in net funds

| | At 1 January 2006 £ | Cash flows £ | At 31 December 2006 £ |
|---|---|---|---|
| Bank balances - current | (63,040) | (22,028) | **(85,068)** |
| - deposit | 274,216 | (102,747) | **171,469** |
| Cash in hand | 105 | (6) | **99** |
| Balances due from States Treasury | 218,412 | (35,735) | **182,677** |
| | 429,693 | (160,516) | **269,177** |

### 11. Pension fund

The employees of the States of Guernsey – Dairy 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 8.85%, which came in to effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees will be reviewed during 2007.

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 division has applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer only accounts for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 was £79,533 (2005: £77,638), which were all paid during the year.

# States of Guernsey
# Commerce and Employment Department
# Dairy Trading Account

## Notes to the financial statements - continued

### 12. Related party transactions

Since the formation of the new Commerce & Employment and Dairy Management Boards in 2004, no material related party transactions have taken place. Only one immaterial related party transaction with a Board member occurred in 2005. No member of either Board is a supplier or customer of the Dairy.

| | **Income/ (expenditure) 2006 £** | Income/ (expenditure) 2005 £ |
|---|---|---|
| Commerce and Employment Minister – Stuart Falla (Garage supplies) | - | (1,970) |

### 13. Statement of control

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

# ALDERNEY AIRPORT

**REVENUE ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **INCOME** | | | | |
| Traffic receipts, rents, etc. | | 502,305 | | 485,157 |
| **EXPENDITURE** | | | | |
| **Administration** | | | | |
| Premises | 4,036 | | 3,950 | |
| Staff | 20,823 | | 16,341 | |
| Supplies and services | 302,202 | | 287,384 | |
| *Less* recoveries | (123,904) | | (123,772) | |
| | 203,157 | | 183,903 | |
| **Aerodrome Fire Service** | | | | |
| Staff | 444,528 | | 436,709 | |
| Supplies and services | 52,563 | | 58,349 | |
| | 497,091 | | 495,058 | |
| **Airport Infrastructure** | | | | |
| Premises | 43,628 | | 50,032 | |
| Supplies and services | 13,086 | | 5,001 | |
| Consultants fees | - | | 6,815 | |
| | 56,714 | | 61,848 | |
| **Navigational Services** | | | | |
| Staff | 193,104 | | 182,914 | |
| Supplies and services | 33,181 | | 29,837 | |
| Consultants fees | - | | 4,500 | |
| | 226,285 | | 217,251 | |
| **TOTAL EXPENDITURE** | | 983,247 | | 958,060 |
| **OPERATING DEFICIT FOR THE FINANCIAL YEAR FUNDED BY THE PUBLIC SERVICES DEPARTMENT** | | (£480,942) | | (£472,903) |

**CAPITAL ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 | | 2005 | |
|---|---|---|---|---|
| **EXPENDITURE** | £ | £ | £ | £ |
| **Administration** | | | | |
| Airport masterplan - £21,000 | | 18,200 | | 1,748 |
| **Airport Infrastructure** | | | | |
| Hangar steelwork replacement - £31,500 | 22,271 | | - | |
| Petrol interceptor - £35,000 | 125 | | - | |
| | | 22,396 | | - |
| **Navigational Services** | | | | |
| Airfield lighting upgrade - £370,000 | 300,500 | | - | |
| Communication equipment replacement - £118,000 | 604 | | 91,507 | |
| Non - Directional Beacon - £87,000 | 3,689 | | 61,347 | |
| | | 304,793 | | 152,854 |
| Other Capital Expenditure per 2005 accounts | | - | | 11,914 |
| **TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PUBLIC SERVICES DEPARTMENT** | | £345,389 | | £166,516 |

# States of Guernsey Public Services Department
# Ports

## Statement of activities and performance
*Year ended 31 December 2006*

**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 essential services including sea passenger and freight facilities for the commercial operators. Additional facilities include the provision of berthing and / or marina facilities for local and visiting boat-owners, together with berthing and handling facilities 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 format since 1962 on the basis that "the three Ports exist for the common purpose of facilitating the entry 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 the Ports is identified, but the assets and liabilities are consolidated in recognition of the States' strategic asset in the form of the Ports.

**Financial highlights**

The combined turnover for the Ports for the year was £15.3m, an increase by £0.1m from 2005.The turnover for 2006 at Guernsey Airport was down by 3% and Guernsey Harbours up by 3.0% on 2005.

In terms of expenditure, the Ports had budgeted to spend £15.0m in 2006 and it had been forecast that the Ports would return a net deficit for the year. The Ports actually incurred costs of £13.5m and have managed to achieve a surplus of £2.1m (2005: £1.6m).

**Operational performance**

Total passenger movements for the 12 months ending 31 December 2006 were 1,326,175, which were down 4% on the same period last year. The movements attributable to Guernsey Airport were down 0.2% and those for Guernsey Harbours down 11.1% on the same period last year.

There were a total of 6 full emergencies declared at Guernsey Airport during 2006.

The Ports employed 188 full time equivalents at the end of 2006.

# States of Guernsey Public Services Department
# Ports

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Board members and principal officers**

The Ports are the responsibility of the Public Services Department.

During 2006:

Board Members were:

Deputy WM Bell, Minister
Deputy TM Le Pelley, Deputy Minister
Deputy AH Brouard
Deputy RJ Le Moignan
Deputy SJ Ogier
Advocate PJG Atkinson (Appointed 08 June 2006)

Principal officers were:

Mr RT Kirkpatrick, Chief Officer, Public Services Department
Mr A Lewis, Deputy Chief Officer, Public Services Department
Mr CJ Le Ray, Airport Director, Guernsey Airport
Mr SCG MacPhail, Deputy Airport Director, Guernsey Airport
Capt. P Gill, Harbour Master
Mr AJ Pattimore, Deputy Harbour Master
Mr KF Frith, Senior Finance Officer, Public Services Department

# States of Guernsey Public Services Department
# Ports

## Statement of responsibilities for the preparation of financial statements

The Public Services Department ("the Department") is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of Guernsey Airport and the Harbours of St Peter Port and St Sampson ("the Ports") as at the end of the financial year and of the surplus or deficit of the Ports 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;
- 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 Ports will continue in business.

The Department is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time its financial position. It is also responsible for safeguarding its assets 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 Department 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 of Guernsey in their care and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The Public Services Department is also responsible for the economic, efficient and effective operations and management of the Ports.

It is acknowledged that the Ports are subject to financial and manpower restrictions. Nevertheless, the Public Services Department 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 Ports' 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 Public Services Department to ensure that all Board members are informed of the Ports' 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 reconciled with the wage bill.

# States of Guernsey Public Services Department
# Ports

## 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 Internal Audit, Treasury and Resources Department.

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

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

# States of Guernsey Public Services Department
# Ports

## Revenue account
*for the year ended 31 December 2006*

| | Notes | 2006<br>£ | 2005<br>£ |
|---|---|---|---|
| **Income** | | | |
| Airport Fees, Charges & Other Income | | **8,366,224** | 8,491,782 |
| Harbour Dues, Charges & Other Income | | **6,911,625** | 6,712,314 |
| | | **15,277,849** | 15,204,096 |
| **Expenses** | | | |
| Airport | | **6,412,179** | 6,467,801 |
| Harbours | | **4,305,348** | 4,644,190 |
| Loss on disposal of fixed assets | *2* | **104,770** | 149,533 |
| Depreciation | *2* | **2,650,023** | 2,547,978 |
| | | **13,472,320** | 13,809,502 |
| **Operating surplus on ordinary activities** | | **1,805,529** | 1,394,594 |
| Interest received from States Treasury | | **289,230** | 164,856 |
| **Surplus for the financial year** | | **2,094,759** | 1,559,450 |

# States of Guernsey Public Services Department
# Ports

## Balance sheet
*at 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible fixed assets - Airport | 2 | **44,627,550** | 42,530,603 |
| Tangible fixed assets - Harbours | 2 | **126,758,127** | 127,162,167 |
| Assets under construction | 3 | **86,327** | 86,327 |
| | | **171,472,004** | 169,779,097 |
| **Current assets** | | | |
| Stock | 4 | **457,856** | 407,141 |
| Debtors and prepayments | 5 | **2,409,650** | 1,746,355 |
| Balances with States Treasury | | **6,450,980** | 5,494,436 |
| | | **9,318,486** | 7,647,932 |
| **Creditors: amounts falling due within one year** | 6 | **(1,749,463)** | (480,761) |
| **Net current assets** | | **7,569,023** | 7,167,171 |
| **Total net assets** | | **179,041,027** | 176,946,268 |
| **Reserves** | 7 | **179,041,027** | 176,946,268 |

# States of Guernsey Public Services Department
# Ports

## Cash flow statement
*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Net cash inflow from operating activities** | *8* | **5,115,014** | 4,463,266 |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **289,230** | 164,856 |
| **Capital expenditure** | | | |
| Payment to acquire tangible fixed assets | | **(4,447,700)** | (2,402,974) |
| **Management of liquid resources** | | | |
| Increase in amounts held with States Treasury | | **(956,544)** | (2,225,148) |
| **Movement in cash** | | **-** | - |

# States of Guernsey Public Services Department
# Ports

## 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 as modified for the revaluation of assets.

*Revenue*

Income comprises amounts in respect of services provided and goods supplied in the year.

*Tangible fixed assets*

Tangible fixed assets are included at the value determined by the King Sturge report in 2002 and are subject to annual depreciation over their useful economic life.

Assets under construction are capitalised and are transferred to tangible fixed assets and depreciated once brought into use.

*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** |
|---|---|---|
| Land | - | - |
| Buildings | 60 | 1.67 |
| Plant and machinery | 15 | 6.67 |
| Equipment, fixtures and fittings | 10 | 10.00 |
| Motor vehicles and electrical equipment | 5 | 20.00 |
| Computers and ICT | 3 | 33.33 |

*Stock and work in progress*

Stock and work in progress is valued at the lower of cost 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 Department 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 Public Services Department
# Ports

## Notes to the financial statements - continued

**2. Tangible fixed assets - Airport**

| *Cost* | 1 January 2006 £ | Additions £ | Written off/ Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| Land | 2,158,575 | - | - | **2,158,575** |
| Buildings | 35,169,920 | 2,943,911 | - | **38,113,831** |
| Plant and machinery | 4,428,148 | 41,138 | - | **4,469,286** |
| Equipment, fixtures and fittings | 3,895,772 | 799,061 | 194,500 | **4,500,333** |
| Motor vehicles and electrical equipment | 1,734,671 | 50,483 | 26,326 | **1,758,828** |
| Computers and ICT | 183,299 | 17,014 | - | **200,313** |
| | 47,570,385 | 3,851,607 | 220,826 | **51,201,166** |

| *Depreciation* | 1 January 2006 £ | Charge for the year £ | Written off/ Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| Land | - | - | - | - |
| Buildings | 1,235,102 | 585,745 | - | **1,820,847** |
| Plant and machinery | 1,121,130 | 295,210 | - | **1,416,340** |
| Equipment, fixtures and fittings | 1,291,886 | 389,577 | 97,250 | **1,584,213** |
| Motor vehicles and electrical equipment | 1,271,061 | 346,934 | 18,806 | **1,599,189** |
| Computers and ICT | 120,603 | 32,424 | - | **153,027** |
| | 5,039,782 | 1,649,890 | 116,056 | **6,573,616** |
| **Net book value** | 42,530,603 | | | **44,627,550** |

# States of Guernsey Public Services Department
# Ports

## Notes to the financial statements – continued

**Tangible fixed assets - Harbours**

| *Cost* | 1 January 2006 £ | Additions £ | Written off/ Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| Land | 87,414,051 | 1,000 | - | **87,415,051** |
| Buildings | 39,256,332 | 520,257 | - | **39,776,589** |
| Plant and machinery | 2,220,636 | - | - | **2,220,636** |
| Equipment, fixtures and fittings | 1,203,615 | 64,537 | - | **1,268,152** |
| Motor vehicles and electrical equipment | 363,955 | 10,299 | - | **374,254** |
| Computers and ICT | 63,858 | - | - | **63,858** |
| | 130,522,447 | 596,093 | - | **131,118,540** |

| *Depreciation* | 1 January 2006 £ | Charge for the year £ | Written off/ Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| Land | - | - | - | - |
| Buildings | 2,069,384 | 654,385 | - | **2,723,769** |
| Plant and machinery | 521,762 | 148,042 | - | **669,804** |
| Equipment, fixtures and fittings | 472,933 | 120,362 | - | **593,295** |
| Motor vehicles and electrical equipment | 236,896 | 72,791 | - | **309,687** |
| Computers and ICT | 59,305 | 4,553 | - | **63,858** |
| | 3,360,280 | 1,000,133 | - | **4,360,413** |
| **Net book value** | 127,162,167 | | | **126,758,127** |

**3. Assets under construction**

| | **2006 £** | 2005 £ |
|---|---|---|
| **Airport** | | |
| Runway Extension Feasibility Study | **86,327** | 86,327 |

# States of Guernsey Public Services Department
# Ports

## Notes to the financial statements – continued

### 4. Stock

| | 2006 £ | 2005 £ |
|---|---|---|
| Airport | 64,774 | 64,774 |
| Harbours | 393,082 | 342,367 |
| | 457,856 | 407,141 |

### 5. Debtors and prepayments

| | 2006 £ | 2005 £ |
|---|---|---|
| Trade debtors | 2,267,956 | 1,597,759 |
| Prepayments | 35,277 | 31,837 |
| Other debtors | 106,417 | 116,759 |
| | 2,409,650 | 1,746,355 |

### 6. Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Trade creditors | 416,474 | 299,756 |
| Accruals | 47,824 | 163,042 |
| Accruals – Airport Terminal Development Settlements | 1,278,391 | - |
| Deferred income | 5,374 | 16,563 |
| Other creditors: | | |
| Harbour Operational licence deposits | 1,400 | 1,400 |
| | 1,749,463 | 480,761 |

### 7. Reserves

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance 1 January | 176,946,268 | 175,386,818 |
| Surplus for financial year | 2,094,759 | 1,559,450 |
| **Balance 31 December** | 179,041,027 | 176,946,268 |

# States of Guernsey Public Services Department
# Ports

## Notes to the financial statements – continued

### 8. Reconciliation of operating surplus to net cash inflow from operating activities

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Operating surplus | **1,805,529** | 1,394,594 |
| Depreciation charges and loss on sale of tangible fixed assets | **2,754,793** | 2,697,511 |
| (Increase)/decrease in stocks | **(50,715)** | 11,070 |
| (Increase)/decrease in debtors | **(663,295)** | 711,122 |
| Increase/(decrease) in creditors | **1,268,702** | (351,031) |
| **Net cash inflow from operating activities** | **5,115,014** | 4,463,266 |

### 9. Reconciliation of net cash flow to movement in net funds

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Movement in cash | **-** | - |
| Increase / (decrease) in liquid resources | **956,544** | 2,225,148 |
| | **956,544** | 2,225,148 |
| Net funds at 1 January | **5,494,436** | 3,269,288 |
| **Net funds at 31 December** | **6,450,980** | 5,494,436 |

### 10. Analysis of changes in net funds

| | At<br>1 January<br>2006<br>£ | Cash<br>Flows<br>£ | **At<br>31 December<br>2006<br>£** |
|---|---|---|---|
| Balance held with States Treasury | 5,494,436 | 956,544 | **6,450,980** |

# States of Guernsey Public Services Department
# Ports

## Notes to the financial statements – continued

### 11. Contingent Liabilities/ Overspends

The Accounts include the amounts already paid and agreed in respect of contractor's claims for the Airport Terminal Building, St Peter Port New Jetty cladding replacement and St Sampson's Marina development projects. An accrual has also been made within the Accounts reflecting the settlement of the contractor's claims for the Airport Terminal Building.

### 12. Pension Fund

The employees of the Ports 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 7.85% which came in to effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees will be reviewed during 2007.

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 Ports have applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer is only required to account for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 were £578,155 (2005: £541,869) which were all paid during the year.

### 13. Related party transactions

The Department is of the opinion that there have been no related party transactions in the current or preceding financial years apart from with other States entities.

Less than 20% of the value of the Division's annual expenditure is due to transactions with other States entities.

### 14. Statement of control

The Ports are wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the Ports has been delegated to the members of the Department who have been appointed by the States of Guernsey.

### 15. Additional Information

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

# GUERNSEY AIRPORT

**REVENUE ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **INCOME** | | | | |
| Advertising, picketing, etc. | 203,899 | | 200,919 | |
| Airport development charge | 777,794 | | 782,863 | |
| Car parking fees | 397,652 | | 367,973 | |
| Rents | 1,513,762 | | 1,626,656 | |
| Traffic receipts | 5,473,117 | | 5,513,371 | |
| **TOTAL INCOME** | | 8,366,224 | | 8,491,782 |
| **EXPENDITURE** | | | | |
| **Administration** | | | | |
| Premises | 48,838 | | 44,554 | |
| Staff | 309,005 | | 308,297 | |
| Supplies and services | 1,163,405 | | 1,275,130 | |
| Contracted-out work | 167,560 | | 104,973 | |
| *Less* recoveries | (955,413) | | (958,407) | |
| | 733,395 | | 774,547 | |
| **Aerodrome Fire Service** | | | | |
| Staff | 1,369,284 | | 1,310,329 | |
| Supplies and services | 120,792 | | 159,370 | |
| | 1,490,076 | | 1,469,699 | |
| **Airport Infrastructure** | | | | |
| Premises | 479,081 | | 392,240 | |
| Staff | 767,599 | | 745,894 | |
| Supplies and services | 116,924 | | 140,285 | |
| Consultants fees | - | | 6,625 | |
| Contracted-out work | 4,966 | | 5,980 | |
| Maintenance of property | 204,790 | | 316,767 | |
| | 1,573,360 | | 1,607,791 | |
| **Navigational Services** | | | | |
| Premises | 222 | | - | |
| Staff | 2,372,807 | | 2,321,503 | |
| Supplies and services | 478,767 | | 498,480 | |
| Consultants fees | - | | 21,263 | |
| *Less* recoveries | (105,468) | | (98,522) | |
| | 2,746,328 | | 2,742,724 | |
| **Recovery from Alderney Airport** | (130,980) | | (126,960) | |
| **TOTAL EXPENDITURE** | | 6,412,179 | | 6,467,801 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION, LOSS ON DISPOSAL OF FIXED ASSETS** | | 1,954,045 | | 2,023,981 |
| **DEPRECIATION** | | 1,649,890 | | 1,670,376 |
| **LOSS ON DISPOSAL OF FIXED ASSETS** | | 104,770 | | 149,533 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT** | | £199,385 | | £204,072 |

# GUERNSEY AIRPORT

**CAPITAL ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| **Administration** | | | | |
| Administration block air-conditioning - £53,000 | | 1,385 | | - |
| **Airport Infrastructure** | | | | |
| Car park extension - £150,000 | 134,210 | | - | |
| Fire alarm system replacement - £30,000 | 1,006 | | 25,730 | |
| Technical block alterations - £134,000 | 21,443 | | 92,868 | |
| Terminal building air-conditioning - £74,000 | 42,738 | | - | |
| Terminal Building redevelopment - £19,529,393 | 2,788,258 | | 386,451 | |
| Van replacement - £6,500 | 6,360 | | - | |
| | | 2,994,015 | | 505,049 |
| **Navigational Services** | | | | |
| AFTN Software upgrade - £18,000 | 17,014 | | - | |
| Direction finding equipment replacement - £130,500 | 28,483 | | - | |
| Flight data handling system replacement - £925,000 | 663,306 | | - | |
| Instrument landing system replacement - £527,870 | 16,359 | | 120,767 | |
| Meteorological system replacement - £92,000 | 65,234 | | - | |
| Radio rotating joint replacement - £39,500 | 35,000 | | - | |
| Radio communications equipment replacement - £53,000 | 6,032 | | 25,090 | |
| Visual control room windows replacement - £52,000 | 24,779 | | - | |
| | | 856,207 | | 145,857 |
| Other Capital Expenditure per 2005 accounts | | - | | 174,418 |
| **TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT** | | £3,851,607 | | £825,324 |

# HARBOUR OF ST. PETER PORT

**REVENUE ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **INCOME** | | | | |
| Facilities charges | 2,853,741 | | 2,845,964 | |
| Marina and Moorings fees: local | 1,254,745 | | 1,226,592 | |
| visitors | 438,245 | | 370,314 | |
| Pilotage dues | 351,818 | | 319,213 | |
| *Less* payments to pilots | (347,507) | | (315,128) | |
| Rents, etc | 574,255 | | 556,851 | |
| Shipping dues | 812,333 | | 901,644 | |
| Sundries | 105,829 | | 129,525 | |
| **TOTAL INCOME** | | 6,043,459 | | 6,034,975 |
| **EXPENDITURE** | | | | |
| **Administration** | | | | |
| Premises | 20,682 | | 22,300 | |
| Staff | 1,681,669 | | 1,797,267 | |
| Supplies and services | 364,781 | | 334,797 | |
| Contracted-out work | 3,458 | | 5,773 | |
| *Less* recoveries | (33,362) | | (36,476) | |
| | 2,037,228 | | 2,123,661 | |
| **Harbour Infrastructure** | | | | |
| Premises | 437,917 | | 573,956 | |
| Staff | 190,977 | | 208,479 | |
| Supplies and services | 80,827 | | 186,331 | |
| *Less* recoveries | (53,156) | | (52,285) | |
| | 656,565 | | 916,481 | |
| **Marina and Moorings** | | | | |
| Premises | 85,986 | | 77,367 | |
| Staff | 401,902 | | 394,869 | |
| Supplies and services | 254,451 | | 174,346 | |
| *Less* recoveries | (37,241) | | (38,224) | |
| | 705,098 | | 608,358 | |
| **Navigational Services** | | | | |
| Staff | 365,695 | | 357,598 | |
| Supplies and services | 91,057 | | 72,416 | |
| | 456,752 | | 430,014 | |
| **TOTAL EXPENDITURE** | | 3,855,643 | | 4,078,514 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION** | | 2,187,816 | | 1,956,461 |
| **DEPRECIATION** | | 885,309 | | 833,226 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT** | | £1,302,507 | | £1,123,235 |

# HARBOUR OF ST. PETER PORT

**CAPITAL ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **EXPENDITURE** | | | | |
| **Harbour Infrastructure** | | | | |
| Direction finding equipment replacement - £130,500 | 27,264 | | - | |
| Dory replacement - £10,500 | 10,299 | | - | |
| Genie boom replacement - £38,000 | 37,273 | | - | |
| New Jetty cladding replacement | 459,557 | | 1,270,166 | |
| | | 534,393 | | 1,270,166 |
| Other Capital Expenditure per 2005 accounts | | - | | 150,913 |
| **TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT** | | £534,393 | | £1,421,079 |

# HARBOUR OF ST. SAMPSON

**REVENUE ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **INCOME** | | | | |
| Facilities charges | 529,431 | | 468,459 | |
| Marina and Moorings fees | 282,167 | | 160,672 | |
| Rents, etc | 42,498 | | 36,143 | |
| Sundries | 14,070 | | 12,065 | |
| **TOTAL INCOME** | | 868,166 | | 677,339 |
| **EXPENDITURE** | | | | |
| **Administration** | | | | |
| Premises | 72 | | 11 | |
| Staff | 177,127 | | 191,229 | |
| Supplies and services | 27,800 | | 19,986 | |
| | 204,999 | | 211,226 | |
| **Harbour Infrastructure** | | | | |
| Premises | 109,865 | | 96,658 | |
| Staff | 98,024 | | 101,445 | |
| Supplies and services | 22,416 | | 23,087 | |
| *Less* recoveries | (1,685) | | (1,139) | |
| | 228,620 | | 220,051 | |
| **Marina and Moorings** | | | | |
| Supplies and services | 16,483 | | 131,645 | |
| *Less* recoveries | (4,580) | | (1,446) | |
| | 11,903 | | 130,199 | |
| **Navigational Services** | | | | |
| Supplies and services | 4,183 | | 4,200 | |
| **TOTAL EXPENDITURE** | | 449,705 | | 565,676 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION** | | 418,461 | | 111,663 |
| **DEPRECIATION** | | 114,824 | | 44,376 |
| **OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT** | | £303,637 | | £67,287 |

**CAPITAL ACCOUNT**
**Year Ended 31 December 2006**

| | 2006 £ | 2005 £ |
|---|---|---|
| **EXPENDITURE** | | |
| **Harbour Infrastructure** | | |
| Purchase of Harbour from the Crown - £1,000 | 1,000 | - |
| **Marina and Moorings** | | |
| Marina development - £3,442,000 | 60,700 | 156,571 |
| **TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT** | £61,700 | £156,571 |

# PORTS HOLDING ACCOUNT

| | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|
| **Balance at 1 January** | | 7,167,171 | | 5,313,184 |
| **Revenue Account - Operating Surplus** | | | | |
| Airport | 199,385 | | 204,072 | |
| Harbour of St. Peter Port | 1,302,507 | | 1,123,235 | |
| Harbour of St. Sampson | 303,637 | | 67,287 | |
| | | 1,805,529 | | 1,394,594 |
| **Depreciation and Loss on Disposal of Fixed Assets** | | 2,754,793 | | 2,697,511 |
| **Investment Interest received** | | 289,230 | | 164,856 |
| **Capital Expenditure** | | | | |
| Airport | (3,851,607) | | (825,324) | |
| Harbour of St. Peter Port | (534,393) | | (1,421,079) | |
| Harbour of St. Sampson | (61,700) | | (156,571) | |
| | | (4,447,700) | | (2,402,974) |
| **Balance at 31 December** | | £7,569,023 | | £7,167,171 |

NOTE:

The capital expenditure Accounts only include the amounts already paid and agreed as payable in respect of contractor's claims for St Peter Port Harbour New Jetty cladding replacement and St Sampson's Marina development projects.

# Guernsey Water

## Statement of activities and performance

*Year ended 31 December 2006*

**Principal purpose**

Guernsey Water, a business unit of the Public Services Department, 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 former States Water Board which sets out Guernsey Water's objectives and resources needed. A higher level of investment has been identified as being necessary for the future development of Guernsey Water.

**Financial summary**

| | **2006** | 2005 | Change |
|---|---|---|---|
| | **£'000** | £'000 | % |
| **Income** | | | |
| Unmeasured | **3,611** | 3,450 | + 4.7 |
| Measured | **4,395** | 3,854 | + 14.0 |
| Other trading (net) | **368** | 280 | + 31.4 |
| Total operating income | **8,374** | 7,584 | + 10.4 |
| **Expenditure** | | | |
| Operating | **2,239** | 2,497 | - 10.3 |
| Management | **1,535** | 1,623 | - 5.4 |
| Total expenditure | **3,774** | 4,120 | - 8.4 |
| **Operating surplus before depreciation** | **4,600** | 3,464 | + 32.8 |
| Surplus on sale of fixed assets | **66** | 69 | |
| Net interest received/(paid) | **61** | (41) | |
| Depreciation, transfers and provisions | **(1,441)** | (1,513) | |
| **Surplus for the year** | **3,286** | 1,979 | |
| **Capital expenditure (gross)** | **1,684** | 1,932 | |

The main focus of capital expenditure was the renewal and replacement of mains, the upgrading of Forest Road service reservoir, slope stabilisation work at Juas Reservoir, upgrading of St. Saviour water treatment works, including wash water recovery and the SCADA system, and the replacement of vehicles.

A more detailed summary of capital expenditure during the year is appended to the financial statements.

# Guernsey Water

## Statement of activities and performance - continued

*Year ended 31 December 2006*

**Operational performance**

| | 2006 | 2005 | Change % |
|---|---|---|---|
| **Number of supplies** | | | |
| Paying by rateable value | **11,523** | 12,275 | - 6.1 |
| Paying by measure | **12,597** | 11,806 | + 6.7 |
| Total | **24,120** | 24,081 | + 0.2 |
| **Volume supplied in million litres (partially weather related)** | | | |
| Delivered to customers paying by measure | **2,425 ML** | 2,411 ML | + 0.6 |
| Delivered to other customers | **1,631 ML** | 1,793 ML | - 9.0 |
| Operational use, fire fighting and losses | **749 ML** | 830 ML | - 9.8 |
| Total put into supply | **4,805 ML** | 5,034 ML | - 4.5 |
| **Service (partially weather related)** | | | |
| Restrictions on supply | **None** | None | |
| Burst mains - trunk mains | **15** | 26 | - 42.3 |
| - smaller mains | **50** | 54 | - 7.4 |
| - total | **65** | 80 | - 18.7 |
| Discolouration – claims paid | **£ 372** | £ 520 | - 28.5 |
| **Unit costs (partially weather related)** | | | |
| Water production | **£ 294 / ML** | £ 312 / ML | - 5.8 |
| Water distribution | **£ 29 / supply** | £ 34 / supply | - 14.7 |

**Other matters**

2006 saw the final year of increases to water charges of 10% above the rate of inflation to fund Guernsey Water's, formerly States Water Board's capital development programme contained within the ten year Business Plan. The above inflation increases in water charges were approved by the States of Deliberation in the summer of 2003.

Once again, Guernsey Water has been able to supply water to the population of Guernsey without restriction, despite other nearby areas having to introduce hosepipe bans etc, especially the south east of England. Also, despite increases in various supplies and other costs in 2006, Guernsey Water has managed to considerably reduce its overall expenditure during the year.

Further operational and other details can be found in Guernsey Water's 2006 Annual Report.

# Guernsey Water

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Board members and principal officers**

During 2006 Public Services Department Board Members were:

Deputy WM Bell, Minister
Deputy TM Le Pelley, Deputy Minister
Deputy RJ Le Moignan
Deputy AH Brouard
Deputy SJ Ogier
Advocate PJG Atkinson

R Kirkpatrick, Chief Officer
A Lewis, Deputy Chief Officer

During 2006 Principal Officers for Guernsey Water were:

AA Redhead, Director of Water Services
P Lickley, Operations Manager
K Carter, Chief Accounting Officer
C Guilbert, Support Services Manager
G Johns, Water Production Director
D Youlton, Water Distribution Manager

# Guernsey Water

## Statement of responsibilities for the preparation of financial statements

The Public Services Department ("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 Guernsey Water, of the surplus or deficit for that period and that are in accordance with applicable laws and regulations. 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 do so.

The Board is responsible for ensuring Guernsey Water keep proper accounting records which disclose with reasonable accuracy at any time its financial position. It is also responsible for safeguarding its assets 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 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 operations and management of Guernsey Water.

Guernsey Water's 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 and cash flow
- 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 Section.
- 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.

Guernsey Water'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.

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to Guernsey Water

We have audited the financial statements of Guernsey Water for the year ended 31 December 2006 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the Board and auditors**

The Board is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the statement of responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. 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.

We read the statement of activities and performance and additional information to the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Accounting Standards, of the state of Guernsey Water's affairs as at 31 December 2006 and of its surplus for the year then ended.

**KPMG Channel Islands Limited**

*Chartered Accountants*

19 April 2007

# Guernsey Water

## Revenue account
*for the year ended 31 December 2006*

| **Income** | *Notes* | **2006 £** | 2005 £ |
|---|---|---|---|
| **Water supplies** | *1* | | |
| Unmeasured | | **3,611,192** | 3,449,922 |
| Measured | | **4,395,620** | 3,854,055 |
| | | **8,006,812** | 7,303,977 |
| Net surplus on other trading activities before management expenses and depreciation | *2* | **367,682** | 280,460 |
| **Total operating income** | | **8,374,494** | 7,584,437 |
| **Operating expenses** | | | |
| Water production | | **1,411,916** | 1,568,216 |
| Water distribution | | **698,730** | 810,283 |
| Property maintenance | | **128,646** | 118,076 |
| | | **2,239,292** | 2,496,575 |
| **Management expenses** | | | |
| General and financial management | *14* | **406,623** | 402,735 |
| Income collection | | **329,677** | 338,224 |
| Technical services | | **187,197** | 196,877 |
| Support services | | **611,248** | 685,545 |
| | | **1,534,745** | 1,623,381 |
| **Total expenditure** | | **£ 3,774,037** | £ 4,119,956 |
| **Operating surplus before depreciation and surplus on sale of fixed assets** | | **4,600,457** | 3,464,481 |
| Depreciation | *4 & 5* | **(1,441,160)** | (1,079,836) |
| Surplus on disposal of fixed assets | *4* | **10,877** | 13,454 |
| **Operating surplus for the year** | | **3,170,174** | 2,398,099 |
| Net interest receivable/(payable) | *3* | **60,664** | (41,433) |
| Surplus on sale of properties | | **54,769** | 55,618 |
| **Surplus for the year** | | **3,285,607** | 2,412,284 |

All material activities derive from continuing operations.

There are no recognised gains and losses or other movements in reserves for the current or preceding financial years other than as stated in the revenue account.

Notes 1 to 16 form an integral part of these financial statements.

# Guernsey Water

## Balance sheet
*at 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Tangible fixed assets** | 5 | | **31,021,025** | | 30,853,768 |
| **Current assets** | | | | | |
| Stocks | | **640,590** | | 497,564 | |
| Debtors and prepayments | 6 | **1,232,838** | | 1,063,498 | |
| Funds held with States Treasury | 11 | **2,738,244** | | - | |
| Cash at bank and in hand | 11 | **168,530** | | 100,315 | |
| | | **4,780,202** | | 1,661,377 | |
| **Current liabilities** | | | | | |
| Overdraft with States Treasury | 11 | - | | 15,923 | |
| Creditors falling due within one year | 7 | **501,365** | | 484,967 | |
| | | **501,365** | | 500,890 | |
| **Net current assets** | | | **4,278,837** | | 1,160,487 |
| **Total assets less current liabilities** | | | **£ 35,299,862** | | £ 32,014,255 |
| **Reserves** | | | | | |
| General reserve | | | **8,190,579** | | 8,120,862 |
| Property development fund | | | **3,616,910** | | 2,441,966 |
| Revenue account | | | **23,492,373** | | 21,451,427 |
| **Total Reserves** | 8 | | **£ 35,299,862** | | £ 32,014,255 |

These financial statements were approved by the States of Guernsey Public Services Department on 19th April 2007.

Signed on behalf of the Department

**William M Bell**
*Minister*

**Thomas M Le Pelley**
*Deputy Minister*

Notes 1 to 16 form an integral part of these financial statements.

# Guernsey Water

## Cash flow statement
*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Net cash inflow from operating activities** | 9 | | **4,304,489** | | 3,506,655 |
| **Returns on investments and servicing of finance** | | | | | |
| Interest received | 3 | **60,664** | | 4,114 | |
| Interest paid | 3 | **-** | | (45,547) | |
| **Net cash inflow/(outflow) from returns on investments and servicing of finance** | | | **60,664** | | (41,433) |
| **Capital expenditure** | | | | | |
| Payments to acquire tangible fixed assets | | **(1,684,219)** | | (1,932,271) | |
| Less: customer contributions to mains | | **73,692** | | 45,626 | |
| Additions to fixed assets | | **(1,610,527)** | | (1,886,645) | |
| Receipts from sale of fixed assets | | **67,756** | | 74,289 | |
| **Net cash outflow from capital expenditure** | | | **(1,542,771)** | | (1,812,356) |
| **Management of liquid resources** | | | | | |
| Increase in amounts held with States Treasury | 10 & 11 | **(2,754,167)** | | (1,654,234) | |
| **Net cash outflow from management of liquid resources** | | | **(2,754,167)** | | (1,654,234) |
| **Increase/(Decrease) in cash** | 10 & 11 | | **£ 68,215** | | £ (1,368) |

Notes 1 to 16 form an integral part of these financial statements.

# Guernsey Water

## 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 Guernsey Water is capitalised at cost of materials, supplies and services used plus associated costs of labour.

*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 | N/A | Nil |
| Structures and buildings | 50 – 10 | 2 – 10 |
| Fixed plant | 20 – 10 | 5 – 10 |
| Distribution meters | 12 | 8.3 |
| Office furniture, fittings and equipment | 10 – 5 | 10 – 20 |
| Mobile plant and equipment | 5 | 20 |
| Motor vehicles | 5 | 20 |
| Computer equipment | 3 | 33.3 |

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.

# Guernsey Water

## Notes to the financial statements - continued

### 1. Principal accounting policies - continued

*Revenue*

Operating revenue is accounted for on an accruals basis and also includes the estimated value of unbilled supplies which, as at 31 December 2006, amounted to £557,704 (2005: £496,684) 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 Guernsey Water 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

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Mains and service laying trading account (a):** | | | | |
| Charges for capital works (b) | **301,157** | | 279,484 | |
| Charges for maintenance works | **157,803** | | 185,587 | |
| Charges for other works | **61,535** | | 92,454 | |
| | **520,495** | | 557,525 | |
| Expenditure | **(341,396)** | | (381,631) | |
| Contribution to management expenses and depreciation | | **179,099** | | 175,894 |
| **Miscellaneous income:** | | | | |
| Standard charges for service laying | **178,416** | | 179,305 | |
| Charges for work at ascertained cost | **17,966** | | 48,254 | |
| Property rental income | **110,538** | | 73,310 | |
| Stores issues | **255,896** | | 341,738 | |
| | **562,816** | | 642,607 | |
| Expenditure | **(374,233)** | | (538,041) | |
| Contribution to management expenses and depreciation | | **188,583** | | 104,566 |
| **Net surplus on other trading activities before management expenses and depreciation** | | **£ 367,682** | | £ 280,460 |

# Guernsey Water

## Notes to the financial statements - continued

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

(a) Guernsey Water operates a trading account for the provision of fully inclusive mains and services laying teams. This enables Guernsey Water to manage the costs of direct labour by charging a standard hourly rate irrespective of whether the work relates to a department within Guernsey Water or to an external customer.

(b) Charges for capital works include some works partly or wholly financed by customer contributions as stated in the additional information to the financial statements.

**3. Net interest receivable/payable**

| | **2006** | 2005 |
|---|---|---|
| | **£** | £ |
| **Interest received:** | | |
| Deposit & business accounts | 60,664 | 4,114 |
| **Interest paid:** | | |
| Overdraft account | - | (45,547) |
| | £ 60,664 | £ (41,433) |

**4. Depreciation**

| | **2006** | | 2005 | |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| Depreciation charge for the year (note 5) | **1,441,160** | | 1,079,836 | |
| Surplus on disposal of moveable fixed assets | **(10,877)** | | (13,454) | |
| | | **1,430,283** | | 1,066,382 |
| Transfer to general reserve (note 8) | | **69,717** | | 433,618 |
| | | **£ 1,500,000** | | £ 1,500,000 |

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.

# Guernsey Water

## Notes to the financial statements - continued

### 5. Tangible fixed assets

| | 1 January 2006 £ | Additions £ | Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| *Cost* | | | | |
| Dam | 309,360 | - | - | **309,360** |
| Mains | 23,727,575 | 432,235 | - | **24,159,810** |
| Land and quarries | 2,779,233 | 4,926 | 2,110 | **2,782,049** |
| Structures and buildings | 4,320,687 | 476,372 | - | **4,797,059** |
| Fixed plant | 7,735,895 | 410,573 | - | **8,146,468** |
| Distribution meters | 1,418,543 | 51,201 | - | **1,469,744** |
| Office furniture, fittings and equipment | 819,571 | 90,981 | - | **910,552** |
| Mobile plant and equipment | 439,970 | 22,965 | 6,620 | **456,315** |
| Motor vehicles | 567,566 | 121,274 | 101,474 | **587,366** |
| | 42,118,400 | 1,610,527 | 110,204 | **43,618,723** |
| *Depreciation* | | | | |
| Dam | 162,263 | 3,343 | - | **165,606** |
| Mains | 4,639,456 | 418,347 | - | **5,057,803** |
| Structures and buildings | 1,028,499 | 82,841 | - | **1,111,340** |
| Fixed plant | 2,899,849 | 585,275 | - | **3,485,124** |
| Distribution meters | 1,249,247 | 118,212 | - | **1,367,459** |
| Office furniture, fittings and equipment | 561,338 | 105,272 | - | **666,610** |
| Mobile plant and equipment | 353,222 | 37,714 | 6,620 | **384,316** |
| Motor vehicles | 370,758 | 90,156 | 101,474 | **359,440** |
| | 11,264,632 | 1,441,160 | 108,094 | **12,597,698** |
| **Net book value** | £30,853,768 | | | **£ 31,021,025** |

### 6. Debtors and prepayments

| | **2006 £** | 2005 £ |
|---|---|---|
| Estimated value of unbilled supplies | **557,704** | 496,684 |
| Consumers' accounts outstanding | **614,225** | 536,338 |
| Other debtors and prepayments | **60,909** | 30,476 |
| | **£ 1,232,838** | £ 1,063,498 |

### 7. Creditors: amounts falling due within one year

| | **2006 £** | 2005 £ |
|---|---|---|
| General creditors | **335,484** | 308,500 |
| Deferred income | **165,881** | 176,467 |
| | **£ 501,365** | £ 484,967 |

# Guernsey Water

## Notes to the financial statements - continued

### 8. Reserves

| | Property Development Fund £ | General Reserve £ | Revenue Account £ | Total £ |
|---|---|---|---|---|
| Balance 1 January 2006 | 2,441,966 | 8,120,862 | 21,451,427 | 32,014,255 |
| Surplus for the year | - | - | 3,285,607 | 3,285,607 |
| Transfer to Property Development Fund | 1,174,944 | - | (1,174,944) | - |
| Provision for future replacement of assets (note 4) | - | 69,717 | (69,717) | - |
| **Balance 31 December 2006** | **£ 3,616,910** | **8,190,579** | **23,492,373** | **35,299,862** |

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

The property development fund is required to fund Guernsey Water's future planned centralisation development.

### 9. Reconciliation of operating surplus to net cash inflow from operating activities

| | **2006 £** | 2005 £ |
|---|---|---|
| Operating surplus for the year | **3,170,174** | 2,398,099 |
| Depreciation charges and surplus on disposal of moveable fixed assets (notes 4 and 5) | **1,430,283** | 1,066,382 |
| (Increase)/decrease in stock | **(143,026)** | 47,995 |
| Increase in debtors and prepayments | **(169,340)** | (83,561) |
| Increase in creditors due within one year | **16,398** | 77,740 |
| **Net cash inflow from operating activities** | **£ 4,304,489** | £ 3,506,655 |

### 10. Reconciliation of net cash flow to movement in net funds

| | **2006 £** |
|---|---|
| Increase in cash in the year | **68,215** |
| Increase in balances with States Treasury | **2,754,167** |
| Change in net funds | **2,822,382** |
| Net funds at 1 January 2006 | **84,392** |
| **Net funds at 31 December 2006** | **£ 2,906,774** |

# Guernsey Water

## Notes to the financial statements - continued

### 11. Analysis of changes in net funds

| | At 1 January 2006 £ | Cash flows £ | At 31 December 2006 £ |
|---|---|---|---|
| Cash at bank and in hand | 100,315 | 68,215 | **168,530** |
| Overdraft with States Treasury | (15,923) | 2,754,167 | **2,738,244** |
| | £ 84,392 | £ 2,822,382 | **£ 2,906,774** |

### 12. Pension Fund

The employees of Guernsey Water 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 8.35% which came in to effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees will be reviewed during 2007.

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.

Guernsey Water has applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer is only required to account for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 were £164,371 (2005: £166,461).

### 13. Commitments

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

| | **2006 £** | 2005 £ |
|---|---|---|
| Revenue contracted | **61,301** | 36,059 |
| Capital contracted | **4,495,571** | 332,028 |
| | **£ 4,556,872** | £ 368,087 |

On 1 January 2007, a site at La Hure Mare was sold to the States Works Division for £625,000.

# Guernsey Water

## Notes to the financial statements - continued

**14. General and Financial Management**

Included in General and Financial Management is an amount paid for audit fees of £5,497 (2005: £5,263).

**15. Related party transactions**

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

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

**16. Statement of control**

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

# Guernsey Water

## Additional information

The additional information has been prepared from the accounting records of Guernsey Water. While it does not form part of the financial statements, it should be read in conjunction with them.

**Fixed asset additions during 2006**

| | | |
|---|---|---|
| **Water distribution** | £ | £ |
| **Renewal and replacement of mains** | | |
| Renewal of mains | | |
| Courtil St Jacques, St Peter Port | 44,342 | |
| Dalgairns Road, St Peter Port | 33,068 | |
| No. 2 Well, Forest Road, St Martin | 23,566 | |
| La Rue des Français, Vale | 17,896 | |
| Lowlands/Saltpans, St Sampson | 11,722 | |
| Other renewals | 3,548 | |
| Replacement of mains by insertion of structural lining | | |
| Duveaux Lane, St Sampson | 40,795 | |
| Le Rocher Lane, Vale | 36,715 | |
| Planque Lane, St Martin | 27,756 | |
| Rue Des Simons, Torteval | 21,853 | |
| Bordel Lane, Vale | 21,723 | |
| Salines Road, St Sampson | 21,519 | |
| Folie Lane, Vale | 14,022 | |
| Route Isabelle, St Peter Port | 11,075 | |
| Jerbourg, St Martin | 10,731 | |
| Other replacements | 78,074 | |
| **Total renewal and replacement of mains** | 418,405 | |
| **Extension of Mains and General Distribution** | | |
| Mains requisitioned by customers | 84,317 | |
| Remote meter reading | 60,506 | |
| Purchase and installation of meters | 51,201 | |
| Network modelling | 9,618 | |
| **Total Extension of Mains and General Distribution** | 205,642 | |
| **Total Water Distribution** | | 624,047 |
| **Water Resources** | | |
| Slope stabilisation works – Juas Reservoir | 144,845 | |
| Improvements at Petit Bot Pumping Station | 79,981 | |
| Security fencing, Frie Plaidy, St Andrew and St Saviour Reservoirs | 45,288 | |
| Sundry renewals and other schemes in progress | 19,265 | |
| **Total Water Resources** | | 289,379 |
| **Carried forward** | | 913,426 |

# Guernsey Water

## Additional information - continued

| | £ | £ |
|---|---|---|
| **Brought forward** | | 913,426 |
| **Water Treatment** | | |
| Forest Road Improvement Scheme | 111,463 | |
| SCADA System Upgrade | 89,873 | |
| Wash Water Recovery Upgrade – St Saviour | 84,083 | |
| Treatment Works at Longue Hougue Reservoir | 82,443 | |
| West tank mixer – Forest Road | 62,876 | |
| Replacement high lift pumps – St Saviour Water Treatment Works | 42,409 | |
| New chlorine equipment | 14,988 | |
| Upgrading Juas Water Treatment Works | 12,464 | |
| Fixed gas detection upgrade | 11,773 | |
| Sundry renewals and other schemes in progress | 63,093 | |
| **Total water treatment** | | 575,465 |
| **Capital expenditure for general purposes** | | |
| Motor vehicles | 121,274 | |
| Mobile plant and equipment | 22,965 | |
| Minor building projects | 14,193 | |
| New site entrance, St Andrew Reservoir | 14,021 | |
| Office furniture, equipment and refurbishment | 13,623 | |
| Computer projects | 9,252 | |
| **Total General** | | 195,328 |
| **Gross Total Capital Expenditure** | | 1,684,219 |
| Less: Customers' contributions to capital mains | | (73,692) |
| **Fixed Asset Additions** | | 1,610,527 |
| Sale of properties, vehicles and equipment – net proceeds | | (67,756) |
| **Net Fixed Asset Additions** | | £ 1,542,771 |

The States are asked to decide:-

Whether they are of the opinion to approve:-

(1) The following Accounts for the year 2006:-

1. Policy Council
2. Treasury and Resources Department
3. Commerce and Employment Department
4. Culture and Leisure Department
5. Education Department
6. Environment Department
7. Health and Social Services Department
8. Home Department
9. Housing Department
10. Public Services Department
11. Social Security Department
12. Departments' Capital Income and Expenditure
13. Miscellaneous Accounts
14. States Dairy
15. Alderney Airport
16. Ports
17. Guernsey Water

(2) To appoint the firm of Deloitte and Touche LLP as auditors of all States accounts for the year ending 31 December, 2007.

**(NB The Public Accounts Committee supports the proposition to appoint Deloitte and Touche LLP as auditors).**

# APPENDICES

# AUDITORS' REPORT TO THE BOARD OF ELIZABETH COLLEGE - GUERNSEY

We have audited the financial statements, which have been prepared in accordance with the accounting policies set out in note 1.

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 audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

# AUDITORS' REPORT TO THE BOARD OF ELIZABETH COLLEGE - GUERNSEY
**(continued)**

## Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 August 2006 and of its result for the year then ended; and
- have been properly prepared in accordance with the applicable laws.

**BDO NOVUS LIMITED**

CHARTERED ACCOUNTANTS
Elizabeth House
St Peter Port
Guernsey

**14 March 2007**

## ELIZABETH COLLEGE - GUERNSEY

## REVENUE ACCOUNT

## FOR THE YEAR ENDED 31 AUGUST 2006

| | Note | | | | 2005 |
|---|---|---|---|---|---|
| **INCOME** | 2 | | | | |
| States Block Grant | | | 1,852,870 | | 1,712,078 |
| Fees receivable | | | 1,750,085 | | 1,537,764 |
| Sundry income | | | 122,340 | | 100,054 |
| | | | 3,725,295 | | 3,349,896 |
| **EXPENDITURE** | | | | | |
| School and departmental expenses | | 2,614,018 | | 2,497,797 | |
| Youth training expenses | | 12,260 | | 11,069 | |
| Administrative expenses | | 543,110 | | 556,762 | |
| Maintenance of buildings and grounds | | 388,079 | | 368,543 | |
| | | | (3,557,467) | | (3,434,171) |
| **OPERATING SURPLUS/(DEFICIT) FOR THE YEAR BEFORE INTEREST** | | | 167,828 | | (84,275) |
| Interest receivable | | | 30,034 | | 29,961 |
| Interest payable | | | (3,667) | | (4,167) |
| **OPERATING SURPLUS/(DEFICIT) FOR THE YEAR** | 2 | | 194,195 | | (58,481) |
| Transfer to Maintenance Reserve | | | (120,000) | | - |
| **RETAINED SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR TRANSFERRED TO/(FROM) CAPITAL ACCOUNT** | 7 | | £ 74,195 | | £ (58,481) |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
There were no recognised gains or losses other than the revenue deficit 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 2006**

| | Note | | | | 2005 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 3 | | 2,383,291 | | 2,383,291 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 4,902 | | 1,991 | |
| Debtors | 4 | 383,181 | | 422,215 | |
| Cash at bank and in hand | | 450,835 | | 372,776 | |
| | | 838,918 | | 796,982 | |
| **CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR** | | | | | |
| Sundry creditors | 5 | (266,433) | | (408,692) | |
| **NET CURRENT ASSETS** | | | 572,485 | | 388,290 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 2,955,776 | | 2,771,581 |
| **CREDITOR – AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR** | 6 | | (60,000) | | (70,000) |
| | | | £ 2,895,776 | | £ 2,701,581 |
| **REPRESENTED BY:-** | | | | | |
| **RESERVES** | 7 | | | | |
| Capital account | | | 2,600,776 | | 2,526,581 |
| Maintenance reserve | | | 295,000 | | 175,000 |
| | | | £ 2,895,776 | | £ 2,701,581 |

**APPROVED BY THE BOARD OF DIRECTORS**

**K Paul Mellor**
Chairman

**14 March 2007**
Date

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 2006

| | Note | | | | **2005** |
|---|---|---|---|---|---|
| **NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES** | 8 | | (18,264) | | 60,597 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | | | |
| Interest received | | 31,011 | | 27,009 | |
| Interest paid | | (4,000) | | (5,000) | |
| **NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | 27,011 | | 22,009 |
| **INVESTING ACTIVITIES** | | | | | |
| Amounts repaid by non grant-aided sector | | 79,312 | | 65,987 | |
| **NET CASH INFLOW FROM INVESTING ACTIVITIES** | | | 79,312 | | 65,987 |
| **NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING** | | | 88,059 | | 148,593 |
| **FINANCING** | | | | | |
| Repayment of loan from States Culture and Leisure Department | | | (10,000) | | (10,000) |
| **INCREASE IN CASH FOR THE YEAR** | | | £ 78,059 | | £ 138,593 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

| | | |
|---|---|---|
| Increase in cash for the year | 78,059 | 138,593 |
| Cash at bank and in hand at 1 September 2005 | 372,776 | 234,183 |
| Cash at bank and in hand at 31 August 2006 | £ 450,835 | £ 372,776 |

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

**ELIZABETH COLLEGE – GUERNSEY**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 AUGUST 2006**

**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 the Statement of Recommended Practice – Accounting and Reporting by Charities (published March 2005), 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 2006

### 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 May 2005 when the properties were last valued for insurance purposes by a qualified Quantity Surveyor. All figures exclude land.

| | *Cost* | *Insurance Valuation* |
|---|---|---|
| Main College site | | |
| - Historic buildings | - | 10,300,000 |
| - Modern buildings | 2,318,451 | 13,190,000 |
| College Playing Fields | | |
| - Old pavilion | - | 305,000 |
| - Modern buildings | 64,840 | 395,000 |
| | £ 2,383,291 | £ 24,190,000 |

### 4. DEBTORS

| | | 2005 |
|---|---|---|
| *Amounts due within one year* | | |
| Fee debtors | 1,152 | 3,023 |
| Accrued income | 14,608 | 15,585 |
| Current account – College non-grant aided sector | 244,588 | 308,900 |
| Other debtors and prepayments | 84,773 | 41,647 |
| | 345,121 | 369,155 |
| *Amounts due after more than one year* | | |
| Loan account – College non-grant aided sector | 38,060 | 53,060 |
| | £ 383,181 | £ 422,215 |

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, with effect from the year ended 31 August 2006, the loan be repaid out of the rental income arising from the use of the property as teaching staff accommodation.

## ELIZABETH COLLEGE - GUERNSEY

## NOTES TO THE FINANCIAL STATEMENTS

## 31 AUGUST 2006

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

| | | 2005 |
|---|---|---|
| Trade creditors | 164,924 | 296,156 |
| Loan – States Culture and Leisure Department (note 6) | 10,000 | 10,000 |
| Other creditors and accruals | 91,509 | 102,536 |
| | £ 266,433 | £ 408,692 |

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

| | | 2005 |
|---|---|---|
| Loan – States Culture and Leisure Department | | |
| Repayable by instalments: | | |
| - Due within five years | 40,000 | 40,000 |
| - Due after more than five years | 20,000 | 30,000 |
| | £ 60,000 | £ 70,000 |

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

| | Capital Account | Maintenance Reserve | Total |
|---|---|---|---|
| Balance at 1 September 2005 | 2,526,581 | 175,000 | 2,701,581 |
| Retained surplus for the year | 74,195 | - | 74,195 |
| Transferred from revenue account | - | 120,000 | 120,000 |
| Balance at 31 August 2006 | £ 2,600,776 | £ 295,000 | £ 2,895,776 |

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

| | | 2005 |
|---|---|---|
| Operating surplus/(deficit) | 167,828 | (84,275) |
| Increase in stock | (2,910) | (464) |
| (Increase)/decrease in operating debtors | (41,255) | 79,344 |
| (Decrease)/increase in operating creditors | (141,927) | 65,992 |
| Net cash (outflow)/inflow from operating activities | £ (18,264) | £ 60,597 |

# ELIZABETH COLLEGE – GUERNSEY

## NOTES TO THE FINANCIAL STATEMENTS

## 31 AUGUST 2006

## 9. PENSION COSTS

A majority of 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 has 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 last actuarial valuation of the Scheme was conducted at 31 December 2004. At that date the actuarial value of the assets relating to the "Teachers pool" within the overall Scheme represented 79% 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 2004 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 88.5% 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.

The total amount of superannuation contributions payable by the College to the Scheme for the year ended 31 August 2006 was £406,763 (2005 : £378,562). At 31 August 2006 the amount of outstanding contributions not paid over to the Scheme was £72,326 (2005 : £162,937).

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 single 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, elements of which cover both the grant-aided and non grant-aided sectors of the College's activities. A majority of the operating receipts and 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, 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 2006 an amount of £30,000 (2005: £27,672) 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 2006

| | | 2005 |
|---|---|---|
| **INCOME** | | |
| States Block Grant | 1,852,870 | 1,712,078 |
| Fees receivable | 1,750,085 | 1,537,764 |
| Hire of facilities | 108,645 | 83,755 |
| Other income | 13,695 | 16,299 |
| | 3,725,295 | 3,349,896 |
| **EXPENDITURE** | | |
| **SCHOOL AND DEPARTMENTAL EXPENSES** | | |
| Teachers' salaries | 1,966,844 | 1,901,894 |
| Teachers' superannuation | 243,888 | 224,756 |
| Teaching ancillary salaries and superannuation | 138,790 | 135,669 |
| Departmental expenses | 213,762 | 189,157 |
| Other school expenses | 13,713 | 10,459 |
| Examination fees | 37,021 | 35,862 |
| | 2,614,018 | 2,497,797 |
| **YOUTH TRAINING EXPENSES** | 12,260 | 11,069 |
| **ADMINISTRATIVE EXPENSES** | | |
| Services | 183,431 | 178,814 |
| Administration salaries and superannuation | 204,687 | 210,050 |
| School administration | 48,561 | 47,729 |
| General expenses | 43,177 | 45,374 |
| Rates, insurance and taxes | 54,077 | 64,086 |
| Discounts given | 32,224 | 29,866 |
| Audit and accountancy | 6,953 | 6,940 |
| Bad debts | - | 1,575 |
| Recharge to non grant-aided sector | (30,000) | (27,672) |
| | 543,110 | 556,762 |
| **MAINTENANCE OF BUILDINGS AND GROUNDS** | | |
| Maintenance of playing fields | 69,469 | 72,676 |
| Maintenance of other areas | 318,610 | 295,867 |
| | 388,079 | 368,543 |
| **OPERATING SURPLUS/(DEFICIT)** | £ 167,828 | £ (84,275) |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance
## Year ended 31 December 2006

**Financial highlights**

The Guernsey Insurance Fund had an operating surplus of £2.85m (2005: £4.84m). In addition to the operating surplus, net income from investments increased significantly to £16.37m (2005: £12.62m).

Total contribution income increased by 4.6% to £90.99m (2005:£87.02m) and although the economy remains buoyant, the overall number of contributors at week 36 increased only marginally to 36,639 (2005:36,611).

Employee and employer contribution income increased by only 4.1% to 78.37m (2005:£75.31m) and is the lowest annual increase in class 1 contribution income in a decade. The reduction in the number of employed contributors is a contributing factor with the number of employed contributors at week 36 falling by 0.8% to 28,949 (2005: 29,192).

Self-employed contribution income increased by 6.4% to £8.37m (£7.86m), a significant increase considering that self-employed contributors at week 36 increased by only 0.5% to 3,483 (2005: 3,466). Non-employed contribution income increased significantly by 10.6% to £4.25m (£3.84m) and the number of non-employed contributors at week 36 increased to 4,207, 2.8% above the 2005 figure of 4,093.

Contribution income allocated to the Guernsey Health Service Fund increased by 4.7% to £22.99m (2005: 21.96m). Contributions income allocated to the Long-term Care Insurance increased by 5.1% to £12.12m (2005: £11.53m).

Following contribution income allocations to the two other Fund's, the Guernsey Insurance Fund contribution income increased by 4.4% to £55.92m (2005: 53.57m) with the States of Guernsey Grant, based on 50% of contribution income, increasing to £27.94m (2005:£26.77m).

The largest economic sector remains the financial sector, which accounts for nearly a quarter of the employed population and represents approximately 28% of the total income received from employers and employees.

Overall benefit expenditure increased by 7.3% to £77.51m (2005:£72.27m) which includes around a 4.3% increase in benefit rates generally but with an increase of 5.4% in the rate of benefit for single pensioners. The number of new claims processed by the staff during the year decreased slightly to 23,642 (2005: 23,833). At the year-end there were 15,743 benefit claims in payment (2005: 15,514), of which 86.7% (2005:86.5%) were to people in receipt of old age pension.

In addition to the general increase in benefit rate and movements in demand, 2006 saw the full impact of the 2004 equality reforms, increasing expenditure as extra contributions and credits gave rise to increased benefit entitlement for the whole of the year.

The Department pursued for the fifth 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 nearly a 2% increase in the number of pensioners in 2006, expenditure increased by 6.7% to £63.61m (2005:£59.60m).

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Financial highlights continued**

During 2006 the levels of incapacity were high and sickness benefit increased significantly by 18.9% to £2.62m (2005:2.23m) with invalidity benefit increasing by 15.6% to £5.04m (2005:£4.36m).

Unemployment benefit increased by 26.6% to £0.60m (2005: £0.47m) with the average number of individuals claiming benefit for the first nine months of the year significantly higher than in 2005. As at 31 December there were 152 claimants, only marginally up on the previous year of 150.

Administration costs, excluding depreciation, increased by just under 1% to £5.24m (2005:£5.19m) with staffing costs, which account for 71% of total administration expenditure, increasing by only 1.4% to £3.74m (2005: £3.69m).

Recoveries for the year fell by 11.2% to £2.08m (£2.34m) with the deprecation charge increasing by 29% to £0.50m (2005:£0.39m) following the new benefit system going 'live' in late September, the associated computer development costs being depreciated from October 2006.

Reserves increased to £547m (2005: £490m) with expenditure cover up from 6.5 years to 6.7 years. Although the operating surplus was over £2m down on the previous year investing activities increased reserves by £54.48m (2005: £79.57m).

From August 2005, the investment portfolios of the Guernsey Insurance Fund, Guernsey Health Service Fund and Long-term Care Insurance Fund were combined to form the Common Investment Fund. At 31 December 2006 this Fund was valued at £571m (2005: £495m) excluding investment property and, for the year, enjoyed returns in excess of 11% in real terms.

**Activities during the Year**

In the first half on 2006, the impending decisions of the States concerning the future economic and taxation strategy impacted on the policy work of the Department. The Department had opposed the recommended use of social security contributions as a source of public revenue to replace in part the revenues that would be foregone with a move to a general rate of zero percent income tax on company profits from 2008. However, on 30 June 2006 (Billet d'Etat XI of 2006), the States resolved a strategy that included substantial increases in the upper earnings limits for all classes of contributors and employers, with compensating reductions in the grants from general revenue that apply to the contributory funds, including the Guernsey Insurance Fund.

The States resolved that, although the revised financing of the contributory funds was to take full effect from 1 January 2008, there should be a substantial move in that direction with effect from 1 January 2007. Accordingly, in the second half of 2006, the Department was actively engaged in the legislative and administrative processes needed to meet the January 2007 deadline. This was duly achieved.

The technological migration of the computer systems from mainframe to server platforms went live, successfully, on 25 September 2006. This concluded a long period of design, development, testing and implementation that had placed an enormous burden on the Department's resources. After years of development, the Department was acutely conscious of the risks involved in the critical go-live date and immediate period following, with many thousands of customers reliant on the receipt of benefit payments. The Department was pleased to report that the new systems went live without any disruption to services.

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Future developments**

In 2007, the Department will complete the second half of the move to the financing arrangements required by the States from 1 January 2008 as part of the economic and taxation strategy.

During 2007, the Department will be examining, with the assistance of the Government Actuary's Department, the relevance to the Guernsey Insurance Fund of the proposed future increases in pension age in the UK.

**Statistics**

| Benefits | No of claimants as at: | | No of new cases during the year | |
|---|---|---|---|---|
| | **31/12/06** | 31/12/05 | **2006** | 2005 |
| | | | | |
| Pension | **13,656** | 13,415 | **926** | 1,070 |
| Bereavement Benefits | **410** | 432 | **315** | 298 |
| Invalidity Benefit | **762** | 673 | **390** | 393 |
| Sickness Benefit | **381** | 431 | **11,416** | 11,877 |
| Unemployment Benefit | **152** | 150 | **1,423** | 1,546 |
| Travel Allowance Grant | **N/A** | N/A | **6304** | 5,951 |
| Limited Medical Benefit | **N/A** | N/A | **2** | 2 |
| Industrial Medical Benefit | **N/A** | N/A | **1,521** | 1,460 |
| Industrial Injury Benefit | **18** | 19 | **265** | 170 |
| Industrial Disablement Benefit | **260** | 260 | **12** | 27 |
| Maternity Allowance | **104** | 133 | **421** | 443 |
| Maternity Grant | **N/A** | N/A | **183** | 155 |
| Death Grant | **N/A** | N/A | **464** | 441 |
| Child's Special Allowance | **0** | 1 | **0** | 0 |
| **Total** | **15,743** | 15,514 | **23,642** | 23,833 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
Year ended 31 December 2006

**Number of contributors (as at week 36)**

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| **Employers** | **2,425** | 2,490 | 2,513 | 2,503 | 2,490 |
| **Employed** | | | | | |
| Male | **15,062** | 15,152 | 15,249 | 15,283 | 15,283 |
| Female | **13,887** | 14,040 | 13,931 | 13,783 | 13,671 |
| | **28,949** | 29,192 | 29,180 | 29,066 | 28,344 |
| **Self-employed** | **3,483** | 3,466 | 3,493 | 3,470 | 3,425 |
| **Non-employed** | **4,207** | 4,113 | 4,151 | 3,982 | 5,024 |
| Total | **36,639** | 36,771 | 36,824 | 36,518 | 37,403 |

**Contribution rates**

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| **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% |
| **Self-employed** | **6.3%** | 6.3% | 6.3% | 6.3% | 6.3% |
| **Non-employed** | **5.7%** | 5.7% | 5.7% | 5.7% | 5.7% |

Following gender equality reforms, the reduced percentage rate contributions available to married women were abolished, all contributors paying at the full percentage rate applicable for their classification from 2004.

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Five-year performance**

| | **2006 £** | 2005 £ | 2004 £ | 2003 £ | 2002 £ |
|---|---|---|---|---|---|
| **Income** | **84,021,392** | 80,338,337 | 76,009,640 | 72,936,378 | 68,670,165 |
| Expenditure | **81,172,876** | 75,503,131 | 70,019,166 | 63,498,363 | 59,134,342 |
| **Operating surplus** | **2,848,516** | 4,835,206 | 5,990,474 | 9,438,015 | 9,535,823 |
| **Investments** | | | | | |
| Property | **10,550,000** | 7,900,000 | 7,150,000 | 7,550,000 | 7,950,000 |
| Investment portfolio | **514,589,931** | 455,557,854 | 370,296,852 | 329,490,265 | 270,655,269 |
| | **525,139,931** | 463,457,854 | 377,446,852 | 337,040,265 | 278,605,269 |
| **Investment performance** | | | | | |
| Investment income | **16,365,773** | 12,617,785 | 10,568,231 | 9,681,023 | 8,980,282 |
| Realised gains/(losses) | **28,013,104** | 30,379,317 | 11,005,263 | 151,693 | (14,284,583) |
| Unrealised gains/(losses) | **7,452,135** | 35,823,172 | 13,692,396 | 44,393,336 | (51,739,802) |
| **Total return on investments** | **51,831,012** | 78,820,274 | 35,265,890 | 54,226,052 | (57,044,103) |
| **Expenditure cover** | | | | | |
| Reserves | **547,226,574** | 489,897,046 | 405,491,566 | 364,635,202 | 301,371,135 |
| Expenditure | **81,172,876** | 75,503,131 | 70,019,166 | 63,498,363 | 59,134,342 |
| Number of years cover | **6.7** | 6.5 | 5.8 | 5.7 | 5.1 |

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

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Principal officers during 2006**

**Social Security Department**

| | |
|---|---|
| Minister | Deputy Mary Lowe |
| Deputy Minister | Deputy Daniel Le Cheminant |
| Members | Deputy Diane Lewis<br>Deputy Geoff Mahy<br>Deputy Scott Ogier |
| Administrator | Malcolm Nutley |

**Principal officers from March 2007**

**Social Security Department**

| | | |
|---|---|---|
| Minister | Deputy Mary Lowe | (resigned 7 March 2007) |
| Minister | Deputy Diane Lewis | (elected 7 March 2007) |
| Deputy Minister | Deputy Daniel Le Cheminant | (reappointed 14 March 2007) |
| Members | Deputy Geoff Mahy | (resigned 9 March 2007) |
| | Deputy Scott Ogier | |
| | Deputy Bernard Flouquet | (elected 9 March 2007) |
| | Deputy Mark Dorey | (elected 9 March 2007) |
| Administrator | Malcolm Nutley | |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of responsibilities for the preparation of financial statements

The Social Security Department ("the Department") 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 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 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 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 Guernsey Insurance Fund 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'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 Department;
    - 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 Department and the States of Guernsey;
- a regular review of the performance and security of the Guernsey Insurance Fund by the Department 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 Department.

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 an independent external audit by auditors appointed by the States of Guernsey.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the Social Security Department

We have audited the financial statements (the "financial statements") of States of Guernsey – Guernsey Insurance Fund for the year ended 31 December 2006 which comprise the Fund account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of the Department and auditors

The Department is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the Statement of responsibilities for the preparation of financial statements on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 Statement of activities and performance and 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 International Standards on Auditing (UK and Ireland) 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 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, in accordance with UK Accounting Standards, of the disposition of the net assets of the Guernsey Insurance Fund's as at 31 December 2006 and of it's surplus for the year then ended; and

- have been properly prepared in accordance with its accounting policies.

**KPMG Channel Islands Limited**

*Chartered Accountants*

18 April 2007

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Fund account

*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Contributions | 1, 2 | 56,082,240 | | 53,572,125 | |
| States grant | 1 | 27,939,152 | | 26,766,212 | |
| | | | 84,021,392 | | 80,338,337 |
| **Expenditure** | | | | | |
| Benefits payable | 1,3 | 77,512,909 | | 72,270,649 | |
| Administration | 4 | 5,240,046 | | 5,188,975 | |
| Recoveries | 5 | (2,079,596 | | (2,342,518) | |
| | | | 80,673,359 | | 75,117,106 |
| **Operating surplus before depreciation charge** | | | 3,348,033 | | 5,221,231 |
| Depreciation charge | 7 | | (499,517) | | (386,025) |
| **Operating surplus** | | | 2,848,516 | | 4,835,206 |
| **Investing activities** | | | | | |
| Income from invested funds | 1,6 | 16,365,773 | | 12,617,785 | |
| Realised profit on disposal | | 28,013,104 | | 30,379,317 | |
| Movement in unrealised gain on investment | | 7,452,135 | | 35,823,172 | |
| Movement in unrealised gain/(loss) on investment property | | 2,650,000 | | 750,000 | |
| | | | 54,481,012 | | 79,570,274 |
| **Net surplus in the fund during the year** | | | 57,329,528 | | 84,405,480 |
| Net assets of the fund at 1 January | | | 489,897,046 | | 405,491,566 |
| **Net assets of the fund At 31 December** | | | £ 547,226,574 | | £ 489,897,046 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Balance sheet

*at 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | *7* | **9,481,813** | | 8,551,857 | |
| Investment property | *8* | **10,550,000** | | 7,900,000 | |
| Common investment fund | *9* | **514,589,931** | | 455,557,854 | |
| | | | **534,621,744** | | 472,009,711 |
| **Current assets** | | | | | |
| Debtors due within one year | *10* | **16,973,663** | | 17,465,462 | |
| Balances with States Treasury | | **5,205,069** | | 8,686,528 | |
| Cash at bank and in hand | | **729,301** | | 1,417,673 | |
| | | **22,908,033** | | 27,569,663 | |
| **Creditors: amounts falling due within one year** | *11* | **(10,303,203)** | | (9,682,328) | |
| **Net current assets** | | | **12,604,830** | | 17,887,335 |
| **Total net assets** | | | **£ 547,276,574** | | £ 489,897,046 |
| **Reserves** | | | **£ 547,226,574** | | £ 489,897,046 |

The financial statements were approved by the Social Security Department on 18 April 2007.

Signed on behalf of the Department

**Diane Lewis**
*Minister*

**M Nutley**
*Administrator*

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## 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 UK applicable accounting standards.

*Contributions*

Contributions represent the amount of cash received before 1 February of the following year in respect of the financial year ended 31 December 2006 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 grant is 50%.

*Benefits payable*

Benefits are accounted for on an accruals basis.

*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 took 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 | 1.25 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 equipment and software | 3 | 33.33 straight line |
| Computer development – technological migration | 7 | 14.29 straight line |
| Computer development | 3 | 33.33 straight line |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 1. Accounting policies – continued

*Common Investment Fund*
From August 2005, the investment portfolio of the Guernsey Insurance Fund was combined with other Funds of the Department to form the Common Investment Fund.

*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 year during which the Department 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. Contributions

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Employer contributions | **37,731,875** | 36,251,071 |
| Employee contributions | **40,635,979** | 39,041,203 |
| | **78,367,854** | 75,292,274 |
| Self-employed contributions | **8,366,572** | 7,863,997 |
| Non-employed contributions | **4,251,124** | 3,861,053 |
| | **90,985,550** | 87,017,324 |
| Contributions allocated to: | | |
| Guernsey Health Service Fund | **(22,985,900)** | (21,955,851) |
| Long-term Care Insurance Fund | **(12,121,348)** | (11,529,050) |
| | **55,878,302** | 53,532,423 |
| Employer surcharge and penalty | **41,690** | 39,702 |
| Contributions unallocated | **162,248** | - |
| | **£ 56,082,240** | £ 53,572,125 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 3. Benefits payable

| | 2006 £ | 2005 £ |
|---|---|---|
| Pension | 63,612,104 | 59,595,321 |
| Invalidity | 5,043,338 | 4,363,585 |
| Bereavement | 2,266,734 | 2,376,131 |
| Sickness | 2,616,665 | 2,201,497 |
| Travel allowance grant | 1,363,355 | 1,400,562 |
| Maternity benefit | 839,855 | 766,454 |
| Industrial disablement | 568,045 | 597,402 |
| Unemployment | 597,051 | 471,755 |
| Industrial injury | 242,176 | 197,369 |
| Death grant | 182,983 | 152,970 |
| Industrial medical | 180,503 | 147,141 |
| Child's special allowance | 100 | 462 |
| | £ 77,512,909 | £ 72,270,649 |

### 4. Administration

| | 2006 £ | 2005 £ |
|---|---|---|
| Salaries and pension costs | 3,742,752 | 3,689,927 |
| Administration expenses | 577,634 | 604,778 |
| Computer expenses | 644,655 | 585,885 |
| Property expenses | 209,808 | 233,188 |
| Legal and professional expenses | 48,840 | 51,027 |
| Actuarial expenses | 6,457 | 11,865 |
| Audit fee | 9,900 | 12,305 |
| | £ 5,240,046 | £ 5,188,975 |

### 5. Recoveries

| | 2006 £ | 2005 £ |
|---|---|---|
| Amounts received from: | | |
| Non Contributory Services | 1,480,493 | 1,705,763 |
| Guernsey Health Service Fund | 405,589 | 397,396 |
| Long-term Care Insurance Fund | 102,567 | 105,328 |
| Other States of Guernsey entities | 90,947 | 134,031 |
| | £ 2,079,596 | £ 2,342,518 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 6. Income from invested funds

| | 2006 £ | 2005 £ |
|---|---|---|
| **Income** | | |
| UK dividends from equities | **8,793,031** | 6,734,288 |
| Overseas dividends from equities | **6,389,275** | 3,802,667 |
| Interest on short term deposits | **1,396,464** | 1,771,904 |
| Interest from fixed interest securities | **1,953,856** | 1,049,606 |
| Less: withholding tax suffered | **(1,097,415)** | (546,566) |
| Securities lending fees net of expenses | **234,406** | 80,635 |
| Brokers' commission recaptured | **3,485** | 9,368 |
| Underwriting commission | **31,052** | 7,746 |
| Miscellaneous income | **3,131** | 40,310 |
| | **17,707,285** | 12,949,958 |
| **Expenditure** | | |
| Investment manager's fees | **(579,691)** | (461,605) |
| Custody fees | **(78,549)** | (19,947) |
| **Net income of the Common Investment Fund** | **£ 17,049,045** | £ 12,468,406 |
| **Net income allocated to:** | | |
| Guernsey Health Services Fund | **(1,071,821)** | (721,408) |
| Long-term Care Insurance Fund | **(482,673)** | (111,258) |
| **Net income of the Common Investment Fund allocated to the Guernsey Insurance Fund** | **£ 15,494,551** | £ 11,635,740 |
| **Other income** | | |
| Interest on call and treasury deposits | **332,245** | 462,878 |
| Property rental | **553,000** | 555,008 |
| Property expenses | **(14,023)** | (35,841) |
| | **£ 16,365,773** | £ 12,617,785 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 7. Tangible assets

| | 1 January 2006 £ | Additions £ | **31 December 2006 £** |
|---|---|---|---|
| *Cost* | | | |
| Freehold land and buildings | 3,633,979 | - | **3,633,979** |
| Furniture, fittings and office equipment | 794,368 | 121,966 | **916,334** |
| Computer equipment and software | 2,094,566 | 112,347 | **2,206,913** |
| Computer development | 8,134,024 | 1,195,160 | **9,329,184** |
| | £ 14,656,937 | £ 1,429,473 | **£ 16,086,410** |

| | 1 January 2006 £ | Charge for the year £ | **31 December 2006 £** |
|---|---|---|---|
| *Accumulated Depreciation* | | | |
| Freehold land and buildings | 849,356 | 45,425 | **894,781** |
| Furniture, fittings and office equipment | 679,225 | 44,821 | **724,046** |
| Computer equipment and software | 2,065,557 | 123,188 | **2,188,745** |
| Computer development | 2,510,942 | 286,083 | **2,787,025** |
| | £ 6,105,080 | £ 499,517 | **£ 6,604,597** |
| **Net book value** | £ 8,551,857 | | **£ 9,481,813** |

Freehold land and buildings comprises Edward T Wheadon House, which was valued at 31 December 2005 by Lovell & Partners Limited, a firm of estate agents and valuers, at an open market value of £10,600,000.

Costs of £6,375,301 (2005: £5,227,501) associated with the technological migration project are included within computer development costs. Depreciation commenced being charged on these capitalized costs from the end of September 2006, when the new benefit system became operational.

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 8. Investment property

| | 2006 £ | 2005 £ |
|---|---|---|
| At valuation | **£ 10,550,000** | £ 7,900,000 |
| At historic cost | **£ 3,146,034** | £ 3,146,034 |

The freehold property 'Arnold House' was sold on 11 January 2007 for a consideration of £10,550,000 gross of professional fees and disbursements associated with the sale of the property. The investment property has been re-valued as at 31 December 2006 based on the gross sale price.

### 9. Common Investment Fund

| | 2006 £ | 2005 £ |
|---|---|---|
| Overseas equities | **238,898,303** | 233,143,375 |
| United Kingdom equities | **267,408,812** | 185,766,995 |
| Cash and cash equivalents | **18,577,515** | 37,251,568 |
| Fixed income | **38,549,053** | 31,292,730 |
| Alternative investments and hedge funds | **7,804,813** | 7,168,754 |
| | **571,238,496** | 494,623,422 |
| Investments allocated to: | | |
| Guernsey Health Service Fund | **(37,903,511)** | (28,880,933) |
| Long-term Care Insurance Fund | **(18,745,054)** | (10,184,635) |
| | **£ 514,589,931** | £ 455,557,854 |

| Common Investment Fund movements during the year | 2006 £ | 2005 £ |
|---|---|---|
| Market value 1 January 2006 | **494,623,422** | 396,097,157 |
| New monies invested - Guernsey Insurance Fund | **7,500,000** | 7,000,000 |
| New monies invested - Guernsey Health Service Fund | **5,500,000** | 5,000,000 |
| New monies invested – Long-term Care Insurance Fund | **7,000,000** | 3,000,000 |
| Investment income reinvested | **17,682,616** | 12,798,197 |
| Realised profit on disposals reinvested | **30,885,162** | 33,857,926 |
| Movement on unrealised gain on investments | **8,047,296** | 36,870,142 |
| Market value 31 December 2006 | **£ 571,238,496** | £ 494,623,422 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 10. Debtors due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Contributions receivable | **14,057,541** | 13,280,493 |
| Recoveries due from Guernsey Health Service Fund | **993,480** | 2,138,046 |
| Recoveries due from Non Contributory Services | **-** | 473,237 |
| Benefits prepaid | **1,265,744** | 1,313,277 |
| Benefits and allowances recoverable | **140,470** | - |
| Trade debtors | **298,683** | 176,414 |
| Administration expenses prepaid | **118,593** | 83,995 |
| States grant | **99,152** | - |
| | **£ 16,973,663** | £ 17,465,462 |

### 11. Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Contribution payable to Guernsey Health Service Fund | **3,646,900** | 3,737,351 |
| Contributions payable to Long-term Care Insurance Fund | **2,031,348** | 1,895,050 |
| Trade creditors | **1,745,367** | 1,654,673 |
| Recoveries due to Non Contributory Services | **165,917** | - |
| Recoveries due to Long-term Care Insurance Fund | **941,805** | 1,381,879 |
| Bank overdraft | **1,134,816** | 637,265 |
| Other creditors and accruals | **637,050** | 192,322 |
| States grant | **-** | 183,788 |
| | **10,303,203** | £ 9,682,328 |

# States of Guernsey – Guernsey Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 12. Superannuation Fund

The employees of the Social Security 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 8.35% which came in to effect at 1 January 2003. Employees contribute at a rate of 6%.

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 Department has applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer is only required to account for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 were £237,382 (2005: £236,123) of which Guernsey Insurance Fund contributed £149,741 (2005: £150,293) which were all paid during the year.

### 13. Related party transactions

The Department is of the opinion that there have been no disclosable related party transactions with members and senior management in this financial year (2005: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2006 and 2005 is due to transactions with other States entities, except as disclosed in notes 1, 2, 5, 6, 9, 10, 12 and 13.

### 14. Statement of control

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

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Statement of activities and performance
## Year ended 31 December 2006

**Financial highlights**

The overall grant from the States of Guernsey increased by 5.8% to £24.81m (2005:£23.44m) with the increase in benefit expenditure of 7.3% to £23.25m (2005: £21.67m) being partially offset by a 11.7% decrease in administration costs to £1.56m (2005: £1.77m) as a result of reduced computer development costs.

Supplementary benefit expenditure increased by 14.1% to £12.1m (2005: £10.61m) which was attributable to a 4.3% increase in general rate of benefit together with strong demand especially during the first quarter of the year which saw the average number of claimants increase by 6.2 % to 2,102 (2005:1,979).

Special grants continue to increase with expenditure rising during the year by 5.9% to £1.84m (2005: £1.73m). The increase is mainly attributable to a sharp rise of 13.3% in medical treatment charges to £0.96m (2005: £0.85m).

In 2006, family allowance expenditure increased by 3.9% to £8.06m (2005: £7.75m) with the allowance increasing by 4.1% to £12.75 per child per week, with the number of children for whom the benefit was paid marginally down at the year end to 6,822 (2005: 6,859).

Expenditure relating to both attendance allowance and invalid care allowance increased significantly with over a 4% increase in the benefit rates together with increasing demand during the year. Attendance allowance expenditure increased by 6.0 % to £1.38m (2005: £1.30m) with the number of claimants at the year-end increasing by 7.1% to 363 (2005: 339). The average number of claimants during the year, however, only rose by 2.1% to 353 (2005: 346). Similarly, Invalid care allowance expenditure increased significantly, by 8.8% to £0.68m (2005: £0.62m) with the number of claimants at the end of December 2006 up 7.3% to 221 (2005: 206) but with the average number of claimants during the year increasing by only 3.2% to 214 (2005: 207).

Concessionary television licence expenditure increased to just over £482,000, with the annual licence fee increasing by 4% to £131.50 from April 2006 with the number of individuals over the age of 75 issued with a free licence increasing also by around 4%.

The Department 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 Department in recent years has focused its support on pre-school playgroups which provide facilities for underprivileged children. In 2006, however, the charities were all awarded a 2% increase in their grants totalling just under £186,000.

CEPS expenditure increased by 34% to £0.22m (2005: £0.16m) and is attributable to a 4.2% increase in the hourly rate of pay together with a significant increase in the average number of participants on the scheme. The first quarter of the year saw on average 17 participants on the scheme each week, similar to 2005. This figure, however, has steadily grown and by the third quarter there were on average 22 participants on the scheme each week and, on occasions, reaching as many as 26. Additional expenditure has also been incurred with the continuance of the Karabiner scheme and the introduction in the autumn of the 'Get into Decorating' project.

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Activities during 2006**

In common with the position for the contributory benefits, the activities of the Non-contributory services were focussed on maintaining payment of benefits while the development of the new computer systems reached conclusion and moved into the live environment in September 2006.

**Future developments**

In 2007, the Department will merge and rationalize the claims, payment and Job Centre functions of contributory unemployment benefit and non-contributory supplementary benefit for jobseekers.

The Department will investigate the merits of replacing the single benefit limitation applicable to supplementary benefit with a second or multiple benefit limitation which has regard to family composition.

The Department will accelerate the investigation of proposals for a system of income-related family allowance as a possible replacement of the current, flat rate benefit.

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Statistics**

| | No. of claimants as at: | | No. of new cases | |
|---|---|---|---|---|
| | **31.12.06** | 31.12.05 | **2006** | 2005 |
| Family Allowances | **6,822** | 6,859 | **567** | 556 |
| Supplementary Benefit | **2,062** | 2,041 | **1,509** | 2,037 |
| Attendance Allowance | **363** | 339 | **161** | 137 |
| Invalid Care Allowance | **221** | 206 | **99** | 104 |

**Five-year performance**

| | **2006 £** | 2005 £ | 2004 £ | 2003 £ | 2002 £ |
|---|---|---|---|---|---|
| Supplementary Benefit | **12,108,032** | 10,614,263 | 9,756,652 | 8,998,630 | 9,534,565 |
| Family Allowance | **8,055,230** | 7,753,729 | 7,407,343 | 7,111,995 | 6,831,848 |
| Attendance Allowance | **1,375,705** | 1,296,960 | 1,266,670 | 1,164,446 | 1,194,888 |
| Invalid Care Allowance | **674,546** | 619,956 | 610,495 | 562,044 | 539,357 |
| Concessionary television licences | **482,912** | 453,060 | 425,983 | 402,370 | 397,483 |
| Charitable grants | **185,935** | 182,288 | 173,890 | 161,745 | 150,000 |
| Community & Environmental Projects | **218,494** | 162,275 | 102,695 | - | - |
| Medical expenses assistance scheme | **111,232** | 107,501 | 120,448 | 77,112 | 56,199 |
| Travel expenses assistance scheme | **34,053** | 46,319 | 48,391 | 44,738 | 59,181 |

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
Year ended 31 December 2006

**Principal officers**

**Social Security Department**

| | |
|---|---|
| Minister | Deputy Mary Lowe |
| Deputy Minister | Deputy Daniel Le Cheminant |
| Members | Deputy Diane Lewis<br>Deputy Geoff Mahy<br>Deputy Scott Ogier |
| Administrator | Malcolm Nutley |

**Principal officers from March 2007**

**Social Security Department**

| | | |
|---|---|---|
| Minister | Deputy Mary Lowe | (resigned 7 March 2007) |
| Minister | Deputy Diane Lewis | (elected 7 March 2007) |
| Deputy Minister | Deputy Daniel Le Cheminant | (reappointed 14 March 2007) |
| Members | Deputy Geoff Mahy | (resigned 9 March 2007) |
| | Deputy Scott Ogier | |
| | Deputy Bernard Flouquet | (elected 9 March 2007) |
| | Deputy Mark Dorey | (elected 9 March 2007) |
| Administrator | Malcolm Nutley | |

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Statement of responsibilities for the preparation of financial statements

The Social Security Department ("the Department") 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 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 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 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 Non Contributory Services 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'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 Department;
  - 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 Department.

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 an independent external audit by auditors appointed by the States of Guernsey.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the Social Security Department

We have audited the financial statements (the "financial statements") of States of Guernsey – Non Contributory Services for the year ended 31 December 2006 which comprise the Income and expenditure account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of the Department and auditors

The Department is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the Statement of responsibilities for the preparation of financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Non Contributory Services and are properly prepared in accordance with its accounting policies. 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 Statement of activities and performance and 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 International Standards on Auditing (UK and Ireland) 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 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, in accordance with UK Accounting Standards, of the disposition of the net assets of Non Contributory Services as at 31 December 2006 and of it's income and expenditure for the year then ended; and

- have been properly prepared in accordance with its accounting policies.

**KPMG Channel Islands Limited**

*Chartered Accountants*

18 April 2007

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Income and expenditure account

*for the year ended 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Income** | | | | | |
| States Grant | 1 & 2 | **24,807,265** | | 23,438,125 | |
| Bank interest receivable | | **-** | | 508 | |
| **Total income** | | | **24,807,265** | | 23,438,633 |
| **Expenditure** | | | | | |
| Supplementary benefit | 3 | **12,108,032** | | 10,614,263 | |
| Family allowance | | **8,055,230** | | 7,753,729 | |
| Attendance & invalid care allowance | | **2,050,251** | | 1,916,916 | |
| Concessionary television licences | | **482,912** | | 453,060 | |
| Charitable grants | 5 | **185,935** | | 182,288 | |
| Community & environmental projects | | **218,494** | | 162,275 | |
| Medical expenses assistance scheme | | **111,232** | | 107,501 | |
| Travel expenses assistance scheme | | **34,053** | | 46,319 | |
| Special Christmas payment | | **25** | | 50 | |
| Public assistance | | **-** | | 434,679 | |
| | | **23,246,164** | | 21,671,080 | |
| Administration | 6 | **1,672,848** | | 1,890,133 | |
| Recoveries | 7 | **(111,747)** | | (122,580) | |
| | | **1,561,101** | | 1,767,553 | |
| **Total expenditure** | | | **24,807,265** | | 23,438,633 |
| **Operating result for the financial year** | | | **£ -** | | £ - |

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

## Balance sheet
*at 31 December 2006*

| | *Note* | **2006** £ | 2005 £ |
|---|---|---|---|
| **Current assets** | | | |
| Debtors and prepayments | *8* | **834,311** | 757,898 |
| **Creditors: amounts falling due within one year** | *9* | **834,311** | 757,898 |
| **Net current assets** | | **£ -** | £ - |
| **Revenue account** | | **£ -** | £ - |

These financial statements were approved by the Social Security Department on 18 April 2007.

Signed on behalf of the Department

**Diane Lewis**
*Minister*

**M Nutley**
*Administrator*

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## 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 and in accordance with UK applicable accounting standards.

*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 Department 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 £33,653 at 31 December 2006 (2005: £32,119).

**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.

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 3. Supplementary Benefit

| | 2006 £ | 2005 £ |
|---|---|---|
| Benefit and fuel allowance | 9,959,428 | 8,410,696 |
| Special grants (note 4) | 1,837,512 | 1,734,045 |
| Residential and nursing homes | 374,866 | 495,519 |
| UK rehabilitation centres | 15,899 | 29,223 |
| Emergency payments under Public Assistance Law | 210 | - |
| Maintenance recoveries | (79,883) | (55,220) |
| | £ 12,108,032 | £ 10,614,263 |

### 4. Special Grants

| | 2006 £ | 2005 £ |
|---|---|---|
| Medical - Treatment | 957,645 | 845,517 |
| - Dental | 235,342 | 209,965 |
| - Opthalmic | 75,044 | 68,282 |
| - Chiropody | 70,741 | 63,292 |
| - Physiotherapy | 67,309 | 78,247 |
| - Medical sundries | 56,522 | 55,860 |
| - Hearing aids | 33,254 | 40,163 |
| | 1,495,857 | 1,361,326 |
| Handicapped persons | 225,642 | 250,815 |
| Surgical and medical requisites | 51,130 | 59,518 |
| Funeral | 41,673 | 46,662 |
| Exceptional needs | 13,663 | 6,953 |
| Sundries (not medical) | 8,069 | 7,972 |
| Travelling expenses | 1,478 | 799 |
| | £ 1,837,512 | £ 1,734,045 |

### 5. Charitable grants

| | 2006 £ | 2005 £ |
|---|---|---|
| Guernsey Welfare Service Limited (Playgroup) | 46,614 | 45,700 |
| Women's Royal Voluntary Service | 27,006 | 26,476 |
| The Methodist Church (Wesley playgroup) | 26,520 | 26,000 |
| Guernsey Citizens Advice Bureau | 24,868 | 24,352 |
| Relate | 19,818 | 19,429 |
| Guernsey Women's Refuge Limited | 18,631 | 18,266 |
| The Salvation Army (Clifton Community Centre) | 17,742 | 17,422 |
| The Samaritans | 4,736 | 4,643 |
| | £ 185,935 | £ 182,288 |

# States of Guernsey – Non Contributory Services

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 6. Administration

| | 2006 £ | 2005 £ |
|---|---|---|
| Recharged from Guernsey Insurance Fund: | | |
| Salaries and pension costs | **1,024,964** | 971,857 |
| Computer expenses | **208,194** | 475,491 |
| Property expenses and sundries | **162,710** | 186,046 |
| Bank charges | **84,625** | 72,369 |
| | **1,480,493** | 1,705,763 |
| Management and training costs – Community & environmental projects | **139,685** | 115,313 |
| Administration expenses | **29,847** | 39,807 |
| Medical reports | **15,023** | 13,917 |
| Audit fee | **4,500** | 3,750 |
| Repatriation | **3,150** | 11,127 |
| Legal and professional fees | **150** | 456 |
| | **£ 1,672,848** | £ 1,890,133 |

The Guernsey Insurance Fund charged rental on office space of £111,747 (2005: £122,580) to Non Contributory Services, the expenditure being included in property expenses. This rental is paid by the Strategic Property Unit, Treasury and Resources Department as detailed in note 7.

### 7. Recoveries

| | 2006 £ | 2005 £ |
|---|---|---|
| Rent received from the Strategic Property Unit, Treasury and Resources Department | **£ 111,747** | £ 122,580 |

### 8. Debtors and Prepayments

| | 2006 £ | 2005 £ |
|---|---|---|
| Benefits and allowances paid in advance | **668,394** | 757,898 |
| Guernsey Insurance Fund recharges receivable | **165,917** | - |
| | **£ 834,311** | £ 757,898 |

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

## Notes to the financial statements - continued

**9. Creditors: amounts falling due within one year**

| | 2006 £ | 2005 £ |
|---|---|---|
| States grant | **533,085** | - |
| Benefits and allowances payable | **290,736** | 273,936 |
| Other creditors and accruals | **10,490** | 10,725 |
| Guernsey Insurance Fund recharges payable | **-** | 473,237 |
| | **£ 834,311** | £ 757,898 |

**10. Related party transactions**

The Department is of the opinion that there have been no related party transactions with members or senior management in this financial year (2005: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2006 and 2005 is due to transactions with other States entities, except as disclosed in notes 1, 2, 6, 7, 8 and 9.

**11. 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 Social Security Department, who have been appointed by the States of Guernsey.

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance Year ended 31 December 2006

**Financial highlights**

The Fund's operating surplus increased to £3.17m (2005: £2.70m) and with investment income increasing to £1.13m (2005: £0.93m), the overall surplus for the year increased to £4.30m (2005: £3.62m).

Contribution income allocated to the Guernsey Health Service Fund increased by 4.7% to £22.99m (2005: £21.96m) and although the overall increase in contribution income for the year was only 4.5%, strong contribution returns from the self-employed and non-employed increasing by 6.4% and 10.1% respectively helped to bolster contribution income for the year.

The grant received from the States of Guernsey, based on 40% of contribution income also increased by 4.7% to £9.19m (2005: £8.78m).

Overall benefit expenditure increased by 3.49% to £28.20m (2005:£27.25m).

Consultation Grant expenditure increased by 4.5% to £3.40m (2005: £3.26m). Costs relating to the doctors consultation grant rose by just over 4% to £2.95m (2005: £2.83m) with nursing consultation grant costs increasing by 6.9% to £0.45m (2005: £0.42m). As the doctor and nurse consultation grant rates have been fixed at £12 and £6 respectively since 2004, the increase in costs is attributable to higher levels of incapacity recorded during the year.

The Specialist Health Insurance Scheme saw expenditure rise by 5% to £11.38m (2005: £10.84m). Medical specialist costs rose by 4.3% to £10.10m (2005: £9.68m). An additional £48,361 was incurred by the Health Fund's as its proportion of the medical specialists medical defence union subscriptions, otherwise expenditure was in line with the increase in the contract price based on the September 2005 RPI of 3.8%. The average number of whole-time-equivalent consultants employed over the year remained at 37.00, the same as the previous year and the maximum permissible under the contract.

Physiotherapy expenditure increased by 10.5% to £1.32m (2005: £1.20m) and is attributable to a 3.8% increase in the contract price together with increased staffing levels, particularly in the first half of the year. Even though the first six months of 2006 saw average staffing levels rise by 5.8% to 24.10 whole-time-equivalents (2005:22.78), this level is well below the 31.48 whole-time-equivalents permissible under the contract.

The Alderney contract increased by 3.8% to £53,017 (2005: £51,075) in line with the increase in the contract price based on the September 2005 RPI.

Initiatives introduced by the prescribing support unit, including the strict control of new entries to the white-list, increased generic prescribing and reduced wastage are having a favourable impact on the Health Fund with drug expenditure for the year increasing by only 2% to £13.41m (2005: £13.15m). Although the number of items prescribed during the year increased by 5.3% to 1.19m (2005: 1.13m), the reduction in 30-day prescriptions to 28 days partly accounts for the increase.

Overall administration expenditure increased by 2.6% to £0.81m (2005: £0.79m).

With the operating surplus nearly £0.5m up on the previous year with investing activities adding a further £3.53m (2005: £3.98m) to reserves, at the year-end total reserves increased to £40.62m (2005: £33.92m) with expenditure cover up from 14.5 months to 16.8 months.

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Financial highlights - continued**

From August 2005, the investment portfolios of the Guernsey Insurance Fund, Guernsey Health Service Fund and Long-term Care Insurance Fund were combined to form the Common Investment Fund. At 31 December 2006 this Fund was valued at £571m (2005: £495m) for the year and enjoyed returns in excess of 11% in real terms.

The Guernsey Health Service Fund's allocation of the Common Investment Fund at the year-end was valued at £37.90m (2005:£28.88m).

**Activities during the Year**

The pharmaceutical service remained the focus of activity for the year, with the Department continuing its drive for cost-effective prescribing. The Department undertook a publicity campaign, based on material produced for the NHS, to cut down on unnecessary use of antibiotics. This campaign proved most successful and, accompanied by other initiatives, led to a reduction of £70,000 in the cost of prescriptions for antibiotics.

The Department also worked with the prescribing doctors to increase levels of generic prescribing instead of brand names, both generally and for specific items. Fifteen drugs were identified where the doctors agreed that they could prescribe in at least 95% of cases in the generic form and undertook to achieve this by the end of March 2007. By the end of 2006, the target levels had already been met for some of the drugs and satisfactory progress made on the remainder. This initiative should save at least £200,000 per year.

**Future Activities**

In 2007, there will be a focus of activity on the contracts with healthcare providers that constitute the specialist health insurance scheme. The fifteen year contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group reach contractual review points at the end of 2007. This means that the Social Security Department, the Health and Social Services Department and the healthcare providers will need to agree, before the end of 2007, any revisions to the scope of services for the next five years. This is a major exercise for all parties.

On a smaller scale, the health insurance scheme contract with the Alderney General practitioners expires at the end of 2007. The Department has served notice that it does not wish to renew the contract in its current form and will, during 2007, be discussing a revised scope of services and means of provision with the Alderney doctors.

# States of Guernsey –
# Guernsey Health Service Fund

**Controlled and managed by the**
**Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

### Statistics

### Drugs and medicines

| | Ordinary Prescriptions | Exempt prescriptions | Total prescriptions | Average basic cost (£) |
|---|---|---|---|---|
| **Drugs & Medicines** | | | | |
| **2006** | 537,139 | 651,644 | 1,188,783 | 10.25 |
| **2005** | 519,796 | 608,672 | 1,128,468 | 10.63 |
| % Change | 3.3% | 7.1% | 5.3% | (3.6%) |
| **Appliances** | | | | |
| **2006** | 1,385 | 4,699 | 6,084 | 57.3 |
| **2005** | 1,077 | 3,951 | 5,028 | 62.24 |
| % Change | 28.6% | 18.9% | 21.0% | (7.9%) |

### Specialist Health Insurance Scheme

| Medical Specialist Group | Inpatient & Day Case episodes | Outpatient Appointments | | |
|---|---|---|---|---|
| | | New | Follow-up | Total |
| **2006** | 11,423 | 15,457 | 23,272 | 38,729 |
| **2005** | 12,419 | 15,689 | 23,546 | 39,235 |
| % increase/(decrease) | (8.0%) | (1.5%) | (1.2%) | (1.3%) |

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued Year ended 31 December 2006

**Statistics - continued**

**Consultation grants**

| | Guernsey | Alderney | Total |
|---|---|---|---|
| **2006** | | | |
| Doctor | 232,661 | 11,822 | **244,483** |
| Nurse | 72,000 | 3,156 | **75,156** |
| Total | 304,661 | 14,978 | **319,639** |
| **2005** | | | |
| Doctor | 226,351 | 12,078 | **238,429** |
| Nurse | 69,434 | 816 | **70,250** |
| Total | 295,785 | 12,894 | **308,679** |
| % increase / (decrease) | 3.0% | 16.2% | **3.6%** |

**Contribution rates**

| | **2006** | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| **Employers** | **1.4%** | 1.4% | 1.4% | 1.4% | 1.3% |
| **Employed** | | | | | |
| Full rate | **1.4%** | 1.4% | 1.4% | 1.4% | 1.3% |
| Reduced rate | **-** | - | - | 1.4% | 1.3% |
| **Self-employed** | **2.8%** | 2.8% | 2.8% | 2.8% | 2.6% |
| **Non-employed** | | | | | |
| Full rate | **2.8%** | 2.8% | 2.8% | 2.8% | 2.6% |
| Over 65s | **1.2%** | 1.2% | 1.2% | 1.2% | 1.0% |

Following gender equality reforms, the reduced percentage rate contributions available to married women were abolished, all contributors paying at the full percentage rate applicable for their classification from 2004.

# States of Guernsey –
# Guernsey Health Service Fund

**Controlled and managed by the**
**Social Security Department**

## Statement of activities and performance – continued
## Year ended 31 December 2006

**Statistics - continued**

**Five-year performance**

| | **2006** **£** | 2005 £ | 2004 £ | 2003 £ | 2002 £ |
|---|---|---|---|---|---|
| **Benefits** | | | | | |
| Drugs and medicines | **13,418,056** | 13,154,360 | 13,599,307 | 12,725,944 | 11,858,910 |
| % annual increase | **2.00%** | -3.3% | 6.9% | 7.3% | 6.3% |
| **Income & Expenditure** | | | | | |
| Income | **32,180,259** | 30,738,191 | 29,215,520 | 27,619,661 | 23,782,886 |
| Expenditure | **29,012,807** | 28,041,806 | 27,431,214 | 24,971,938 | 21,549,288 |
| Operating surplus | **3,167,452** | 2,696,385 | 1,784,306 | 2,647,723 | 2,233,598 |
| **Investment Performance** | | | | | |
| Investment Income | **1,123,751** | 928,165 | 779,065 | 673,286 | 603,603 |
| Realised gains/(losses) | **1,966,512** | 649,817 | - | - | - |
| Unrealised gains/(losses) | **442,063** | 2,399,124 | 784,129 | 536,760 | (704,008) |
| Total Return on investments | **3,532,326** | 3,977,106 | 1,563,194 | 1,210,046 | (100,405) |
| **Common Investment Fund** | | | | | |
| Allocation at market value | **37,903,511** | 28,880,933 | 20,189,824 | 15,146,121 | 13,426,594 |
| **Expenditure cover** | | | | | |
| Reserves | **40,621,143** | 33,921,365 | 27,247,874 | 23,900,374 | 20,042,605 |
| Expenditure | **29,012,807** | 28,041,806 | 27,431,214 | 24,971,938 | 21,549,288 |
| Number of months cover | **16.8** | 14.5 | 11.9 | 11.5 | 11.2 |

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Principal officers during 2006**

**Social Security Department**

| | |
|---|---|
| Minister | Deputy Mary Lowe |
| Deputy Minister | Deputy Daniel Le Cheminant |
| Members | Deputy Diane Lewis<br>Deputy Geoff Mahy<br>Deputy Scott Ogier |
| Administrator | Malcolm Nutley |

**Principal officers from March 2007**

**Social Security Department**

| | | |
|---|---|---|
| Minister | Deputy Mary Lowe | (resigned 7 March 2007) |
| Minister | Deputy Diane Lewis | (elected 7 March 2007) |
| Deputy Minister | Deputy Daniel Le Cheminant | (reappointed 14 March 2007) |
| Members | Deputy Geoff Mahy | (resigned 9 March 2007) |
| | Deputy Scott Ogier | |
| | Deputy Bernard Flouquet | (elected 9 March 2007) |
| | Deputy Mark Dorey | (elected 9 March 2007) |
| Administrator | Malcolm Nutley | |

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Statement of responsibilities for the preparation of financial statements

The Social Security Department ("the Department") 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 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 Guernsey Health Service Fund and enable them to ensure that the financial statements comply with Section 101 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 Department 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 Department is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Department'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 Department;
  - 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 Department and the States of Guernsey;
- a regular review of the performance and security of the Guernsey Health Service Fund by the Department 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 Department.

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 an independent external audit by auditors appointed by the States of Guernsey.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the Social Security Department

We have audited the financial statements (the "financial statements") of States of Guernsey – Guernsey Health Service Fund for the year ended 31 December 2006 which comprise the Fund account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of the Department and auditors

The Department is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the Statement of responsibilities for the preparation of financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 Statement of activities and performance and 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 International Standards on Auditing (UK and Ireland) 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 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, in accordance with UK Accounting Standards, of the disposition of the net assets of the Guernsey Health Service Fund's as at 31 December 2006 and of it's surplus for the year then ended; and

- have been properly prepared in accordance with its accounting policies.

**KPMG Channel Islands Limited**

*Chartered Accountants*

18 April 2007

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Fund account

*for the year ended 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Contributions allocated | *1* | **22,985,900** | | 21,955,851 | |
| States grant | *1* | **9,194,359** | | 8,782,340 | |
| | | | **32,180,259** | | 30,738,191 |
| **Expenditure** | | | | | |
| Drugs and medicines | *2* | **13,418,056** | | 13,154,360 | |
| Specialist Health Insurance Scheme | *3* | **11,380,612** | | 10,840,375 | |
| Consultation grants | | **3,402,544** | | 3,256,399 | |
| Administration | *4* | **811,595** | | 790,672 | |
| | | | **29,012,807** | | 28,041,806 |
| **Operating surplus for the year** | | | **3,167,452** | | 2,696,385 |
| **Investing activities** | | | | | |
| Income from Common Investment Fund | *1* | **1,071,821** | | 721,408 | |
| Interest on Short term deposits | | **51,930** | | 206,757 | |
| Realised profit on disposal | | **1,966,512** | | 649,817 | |
| Movement in unrealised gain on investment | | **442,063** | | 2,399,124 | |
| | | | **3,532,326** | | 3,977,106 |
| **Net surplus in the fund during the year** | | | **6,699,778** | | 6,673,491 |
| Net assets of the fund at 1 January | | | **33,921,365** | | 27,247,874 |
| **Net assets of the fund at 31 December** | | | **£ 40,621,143** | | £ 33,921,365 |

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Balance sheet

*at 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Common Investment Fund allocation | *1* | | **37,903,511** | | 28,880,933 |
| **Current assets** | | | | | |
| Debtors and prepayments | *5* | **3,691,688** | | 3,737,520 | |
| Balances with States Treasury | | **50,553** | | 3,528,941 | |
| | | **3,742,241** | | 7,266,461 | |
| **Creditors: amounts falling due within one year** | *6* | **1,024,609** | | 2,226,029 | |
| **Net current assets** | | | **2,717,632** | | 5,040,432 |
| **Total net assets** | | | **£ 40,621,143** | | £ 33,921,365 |
| **Reserves** | | | **£ 40,621,143** | | £ 33,921,365 |

The financial statements were approved by the Social Security Department on 18 April 2007.

Signed on behalf of the Department

**Diane Lewis**
*Minister*

**M Nutley**
*Administrator*

# States of Guernsey –
# Guernsey Health Service Fund

**Controlled and managed by the**
**Social Security Department**

## 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 UK applicable 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 2006 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 grant is 40%.

*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 2005 and was published in the Billet D'État VI, 2007.

*Common Investment Fund*
From August 2005, the investment portfolio of the Guernsey Health Service Fund was amalgamated with the other Funds of the Department to form the Common Investment Fund.

*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 Social Security Department**

## 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 Department 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

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Drugs and medicines | **14,081,433** | 13,798,928 |
| Appliances | **430,596** | 381,071 |
| Oxygen service | **228,394** | 206,468 |
| | **14,740,423** | 14,386,467 |
| Prescription charges receivable | **(1,313,751)** | (1,220,467) |
| Health and Social Security Department- reciprocal Treatment | **(8,616)** | (11,640) |
| | **£ 13,418,056** | £ 13,154,360 |

### 3. Specialist Health Insurance Scheme

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Specialist medical benefit | **10,100,823** | 9,684,573 |
| Physiotherapy benefit | **1,321,604** | 1,196,531 |
| Alderney hospital benefit | **53,017** | 51,075 |
| Health and Social Security Department recoveries | **(94,832)** | (91,804) |
| | **£ 11,380,612** | £ 10,840,375 |

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

## Notes to the financial statements - continued

### 3. Specialist Health Insurance Scheme - continued

The States of Guernsey entered into new contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group from 1 January 2003. These contracts are for 15 year terms with major reviews after each 5 year period.

The contract with the Medical Specialist Group, which includes ophthalmology, is based on a per-consultant contracted price basis of £231,818. This fee is 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 contract price for 2006 was increased by 3.8% to £271,692 (2005: £261,745).

The 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 Health and Social Security Department physiotherapy services. The contract price was increased by 3.8% in 2006.

The contract for Alderney hospital benefit is based on a contract price of £47,000. This fee is adjusted annually commencing on 1 January 2004 and on 1 January of each successive year to take account of any increase or decrease in the Guernsey RPI. The contract price for 2006 was increased by 3.8% to £53,017 (2005: £51,075).

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

| | **2006** | 2005 |
|---|---|---|
| | **£** | £ |
| Recharged from Guernsey Insurance Fund: | | |
| Salaries and pension costs | **247,421** | 244,846 |
| Computer expenses | **115,175** | 102,762 |
| Property expenses and sundries | **42,993** | 49,788 |
| | **405,589** | 397,396 |
| Health and Social Security Department charges | **167,314** | 161,197 |
| Prescription pricing fees | **168,765** | 159,943 |
| Administration expenses | **47,849** | 51,517 |
| Actuarial fees | **17,878** | - |
| Legal and professional fees | **-** | 16,619 |
| Audit fee | **4,200** | 3,750 |
| Auditors' fees for other services | **-** | 250 |
| | **£ 811,595** | £ 790,672 |

# States of Guernsey – Guernsey Health Service Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements – continued

**5. Debtors and prepayments**

| | 2006 £ | 2005 £ |
|---|---|---|
| Contributions due from the Guernsey Insurance Fund | **3,646,899** | 3,737,351 |
| States grant | **44,360** | - |
| Benefits prepaid | **429** | 169 |
| | **£ 3,691,688** | £ 3,737,520 |

**6. Creditors: amounts falling due within one year**

| | 2006 £ | 2005 £ |
|---|---|---|
| States grant | - | 17,660 |
| Other creditors and accruals | **31,129** | 70,323 |
| Guernsey Insurance Fund recharges payable | **993,480** | 2,138,046 |
| | **£ 1,024,609** | £ 2,226,029 |

**7. Related party transactions**

The Department is of the opinion that there have been no disclosable related party transactions with members and senior management in this financial year (2005: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2006 and 2005 is due to transactions with other States entities, except as disclosed in notes 1, 2, 3, 4, 5, and 6.

**8. Statement of control**

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

# States of Guernsey –
# Long-term Care Insurance Fund

**Controlled and managed by the**
**Social Security Department**

## Statement of activities and performance
## Year ended 31 December 2006

### Financial highlights

The Long-term Care Insurance Fund recorded an operating surplus of £3.53m (2005: £3.93m) with additional income from invested funds of £0.55m (2005: £0.31m).

During the year, contribution income increased by 5.1% to £12.12m (2005: £11.53m). Although the economy remains buoyant, contribution growth does show signs of slowing compared with recent years. However, the number of contributors over 65 is increasing.

Overall benefit expenditure increased by 11.8% to £9.92m (2005: £8.87m). Increased numbers of nursing care beds attributed mainly to the overall increase in expenditure, with a 23.14% increase in costs to £4.85m (2005: £3.94m). The extra beds were partly a result of new provision and partly a result of a change of status from residential to nursing in respect of some existing provision. Residential care benefit increased by 2.58% to £4.84m (2005: £4.72m).

Although the operating surplus was £0.4m down on the previous year, investing activities added a further £0.55m (2005: £0.31m) to reserves and at the year-end total reserves increased to £21.74m (2005: £16.60m) with expenditure cover up from 1.8 years to 2.2.

From August 2005, the investment portfolios of the Guernsey Insurance Fund, Guernsey Health Service Fund and Long-term Care Insurance Fund were combined to form the Common Investment Fund. At 31 December 2006 this Fund was valued at £571m (2005: £495m) for the year and enjoyed returns in excess of 11% in real terms.

The Long-term Care Insurance Fund's allocation of the Common Investment Fund was valued at the year-end at £18.75m (2005:£10.18m).

### Activities during 2006

In 2006, the Department commissioned the first actuarial review of the Long-term Care Insurance scheme. As required by the Long-term Care Insurance (Guernsey) Law, 2002, the review covered the first 3 years of operation on the Law, from 2003 to 2005, inclusive. The review was published as an Appendix to Billet d'Etat VI of 2007.

### Future developments

There are no developments of the long-term care insurance scheme planned for 2007. The Department will, however, continue to keep abreast of developments taking place in other sectors of long-term care in Guernsey and Alderney, in particular the new, very sheltered housing provision and the services for people suffering from elderly mental infirmity.

# States of Guernsey –
# Long-term Care Insurance Fund

**Controlled and managed by the**
**Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Statistics**

| No. of Claimants | As at 31.12.06 | As at 31.12.05 | As at 31.12.04 | As at 31.12.03 |
|---|---|---|---|---|
| Residential grant-permanent | **297** | 300 | 301 | 305 |
| Nursing grant-permanent | **176** | 138 | 126 | 111 |
| **TOTAL** | **473** | 438 | 427 | 416 |

**Contribution rates**

| Contribution Classification | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|
| Employed - Full rate | **1.4%** | 1.4% | 1.4% | 1.4% |
| Self-employed | **1.4%** | 1.4% | 1.4% | 1.4% |
| Non-employed | **1.4%** | 1.4% | 1.4% | 1.4% |

# States of Guernsey – Long-term Care Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Four-year performance**

| | **2006 £** | 2005 £ | 2004 £ | * 2003 £ |
|---|---|---|---|---|
| **Benefit (permanent care)** | | | | |
| Residential home | **4,840,833** | 4,719,150 | 4,496,722 | 2,958,814 |
| Nursing home | **4,849,826** | 3,938,414 | 3,525,821 | 2,247,309 |
| **Benefit (respite care)** | | | | |
| Residential home | **134,924** | 136,533 | 95,180 | 62,455 |
| Nursing home | **92,810** | 80,338 | 120,633 | 58,532 |
| **Income & Expenditure** | | | | |
| Income | **13,575,910** | 12,912,536 | 12,388,232 | 11,428,417 |
| Expenditure | **10,044,592** | 8,984,263 | 8,346,657 | 5,432,915 |
| Operating surplus | **3,531,318** | 3,928,273 | 4,041,575 | 5,995,502 |
| **Investment performance** | | | | |
| Investment income | **549,660** | 314,263 | 142,637 | 87,797 |
| Realised gains/(losses) | **905,546** | 397,153 | - | - |
| Unrealised gains/(losses) | **153,099** | 1,079,485 | 612,227 | (1,747) |
| Total return on investments | **1,608,305** | 1,790,901 | 754,864 | 86,050 |
| **Common Investment Fund** | | | | |
| Allocation at market value | **18,745,054** | 10,184,635 | 5,610,481 | 1,748,253 |
| **Expenditure cover** | | | | |
| Reserves | **21,736,788** | 16,597,165 | 10,877,991 | 6,081,552 |
| Expenditure | **10,044,592** | 8,984,263 | 8,346,657 | 5,432,915 |
| Number of years cover | **2.2** | 1.9 | 1.3 | 1.1 |

* Contribution income was collected for the whole of 2003, whereas benefit was only paid for three-quarters of the year from 4 April.

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

## Statement of activities and performance - continued
## Year ended 31 December 2006

**Principal officers**

**Social Security Department**

| | |
|---|---|
| Minister | Deputy Mary Lowe |
| Deputy Minister | Deputy Daniel Le Cheminant |
| Members | Deputy Diane Lewis<br>Deputy Geoff Mahy<br>Deputy Scott Ogier |
| Administrator | Malcolm Nutley |

**Principal officers from March 2007**

**Social Security Department**

| | | |
|---|---|---|
| Minister | Deputy Mary Lowe | (resigned 7 March 2007) |
| Minister | Deputy Diane Lewis | (elected 7 March 2007) |
| Deputy Minister | Deputy Daniel Le Cheminant | (reappointed 14 March 2007) |
| Members | Deputy Geoff Mahy | (resigned 9 March 2007) |
| | Deputy Scott Ogier | |
| | Deputy Bernard Flouquet | (elected 9 March 2007) |
| | Deputy Mark Dorey | (elected 9 March 2007) |
| Administrator | Malcolm Nutley | |

# States of Guernsey – Long-term Care Insurance Fund

**Controlled and managed by the Social Security Department**

## Statement of responsibilities for the preparation of financial statements

The Social Security Department ("the Department") 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 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 Long-term Care Insurance Fund and enable them to ensure that the financial statements comply with Section 101A 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 Department 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 Department is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

The Department'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 Department;
  - 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 Department and the States of Guernsey;
- a regular review of the performance and security of the Long-term Care Insurance Fund by the Department;
- 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 Department.

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 an independent external audit by auditors appointed by the States of Guernsey.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the Social Security Department

We have audited the financial statements (the "financial statements") of States of Guernsey – Long-term Care Insurance Fund for the year ended 31 December 2006 which comprise the Fund account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of the Department and auditors

The Department is responsible for preparing the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the Statement of responsibilities for the preparation of financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 Statement of activities and performance and 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 International Standards on Auditing (UK and Ireland) 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 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, in accordance with UK Accounting Standards, of the disposition of the net assets of the Long-term Care Insurance Fund's as at 31 December 2006 and of it's surplus for the year then ended; and

- have been properly prepared in accordance with its accounting policies.

**KPMG Channel Islands Limited**

*Chartered Accountants*

18 April 2007

# States of Guernsey – Long-term Care Insurance Fund

**Controlled and managed by the Social Security Department**

## Fund account

*for the year ended 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Contributions allocated | *1* | **12,121,348** | | 11,529,050 | |
| States grant | *1* | **1,454,562** | | 1,383,486 | |
| | | | **13,575,910** | | 12,912,536 |
| **Expenditure** | | | | | |
| Benefits payable | *1,2* | **9,918,393** | | 8,874,435 | |
| Administration expenses | *3* | **126,199** | | 109,828 | |
| | | | **10,044,592** | | 8,984,263 |
| **Operating surplus for the year** | | | **3,531,318** | | 3,928,273 |
| **Investing activities** | | | | | |
| Income from Common Investment Fund | *1* | **482,673** | | 111,258 | |
| Interest on short term deposits | | **64,888** | | 203,005 | |
| Rebate from fund managers | | **2,099** | | - | |
| Realised profit on disposal | | **905,546** | | 397,153 | |
| Movement in unrealised gain on investments | | **153,099** | | 1,079,485 | |
| | | | **1,608,305** | | 1,790,901 |
| **Net surplus in the fund during the Year** | | | **5,139,623** | | 5,719,174 |
| Net assets of the fund at 1 January | | | **16,597,165** | | 10,877,991 |
| **Net assets of the fund at 31 December** | | | **£ 21,736,788** | | £ 16,597,165 |

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

## Balance sheet
*at 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Common Investment Fund allocation | *1* | | **18,745,054** | | 10,184,635 |
| **Current assets** | | | | | |
| Debtors and prepayments | *4* | **2,973,153** | | 3,276,929 | |
| Balances with States Treasury | | **41,993** | | 3,167,753 | |
| | | **3,015,146** | | 6,444,682 | |
| **Creditors: amounts falling due within one year** | *5* | **(23,412)** | | (32,152) | |
| **Net current assets** | | | **2,991,734** | | 6,412,530 |
| **Total net assets** | | | **£ 21,736,788** | | £ 16,597,165 |
| **Reserves** | | | **£ 21,736,788** | | £ 16,597,165 |

The financial statements were approved by the Social Security Department on 18 April 2007.

Signed on behalf of the Department

**Diane Lewis**
*Minister*

**M Nutley**
*Administrator*

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

## 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 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 2006.

*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%.

*Long-term Care Insurance Fund*

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. The inaugural review was for three years to 31 December 2005 and was published in the Billet D'État VI, 2007.

*Benefits payable*

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 revenue account over the period during which the Department 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 balance sheet at mid-market prices ruling at the balance sheet date.

*Common Investment Fund*

From August 2005, the investment portfolio of the Long-term Care Insurance Fund was combined with other Funds of the Department to form the Common Investment Fund.

# States of Guernsey – Long-term Care Insurance Fund

**Controlled and managed by the Social Security Department**

## Notes to the financial statements - continued

### 1. Accounting policies - continued

*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.

### 2. Benefits payable

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| Residential home care benefit | | | | |
| Permanent | **4,840,833** | | 4,719,150 | |
| Respite care | **134,924** | | 136,533 | |
| | | **4,975,757** | | 4,855,683 |
| Nursing home care benefit | | | | |
| Permanent | **4,849,826** | | 3,938,414 | |
| Respite care | **92,810** | | 80,338 | |
| | | **4,942,636** | | 4,018,752 |
| | | **£ 9,918,393** | | £ 8,874,435 |

### 3. Administration expenses

| | 2006 | 2005 |
|---|---|---|
| | **£** | £ |
| Recharged from Guernsey Insurance Fund: | | |
| Salaries and pension costs | **87,095** | 89,935 |
| Computer expenses | **7,678** | 6,851 |
| Property expenses and sundries | **7,794** | 8,542 |
| | **102,567** | 105,328 |
| Actuarial fees | **19,432** | - |
| Audit fee | **4,200** | 3,750 |
| Administration expenses | **-** | 750 |
| | **£ 126,199** | £ 109,828 |

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

## Notes to the financial statements - continued

### 4. Debtors and prepayments

| | 2006 £ | 2005 £ |
|---|---|---|
| Share of contributions due from Guernsey Insurance Fund | **2,031,348** | 1,895,050 |
| Recharge due from Guernsey Insurance Fund | **941,805** | 1,381,879 |
| | **£ 2,973,153** | £ 3,276,929 |

### 5. Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Other creditors and accruals | **3,944** | 5,638 |
| States grant | **19,468** | 26,514 |
| | **£ 23,412** | £ 32,152 |

### 6. Related party transactions

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

Of the Department's annual income and expenditure, less than 20% of their respective value for 2006 and 2005 is due to transactions with other States entities, except as disclosed in notes 1, 3, 4 and 5.

### 7. Statement of control

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

# INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF THE LADIES' COLLEGE, GUERNSEY

We have audited the financial statement of The Ladies' College for the year ended 31 August 2006. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out in note 1 and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 of Governors and auditors**

The Board of Governors 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 of Governors 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 of Governors 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 International Standards on Auditing (UK and Ireland) 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 Governors 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 2 to the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the College's affairs as at 31 August 2006 and of its surplus for the year then ended.

BDO NOVUS LIMITED

CHARTERED ACCOUNTANTS
Elizabeth House, Ruette Braye, St Peter Port, Guernsey

24 JANUARY 2007

..............................................................

**THE LADIES' COLLEGE, GUERNSEY**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 AUGUST 2006**

| | Note | | | | 2005 |
|---|---|---|---|---|---|
| **INCOME** | 3 | | | | |
| States grant | | | 679,300 | | 701,001 |
| States contribution to staff superannuation | | | 241,625 | | 220,699 |
| Fees receivable : | | | | | |
| - special place holders | | 612,560 | | 557,140 | |
| - fee payers | | 1,668,993 | | 1,476,776 | |
| | | | 2,281,553 | | 2,033,916 |
| Lunchtime supervision | | | 9,792 | | 9,701 |
| Bank interest received | | | 38,861 | | 14,403 |
| Student registration fees | | | 7,080 | | 5,825 |
| Miscellaneous income | | | 19,128 | | 12,909 |
| | | | 3,277,339 | | 2,998,454 |
| **EXPENDITURE** | | | | | |
| School expenditure | | | (2,971,110) | | (2,958,743) |
| **OPERATING SURPLUS FOR THE YEAR** | 3 | | 306,229 | | 39,711 |
| **TRANSFER TO MAINTENANCE RESERVE** | 4 | | (250,000) | | - |
| **RETAINED SURPLUS FOR THE YEAR** | | | £ 56,229 | | £ 39,711 |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

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

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

The notes 1 to 9 form an integral part of these financial statements.

**THE LADIES' COLLEGE, GUERNSEY**

**BALANCE SHEET**

**31 AUGUST 2006**

| | Note | | | | **2005** |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Stock of uniforms and student equipment | | | 17,505 | | 18,943 |
| Debtors | 5 | | 7,295 | | 9,919 |
| Bank balances | | | 956,302 | | 597,913 |
| Cash in hand | | | 135 | | 109 |
| | | | 981,237 | | 626,884 |
| **CURRENT LIABILITIES** | | | | | |
| Creditors | 6 | 109,553 | | 137,502 | |
| Fees re Autumn Term received in advance | | 215,534 | | 139,461 | |
| | | | (325,087) | | (276,963) |
| **NET CURRENT ASSETS** | | | £ 656,150 | | £ 349,921 |
| **REPRESENTED BY:-** | | | | | |
| Reserves | 7 | | £ 656,150 | | £ 349,921 |

**APPROVED ON BEHALF OF THE BOARD OF GOVERNORS**

WILLIAM M BELL
.........................................
Chairman

24 JANUARY 2007
Date .........................................

The notes 1 to 9 form an integral part of these financial statements.

# THE LADIES' COLLEGE, GUERNSEY

## NOTES TO THE FINANCIAL STATEMENTS

## 31 AUGUST 2006

### 1. ACCOUNTING POLICIES

#### (a) CONVENTION

These financial statements have been prepared under the historical cost convention and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005). The principal accounting policies which the Board of Governors 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) STOCK

Stock of uniforms and student equipment is stated at the lower of cost and estimated net realisable value after making due provision for damaged, obsolete and slow moving items.

#### (d) INCOME RECOGNITION

Student registration fees and miscellaneous income are recognised on receipt. All other income is recognised on an accruals basis.

### 2. APB ETHICAL STANDARD – PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other organisations of its size and nature the College uses its auditors to assist with the preparation of the financial statements.

### 3. INCOME AND OPERATING SURPLUS FOR THE YEAR

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

### 4. MAINTENANCE RESERVE

The Board of Governors has resolved to set aside funds to meet :

i) maintenance expenditure to which the College is committed at 31 August 2006;
ii) maintenance needs which have been deferred; and
iii) anticipated future maintenance needs.

# THE LADIES' COLLEGE, GUERNSEY

## NOTES TO THE FINANCIAL STATEMENTS

## 31 AUGUST 2006

### 5. DEBTORS

| | | 2005 |
|---|---|---|
| Fees receivable | 1,613 | - |
| Other debtors | - | 9,919 |
| Accrued income | 5,682 | - |
| | £ 7,295 | £ 9,919 |

### 6. CREDITORS

| | | |
|---|---|---|
| School and administrative expenses | £ 109,553 | £ 137,502 |

### 7. RESERVES

| | Income & Expenditure Account | Maintenance Reserve | Total |
|---|---|---|---|
| Balance at 1 September 2005 | 349,921 | - | 349,921 |
| Retained surplus for the year | 56,229 | - | 56,229 |
| Transfer from income and expenditure account | - | 250,000 | 250,000 |
| Balance at 31 August 2006 | £ 406,150 | £ 250,000 | £ 656,150 |

### 8. 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.

### 9. 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 2006

| | Upper School | Lower School | Total | 2005 Total |
|---|---|---|---|---|
| **INCOME** | | | | |
| States grant | 679,300 | - | 679,300 | 701,001 |
| States contribution to staff superannuation | 199,723 | 41,902 | 241,625 | 220,699 |
| Fees receivable | 1,675,005 | 606,548 | 2,281,553 | 2,033,916 |
| Lunchtime supervision | - | 9,792 | 9,792 | 9,701 |
| Student registration fees | 3,542 | 3,538 | 7,080 | 5,825 |
| Bank interest received | 25,907 | 12,954 | 38,861 | 14,403 |
| Miscellaneous income | 10,903 | 8,225 | 19,128 | 12,909 |
| | 2,594,380 | 682,959 | 3,277,339 | 2,998,454 |
| **EXPENDITURE** | | | | |
| Teachers' salaries | 1,630,860 | 395,019 | 2,025,879 | 1,921,521 |
| Staff training | 3,976 | 608 | 4,584 | 6,470 |
| Staff recruitment and relocation | 11,273 | - | 11,273 | 11,231 |
| Staff superannuation | 199,723 | 41,902 | 241,625 | 220,699 |
| Office and administration salaries | 85,294 | 45,927 | 131,221 | 126,294 |
| Maintenance salaries | 96,288 | 37,547 | 133,835 | 118,058 |
| Books, stationery and other teaching materials | 67,872 | 22,030 | 89,902 | 103,278 |
| Laboratory and design and technology | 20,623 | - | 20,623 | 21,580 |
| Sports and expedition | 19,098 | 1,594 | 20,692 | 19,489 |
| Examination fees | 42,908 | - | 42,908 | 46,320 |
| Electricity, oil, gas, water and telephone | 39,274 | 9,937 | 49,211 | 42,060 |
| Rates, taxes and insurance | 15,569 | 5,562 | 21,131 | 23,850 |
| Routine maintenance of buildings, grounds and equipment | 87,233 | 25,207 | 112,440 | 181,619 |
| Fixed asset acquisition costs | 41,449 | 4,717 | 46,166 | 69,839 |
| General administrative expenses | 14,698 | 1,927 | 16,625 | 43,585 |
| Audit fee | 2,995 | - | 2,995 | 2,850 |
| | 2,379,133 | 591,977 | 2,971,110 | 2,958,743 |
| **OPERATING SURPLUS FOR THE YEAR** | £ 215,247 | £ 90,982 | £ 306,229 | £ 39,711 |

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Statement of activities and performance

*Year ended 31 December 2006*

**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 recreational), indoor sports (squash, badminton, football etc.) and 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**

| | **2006** | 2005 |
|---|---|---|
| | **£'000** | £'000 |
| **Operating income** | | |
| Sports | **849** | 877 |
| Health and fitness | **1,034** | 1,026 |
| Entertainment | **507** | 453 |
| Trading areas | **446** | 477 |
| **Total operating income** | **2,836** | 2,833 |
| Total operating expenditure (excluding depreciation) | **3,587** | 3,621 |
| **Operating deficit on ordinary activities (excluding depreciation)** | **(751)** | (788) |

**Operational performance**

The operating deficit figure recorded for the period was £37,000 lower than 2005. A saving of £34,000 on operating expenditure accounted for most of the overall reduction.

Memberships income increased by £27,000 (2.8%) in 2006. A busy programme of events resulted in an increase of £54,000 (11.8%) in Entertainment income. Relatively small reductions in income in a number of areas accounted for the overall drop in Sports income. Trading Areas income was also down, although most of the shortfall was offset by a £24,000 reduction in staff costs.

Direct costs increased by £64,000 (3.1%) in 2006. Salaries & wages were £41,000 (2.7%) higher than in 2005, an increase below RPI levels.

The reduction of Central Services costs of £98,000 (6.4%) was the most significant contributing factor to the overall reduction in the operating deficit. Salaries & wages accounted for £92,000 of the saving, as a result of not filling vacant posts arising in finance, administration, technical and cleaning.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Statement of activities and performance - continued

*Year ended 31 December 2006*

**Other matters**

Beau Sejour remains committed to the Quest quality scheme. The Quest Scheme is supported by Sport England, with only around 500 facilities in the UK accredited out of a total of around 3,000. The Centre's next Quest assessment is scheduled for March 2007.

The Health & Safety partnership with DC Leisure Management Limited has been retained, with the Centre continuing to benefit from DC Leisure's experience in this field.

Investment in equipment replacement (in areas such as gymnasium equipment) and buildings maintenance (for example, replacement of the concourse roof) continues on a rolling programme basis.

**Board members and principal offers**

Board Members as at 31 December 2006 were:

Deputy P Sirett – Minister
Deputy C Le Pelley – Deputy Minister
Deputy M O'Hara
Deputy C McNulty-Bauer
Deputy J Honeybill

Principal officers as at 31 December 2006 were:

K Gallienne – Operations Director
M Bourgaize – Projects & Operations Manager
A Baudains – Technical Services Manager
P Weaver – Events Manager
G Merrien – Health & Fitness Manager
S Mourant – Acting Trading Areas Manager
D Le Noury – Swim School Manager
L Whittaker – Sales Manager
P Gallienne, E Darling & C Loveridge – Duty Managers

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Statement of responsibilities for the preparation of financial statements

The Culture and Leisure Department ("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 Beau Sejour Centre ("the Centre") as at the end of the year, of the deficit of the Centre for that period and that are in accordance with applicable laws and regulations. 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 Centre 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 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 each States Department 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 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;
- Review and appraisal of the adequacy and application of internal controls in conjunction with the States Internal Audit; and
- 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.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the States of Guernsey Culture and Leisure Department – Beau Sejour Centre

We have audited the financial statements of the States of Guernsey Culture and Leisure Department - Beau Sejour Centre ("the Centre") for the year ended 31 December 2006 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the Board and auditors**

The Board is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the statement of responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. 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.

We read the statement of activities and performance and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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 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, in accordance with UK Accounting Standards, of the state of the Centre's affairs as at 31 December 2006 and of its deficit for the year then ended.

**KPMG Channel Islands Limited**

*Chartered Accountants*

11 April 2007

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Revenue account
*for the year ended 31 December 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Operating income** | 2 | | **2,836,128** | | 2,832,956 |
| **Operating expenses** | | | | | |
| Direct costs | 3 | **(2,142,449)** | | (2,078,568) | |
| Central services expenses | 4 | **(1,444,597)** | | (1,542,780) | |
| Depreciation | 1 & 5 | **(660,884)** | | (571,635) | |
| | | | **(4,247,930)** | | (4,192,983) |
| **Operating deficit on ordinary activities** | | | **(1,411,802)** | | (1,360,027) |
| **Other income** | | | | | |
| Advertising and rentals | | | **4,445** | | 17,347 |
| **Exceptional items** | | | | | |
| Net deficit on disposal of fixed assets | | | **(6,894)** | | (550,926) |
| **Deficit for the year** | 9 | | **(1,414,251)** | | (1,893,606) |

All material activities derive from continuing operations.

There are no recognised gains or losses for the current or preceding financial years other than as stated in the revenue account.

Notes 1 to 14 form an integral part of these financial statements.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Balance sheet
*at 31 December 2006*

| | *Notes* | 2006 £ | 2005 £ |
|---|---|---|---|
| **Tangible fixed assets** | *1 & 5* | **11,206,562** | 11,800,893 |
| **Current assets** | | | |
| Stocks | *1 & 6* | **43,561** | 52,899 |
| Debtors and prepayments | *7* | **72,000** | 127,358 |
| Cash at bank and in hand | | **7,550** | 6,490 |
| | | **123,111** | 186,747 |
| **Creditors: amounts falling due within one year** | *8* | **(299,198)** | (269,889) |
| **Net current liabilities** | | **(176,087)** | (83,142) |
| **Total net assets** | | **11,030,475** | 11,717,751 |
| **Reserves** | *9* | **11,030,475** | 11,717,751 |

These financial statements were approved by the Culture and Leisure Department on 11th April 2007.

Signed on behalf of the Department

**P Sirett**
*Minister*

Notes 1 to 14 form an integral part of these financial statements.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Cash flow statement

*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Net cash outflow from operating activities** | 10 | | **(652,468)** | | (750,404) |
| **Capital expenditure** | | | | | |
| Purchase of tangible fixed assets | | **(74,947)** | | (151,373) | |
| Disposal of tangible fixed assets | | **1,500** | | - | |
| **Net cash outflow from investing activities** | | | **(73,447)** | | (151,373) |
| **Net cash outflow before financing** | | | **(725,915)** | | (901,777) |
| **Financing** | | | | | |
| Capital funding | | **(542)** | | 158,111 | |
| Revenue funding | | **811,462** | | 796,389 | |
| **Net cash inflow from financing** | | | **810,920** | | 954,500 |
| **Movement in cash funding** | | | **(1,060)** | | 88 |
| **Movement in reserves** | | | **83,945** | | 52,811 |

Notes 1 to 14 form an integral part of these financial statements.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements
*year ended 31 December 2006*

**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 14).

*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:

| | **2006** | | 2005 | |
|---|---|---|---|---|
| | **Estimated life In years** | **Depreciation % per annum** | Estimated life In years | Depreciation % per annum |
| Freehold land and buildings | **35** | **2.86** | 50 | 2 |
| Plant, equipment, furniture, fixtures and fittings and catering equipment | **10 - 5** | **10 - 20** | 10 | 10 |
| Office equipment | **5 - 3** | **20 – 33.33** | 10 – 5 | 10 – 20 |
| Motor vehicles | **5** | **20** | 5 | 20 |
| Weight training equipment | **5 – 3** | **20 – 33.33** | 5 | 20 |
| Water flumes | **20** | **5** | 25 | 4 |
| Soft play equipment | **3** | **33.33** | 3 | 33.33 |
| Outdoor facilities | **25** | **4** | 80 | 1.25 |
| Sports equipment | **5 - 3** | **20 - 33.33** | 5 | 20 |
| Maintenance equipment | **10 – 5** | **10 - 20** | 10 | 10 |

*Estimation technique*

Following a review of fixed assets estimated useful lives during 2006, a decision was taken to revise the lives to the figures stated above. With effect from 1st January 2006, calculation of depreciation charges are based on the above annual depreciation percentage figures according to asset category.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

**1. Accounting policies - continued**

*Sports equipment*

Sports equipment and maintenance equipment purchased prior to 1998 are 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.

*Pension costs*

The costs of the defined benefit scheme are charged to the revenue account over the period during which the Centre (Department) 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**

| | **2006** | 2005 |
|---|---|---|
| | **£** | £ |
| Sports | **849,599** | 877,307 |
| Health and fitness | **1,033,778** | 1,025,938 |
| Entertainment | **506,636** | 453,115 |
| Trading areas | **446,115** | 476,596 |
| | **2,836,128** | 2,832,956 |

**3. Direct costs**

| | **2006** | 2005 |
|---|---|---|
| | **£** | £ |
| **Sports** | | |
| Salaries, wages and superannuation | **901,323** | 854,812 |
| Maintenance and general expenses | **90,784** | 71,170 |
| | **992,107** | 925,982 |
| **Health and fitness** | | |
| Salaries, wages and superannuation | **280,741** | 265,792 |
| Maintenance and general expenses | **26,490** | 58,401 |
| | **307,231** | 324,193 |
| **Entertainment** | | |
| Salaries, wages and superannuation | **248,705** | 245,237 |
| Theatre and concerts | **162,467** | 147,754 |
| Maintenance and general expenses | **16,314** | 12,055 |
| | **427,486** | 405,046 |
| **Trading areas** | | |
| Cost of sales – bar, catering and shop | **241,857** | 236,440 |
| Salaries, wages and superannuation | **148,075** | 172,263 |
| Maintenance and general expenses | **25,693** | 14,644 |
| | **415,625** | 423,347 |
| | **2,142,449** | 2,078,568 |

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

### 4. Central services expenses

| | 2006 | 2005 |
|---|---|---|
| | **£** | £ |
| **Business development** | | |
| Salaries, wages and superannuation | **156,709** | 146,596 |
| Advertising and general expenses | **33,062** | 94,364 |
| | **189,771** | 240,960 |
| **Repairs and maintenance** | | |
| Salaries, wages and superannuation | **360,436** | 410,006 |
| Fuel, light and power | **287,024** | 245,064 |
| General expenses | **212,449** | 155,211 |
| | **859,909** | 810,281 |
| Salaries, wages and superannuation | **189,211** | 242,033 |
| Insurance | **55,591** | 54,382 |
| Rates | **18,386** | 20,361 |
| Postage, printing, telephone and stationery | **37,926** | 62,602 |
| Training, travel and entertainment | **12,697** | 13,807 |
| Computer charges | **54,150** | 58,928 |
| Consultancy charges | **1,534** | 6,727 |
| Audit fee | **8,398** | 8,033 |
| General expenses | **17,024** | 24,666 |
| | **394,917** | 491,539 |
| | **1,444,597** | 1,542,780 |

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

### 5. Tangible fixed assets

| | 1 January 2006 £ | Additions £ | Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| *Cost* | | | | |
| Freehold land and buildings | 13,359,471 | 8,547 | 1,978 | **13,366,040** |
| Plant and equipment | 1,831,575 | 37,787 | - | **1,869,362** |
| Furniture, fixtures and fittings | 931,934 | 17,395 | 59,370 | **889,959** |
| Office equipment | 420,493 | 1,260 | 23,086 | **398,667** |
| Catering equipment | 161,311 | - | 2,455 | **158,856** |
| Weight training equipment | 292,473 | 9,958 | 16,300 | **286,131** |
| Outdoor facilities | 2,502 | - | - | **2,502** |
| Water flumes | 359,068 | - | - | **359,068** |
| Soft play equipment | 19,421 | - | - | **19,421** |
| Sports equipment | 37,698 | - | - | **37,698** |
| Maintenance equipment | 44,265 | - | - | **44,265** |
| | 17,460,211 | 74,947 | 103,189 | **17,431,969** |
| *Depreciation* | | | | |
| Freehold land and buildings | 2,149,995 | 498,847 | 1,144 | **2,647,698** |
| Plant and equipment | 1,697,516 | 34,021 | - | **1,731,537** |
| Furniture, fixtures and fittings | 756,194 | 30,032 | 56,330 | **729,896** |
| Office equipment | 364,763 | 33,738 | 18,566 | **379,935** |
| Catering equipment | 148,561 | 951 | 2,455 | **147,057** |
| Weight training equipment | 248,849 | 24,909 | 16,300 | **257,458** |
| Outdoor facilities | 2,501 | - | - | **2,501** |
| Water flumes | 229,032 | 32,128 | - | **261,160** |
| Soft play equipment | 19,421 | - | - | **19,421** |
| Sports equipment | 32,105 | 1,787 | - | **33,892** |
| Maintenance equipment | 10,381 | 4,471 | - | **14,852** |
| | 5,659,318 | 660,884 | 94,795 | **6,225,407** |
| **Net book value** | 11,800,893 | | | **11,206,562** |

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

### 6. Stocks

| | 2006 £ | 2005 £ |
|---|---|---|
| Consumables | **32,416** | 35,704 |
| Goods for resale | **11,145** | 17,195 |
| | **43,561** | 52,899 |

### 7. Debtors and prepayments

| | 2006 £ | 2005 £ |
|---|---|---|
| Trade debtors | **51,085** | 108,154 |
| Other debtors and prepayments | **20,915** | 19,204 |
| | **72,000** | 127,358 |

### 8. Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Accruals | **47,476** | 66,232 |
| Deferred income | **251,722** | 203,657 |
| | **299,198** | 269,889 |

### 9. Reserves

| | General reserve £ | Revenue Account £ | Total £ |
|---|---|---|---|
| Balance 1 January 2006 | 15,489,764 | (3,772,013) | 11,717,751 |
| Capital funding | (542) | - | (542) |
| Deficit for year | - | (1,414,251) | (1,414,251) |
| Revenue funding | - | 811,462 | 811,462 |
| Non-cash movements | - | (83,945) | (83,945) |
| **Balance 31 December 2006** | **15,489,222** | **(4,458,747)** | **11,030,475** |

The general reserve is required to fund the asset base of the Centre.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

### 10. Cash flow statement

*Reconciliation of operating deficit to net cash outflow from operating activities*

| | 2006 £ | 2005 £ |
|---|---|---|
| Operating deficit | **(1,414,251)** | (1,893,606) |
| Depreciation charge | **660,884** | 571,635 |
| Net deficit on scrapping of fixed assets | **6,894** | 550,926 |
| Decrease/(increase) in stocks | **9,338** | (21,987) |
| Decrease/(increase) in debtors | **55,358** | (882) |
| Increase in creditors | **29,309** | 43,510 |
| **Net cash outflow from operating activities** | **(652,468)** | (750,404) |

### 11. Pension Fund

The employees of the States of Guernsey Culture and Leisure 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 7.85% which came in to effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees will be reviewed during 2006.

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 department has applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer is only required to account for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 were £100,688 (2005: £85,771) which were all paid during the year.

# States of Guernsey Culture and Leisure Department - Beau Sejour Centre

## Notes to the financial statements - continued
*year ended 31 December 2006*

### 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 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

The Beau Sejour Centre is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the Beau Sejour Centre has been delegated to the members of the Culture and Leisure Department, who have been appointed by the States of Guernsey.

### 14. Funding

The States of Guernsey, through the budgetary arrangements agreed with the Culture and Leisure Department, have undertaken to provide sufficient financial support to enable the Centre to operate on a going concern basis for the foreseeable future. Revenue funding provided by the States of Guernsey is recognised directly in reserves.

# 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 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.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the Bailiff and Jurats of the Royal Court-Royal Court Fund

We have audited the accounts (the "accounts") of the Royal Court Fund for the year ended 31 December 2006 which comprise the income and expenditure account and the related note 1. These accounts have been prepared under the accounting policy set out therein.

**Respective responsibilities of the Department and auditors**

As described in the statement of responsibilities, the States Treasurer on behalf of the Treasury and Resources Department is responsible for the preparation of an income and expenditure account for each financial year and for selecting suitable accounting policies.

Our responsibility is to audit the income and expenditure account in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the income and expenditure account is properly prepared in accordance with the accounting policy. We also report, if in our opinion, the 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also includes an assessment of the significant estimates and judgements made by States Treasurer in the preparation of the expenditure account, 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 that the expenditure account is 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 expenditure account.

**Opinion**

In our opinion the accounts for the year ended 31 December 2006 are properly prepared in accordance with the accounting policy set out in note 1.

**KPMG Channel Islands Limited**

*Chartered Accountants*

3 May 2007

# Royal Court Fund

## Income and expenditure account
*for the year ended 31 December 2006*

| | Note | 2006<br>£ | 2005<br>£ |
|---|---|---|---|
| **Income** | | | |
| Grant from States General Revenue Account | | **10,000** | 10,000 |
| **Expenditure** | | | |
| Court Attire | | **1,290** | 877 |
| Grants - Chief Pleas | | **1,165** | 52 |
| - Remembrance Day service | | **427** | 188 |
| - Wreaths | | **159** | 88 |
| Sundries | | **331** | 179 |
| Swearing in of Bailiff | | **-** | 1,993 |
| Swearing in of Deputy Bailiff | | **-** | 1,643 |
| Swearing in of His Excellency the Lieutenant Governor | | **-** | 1,741 |
| Write-off of copies of "The Charters of Guernsey" publication | | **2,000** | - |
| Less surplus on sale of "The Charters of Guernsey" publication | | **(28)** | (45) |
| | | **5,344** | 6,716 |
| **Surplus for the financial year, transferred to the States General Revenue Account** | | **£ 4,656** | £ 3,284 |

The income and expenditure account was approved on 3 May 2007 by:

**Michelle Herpe**
*Assistant Chief Accountant*

# Royal Court Fund

## Notes to the income and expenditure account
*year ended 31 December 2006*

**1. Accounting policy**

*Income and expenditure account*

Income and expenditure are included on an accruals basis.

**STATES OF ALDERNEY**

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**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 fairly summarise, 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 she 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, 2004. 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 accounts (the "accounts") of The States of Alderney for the year ended 31 December 2006 which comprise Revenue Income and Expenditure accounts, Capital Account, Summary of Balances and the related notes 1 to 5. These accounts have been prepared under the accounting policies set out therein.

**Respective responsibilities of the States Treasurer and auditors**

The States Treasurer is responsible for preparing the accounts which fairly summarise the transactions made during that year and for selecting suitable accounting policies.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts fairly summarise 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 received all the information and explanations we require for our audit.

We read the Statement of Responsibilities of the Policy and Finance Committee and the States Treasurer and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 by the Treasurer 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 that 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 2006; and

- have been properly prepared in accordance with the accounting policies set out in note 1.

**KPMG Channel Islands Limited**

*Chartered Accountants*

26 March 2007

# STATES OF ALDERNEY

## SUMMARY OF GENERAL REVENUE INCOME AND EXPENDITURE

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **INCOME ON REVENUE ACCOUNT** | | | | |
| Building and Development Control Committee | 13,227 | 15,000 | 20,000 | 11,442 |
| General Services Committee | 382,574 | 374,700 | 379,500 | 357,735 |
| Policy and Finance Committee | 763,080 | 739,800 | 695,900 | 721,863 |
| **TOTAL INCOME ON REVENUE ACCOUNT** | 1,158,881 | 1,129,500 | 1,095,400 | 1,091,040 |
| Net revenue cash allocation from States of Guernsey | 1,397,420 | 1,574,700 | 1,427,000 | 1,524,321 |
| | 2,556,301 | 2,704,200 | 2,522,400 | 2,615,361 |

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **EXPENDITURE ON REVENUE ACCOUNT** | | | | |
| Building and Development Control Committee | 41,120 | 36,300 | 39,900 | 44,515 |
| General Services Committee | 1,625,648 | 1,683,900 | 1,724,400 | 1,634,321 |
| Policy and Finance Committee | 889,533 | 984,000 | 946,100 | 936,525 |
| **TOTAL EXPENDITURE ON REVENUE ACCOUNT** | 2,556,301 | 2,704,200 | 2,710,400 | 2,615,361 |
| **Use of Accumulated Unspent Balances** | - | - | (188,000) | - |
| | 2,556,301 | 2,704,200 | 2,522,400 | 2,615,361 |

# BUILDING AND DEVELOPMENT CONTROL COMMITTEE

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Planning fees | 13,227 | 15,000 | 20,000 | 11,442 |
| **TOTAL REVENUE INCOME** | 13,227 | 15,000 | 20,000 | 11,442 |

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Administration** | | | | |
| Staff, supplies and services | 31,274 | 25,300 | 36,900 | 31,211 |
| Planning inquiry | 7,725 | 8,000 | - | 187 |
| Planning records system | 2,121 | 3,000 | 3,000 | 3,054 |
| Fort Tourgis - EIA | - | - | - | 10,063 |
| **TOTAL REVENUE EXPENDITURE** | 41,120 | 36,300 | 39,900 | 44,515 |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Agriculture** | | | | | | | | |
| Fees and charges | 4,107 | | 1,500 | | 2,000 | | 764 | |
| Rents | 3,694 | | 4,000 | | 4,000 | | 3,397 | |
| Slaughterhouse fees | 3,889 | | 3,700 | | 3,700 | | 2,758 | |
| | | **11,690** | | **9,200** | | **9,700** | | **6,919** |
| **Gardens, Cemetery and Church** | | | | | | | | |
| Burial plots | | **881** | | **1,000** | | **900** | | **783** |
| **Public Services** | | | | | | | | |
| **Administration** | | | | | | | | |
| Hire vehicle fees | 1,060 | | 3,000 | | 3,000 | | 2,132 | |
| Vehicle import licence fees | 31,740 | | 33,000 | | 30,000 | | 33,200 | |
| | 32,800 | | 36,000 | | 33,000 | | 35,332 | |
| **Properties - General** | | | | | | | | |
| Rent | 44,549 | | 43,000 | | 46,000 | | 43,879 | |
| **Properties - Housing** | | | | | | | | |
| Rent | 259,438 | | 252,800 | | 260,000 | | 240,957 | |
| **Sewage, Sanitation and Refuse** | | | | | | | | |
| Cesspit emptying fees | 7,147 | | 7,500 | | 7,500 | | 6,820 | |
| Refuse charges | 10,725 | | 8,000 | | 10,000 | | 7,000 | |
| | 17,872 | | 15,500 | | 17,500 | | 13,820 | |
| | | **354,659** | | **347,300** | | **356,500** | | **333,988** |
| **Recreation** | | | | | | | | |
| **Campsite** | | | | | | | | |
| Campsite fees (net) | 5,419 | | 6,000 | | 4,200 | | 5,648 | |
| Rent of showers/shop | 200 | | 200 | | 200 | | 200 | |
| | 5,619 | | 6,200 | | 4,400 | | 5,848 | |
| **Island Hall** | | | | | | | | |
| Island Hall rents | 9,725 | | 11,000 | | 8,000 | | 10,197 | |
| | | **15,344** | | **17,200** | | **12,400** | | **16,045** |
| **TOTAL REVENUE INCOME** | | **382,574** | | **374,700** | | **379,500** | | **357,735** |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Alderney Harbour trading loss** | | 40,474 | | 57,700 | | 62,900 | | 75,564 |
| **Agriculture** | | | | | | | | |
| Staff | 101,917 | | 105,000 | | 103,500 | | 98,954 | |
| Supplies and services | 21,247 | | 20,000 | | 17,000 | | 27,400 | |
| Bovine Spongiform Encephalopathy - | | | | | | | | |
| Compensation | 2,100 | | 2,000 | | 2,000 | | 1,350 | |
| Disposal costs | - | | 600 | | 600 | | 147 | |
| Dairy and land management compensation | 65,092 | | 65,000 | | 65,000 | | 60,934 | |
| Foot and mouth insurance | 1,201 | | 1,200 | | 1,600 | | 1,624 | |
| Slaughterhouse | 3,374 | | 4,000 | | 4,000 | | 5,331 | |
| Veterinary services | 4,746 | | 3,500 | | 3,500 | | 2,618 | |
| | | 199,677 | | 201,300 | | 197,200 | | 198,358 |
| **Civil Emergency** | | | | | | | | |
| Premises | 1,320 | | 1,500 | | 2,000 | | 1,502 | |
| Supplies and services | 4,196 | | 4,500 | | 3,500 | | 1,133 | |
| Environmental monitoring | 16,366 | | 17,000 | | 18,500 | | 15,900 | |
| Responses to major incidences | - | | 2,500 | | 2,500 | | - | |
| | | 21,882 | | 25,500 | | 26,500 | | 18,535 |
| **Fieldwork Scheme** | | | | | | | | |
| Staff | - | | 4,000 | | 8,000 | | 3,533 | |
| Supplies and services | 72 | | 500 | | 500 | | 72 | |
| | | 72 | | 4,500 | | 8,500 | | 3,605 |
| **Gardens, Cemetery and Church** | | | | | | | | |
| Staff | 24,114 | | 24,500 | | 29,500 | | 23,422 | |
| Supplies and services | 3,774 | | 3,000 | | 3,000 | | 2,284 | |
| | 27,888 | | 27,500 | | 32,500 | | 25,706 | |
| *Less* recoveries | (2,152) | | (2,100) | | (2,000) | | (1,750) | |
| | | 25,736 | | 25,400 | | 30,500 | | 23,956 |
| **Health and Welfare** | | | | | | | | |
| **Administration** | | | | | | | | |
| Supplies and services | 283 | | 500 | | 500 | | 34 | |
| **Education and Health** | | | | | | | | |
| Grant to Alderney playschools | 350 | | 500 | | 500 | | 350 | |
| School bus subsidy | 13,240 | | 14,000 | | 14,000 | | 12,589 | |
| Youth employment scheme | 3,311 | | 7,000 | | 3,000 | | - | |
| | 16,901 | | 21,500 | | 17,500 | | 12,939 | |
| **Home Carers Service** | | | | | | | | |
| Staff | 992 | | 2,000 | | 2,000 | | 1,723 | |
| *Less* recoveries | (111) | | (1,000) | | (800) | | (1,194) | |
| | 881 | | 1,000 | | 1,200 | | 529 | |
| **Welfare Services** | | | | | | | | |
| Out-relief and welfare support | 1,509 | | 4,000 | | 5,000 | | 6,824 | |
| *Less* recoveries | - | | (200) | | (200) | | - | |
| | 1,509 | | 3,800 | | 4,800 | | 6,824 | |
| | | 19,574 | | 26,800 | | 24,000 | | 20,326 |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Public Services** | | | | | | | | |
| **Administration** | | | | | | | | |
| Staff | 106,714 | | 100,800 | | 106,000 | | 104,080 | |
| Supplies and services | 13,321 | | 16,000 | | 17,000 | | 14,671 | |
| | 120,035 | | 116,800 | | 123,000 | | 118,751 | |
| **Fire Brigade and Cliff Rescue** | | | | | | | | |
| Staff | 17,941 | | 22,000 | | 25,000 | | 20,873 | |
| Supplies and services | 6,650 | | 10,000 | | 12,000 | | 4,894 | |
| Administration of Law | - | | 1,000 | | 3,000 | | 200 | |
| | 24,591 | | 33,000 | | 40,000 | | 25,967 | |
| **Properties - General** | | | | | | | | |
| Staff | 157,419 | | 120,000 | | 121,500 | | 137,815 | |
| Supplies and services | 112,236 | | 90,000 | | 90,000 | | 114,065 | |
| | 269,655 | | 210,000 | | 211,500 | | 251,880 | |
| *Less* recoveries | (51,043) | | (15,000) | | (15,000) | | (37,206) | |
| | 218,612 | | 195,000 | | 196,500 | | 214,674 | |
| **Properties - Housing** | | | | | | | | |
| Staff | 47,440 | | 94,500 | | 108,500 | | 75,424 | |
| Supplies and services | 28,343 | | 52,000 | | 45,000 | | 69,854 | |
| | 75,783 | | 146,500 | | 153,500 | | 145,278 | |
| **Refuse Collection and Disposal** | | | | | | | | |
| Staff | 138,393 | | 116,600 | | 138,500 | | 132,793 | |
| Supplies and services | 184,372 | | 210,800 | | 200,000 | | 151,152 | |
| Refuse separation / recycling - staff | 86,816 | | 78,000 | | 49,000 | | 61,473 | |
| Refuse separation / recycling - supplies and services | 74,122 | | 50,000 | | 68,000 | | 46,892 | |
| | 483,703 | | 455,400 | | 455,500 | | 392,310 | |
| *Less* recoveries | (6,083) | | (6,000) | | (5,000) | | (4,078) | |
| | 477,620 | | 449,400 | | 450,500 | | 388,232 | |
| **Roads, Coasts and Beaches** | | | | | | | | |
| Staff | 45,422 | | 52,000 | | 71,500 | | 45,493 | |
| Supplies and services | 177,798 | | 170,000 | | 170,000 | | 187,068 | |
| Pavement renovations | 100,929 | | 100,000 | | - | | - | |
| | 324,149 | | 322,000 | | 241,500 | | 232,561 | |
| *Less* recoveries | (13,832) | | (5,000) | | (5,000) | | (1,707) | |
| *Less* Transfer from AGCC re pavements | (100,000) | | (100,000) | | - | | - | |
| | 210,317 | | 217,000 | | 236,500 | | 230,854 | |
| **Sewage and Sanitation** | | | | | | | | |
| Staff | 77,527 | | 70,600 | | 67,000 | | 67,638 | |
| Supplies and services | 36,771 | | 32,000 | | 32,000 | | 33,570 | |
| | 114,298 | | 102,600 | | 99,000 | | 101,208 | |
| *Less* recoveries | (3,267) | | (5,000) | | (4,000) | | (5,714) | |
| | 111,031 | | 97,600 | | 95,000 | | 95,494 | |
| **Vehicle Fleet** | | | | | | | | |
| Staff | 17,145 | | 13,000 | | 15,000 | | 12,783 | |
| Supplies and services | 22,589 | | 27,000 | | 19,000 | | 24,308 | |
| | 39,734 | | 40,000 | | 34,000 | | 37,091 | |
| *Less* recoveries | (5,905) | | (4,500) | | (3,500) | | (3,508) | |
| | 33,829 | 1,271,818 | 35,500 | 1,290,800 | 30,500 | 1,325,500 | 33,583 | 1,252,833 |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Recreation** | | | | | | | | |
| **Administration** | | | | | | | | |
| Grants - sporting and cultural activities | 2,253 | | 3,200 | | 3,200 | | 1,200 | |
| Official entertainments and presentations | 3,592 | | 4,000 | | 6,000 | | 4,235 | |
| | 5,845 | | 7,200 | | 9,200 | | 5,435 | |
| **Camp Site** | | | | | | | | |
| Camp site expenses | 5,149 | | 4,000 | | 4,000 | | 1,306 | |
| **Children's Playground** | | | | | | | | |
| Supplies and services | 3,949 | | 3,000 | | 2,500 | | 3,192 | |
| **Island Hall** | | | | | | | | |
| Premises | 4,434 | | 6,000 | | 6,000 | | 4,107 | |
| Staff | 8,205 | | 9,000 | | 5,600 | | 5,013 | |
| Supplies and services | 1,778 | | 3,500 | | 3,000 | | 3,455 | |
| | 14,417 | | 18,500 | | 14,600 | | 12,575 | |
| | | **29,360** | | **32,700** | | **30,300** | | **22,508** |
| **Sea Fisheries** | | | | | | | | |
| Staff | 15,650 | | 15,900 | | 15,900 | | 15,300 | |
| Supplies and services | 1,405 | | 3,300 | | 3,100 | | 3,336 | |
| | | **17,055** | | **19,200** | | **19,000** | | **18,636** |
| **TOTAL REVENUE EXPENDITURE** | | **1,625,648** | | **1,683,900** | | **1,724,400** | | **1,634,321** |

# POLICY AND FINANCE COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration** | | | | | | | | |
| Company registrations | 9,805 | | 10,000 | | 20,000 | | 9,186 | |
| Court receipts | 46,268 | | 42,000 | | 42,000 | | 41,104 | |
| Duty free concession | 34,968 | | 35,000 | | 30,000 | | 35,341 | |
| Housing loan interest | 121 | | 500 | | 600 | | 525 | |
| Interest receivable | 34,004 | | 38,000 | | 20,000 | | 34,367 | |
| Numismatic revenues | 183,039 | | 160,000 | | 150,000 | | 157,854 | |
| Occupiers rates | 351,230 | | 352,000 | | 350,000 | | 335,628 | |
| Permits and licences | 14,665 | | 12,000 | | 10,000 | | 11,320 | |
| Post Office - share of philatelic profits | 25,008 | | 35,000 | | 35,000 | | 62,214 | |
| Rents | 28,795 | | 28,800 | | 28,800 | | 28,795 | |
| Royalties and fees | 3,690 | | 4,500 | | 3,500 | | 4,586 | |
| Sundry sales and charges | 15,939 | | 15,000 | | 12,000 | | 14,367 | |
| Television tender payments | 503 | | 500 | | 1,000 | | - | |
| | 748,035 | | 733,300 | | 702,900 | | 735,287 | |
| *Less* transfer to currency reserve | (4,192) | | (14,000) | | (30,000) | | (35,370) | |
| | | **743,843** | | **719,300** | | **672,900** | | **699,917** |
| **Grants** | | | | | | | | |
| Lottery profits | | **2,237** | | **4,000** | | **4,000** | | **3,945** |
| **Promotion and Marketing** | | | | | | | | |
| Accommodation permits | 3,570 | | 3,000 | | 3,500 | | 2,724 | |
| Sale of advertising space | 13,430 | | 13,500 | | 15,500 | | 15,277 | |
| | | **17,000** | | **16,500** | | **19,000** | | **18,001** |
| **TOTAL REVENUE INCOME** | | **763,080** | | **739,800** | | **695,900** | | **721,863** |

# POLICY AND FINANCE COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **Administration** | | | | | | | | |
| Premises | 16,726 | | 17,000 | | 15,000 | | 15,040 | |
| Staff | 446,574 | | 486,000 | | 501,000 | | 454,445 | |
| Supplies and services | 73,522 | | 82,500 | | 90,000 | | 119,664 | |
| Audit fees and expenses | 15,614 | | 15,000 | | 13,000 | | 15,048 | |
| Breakwater maintenance contribution | 15,000 | | 15,000 | | 15,000 | | 15,000 | |
| Health and safety regulation | 2,401 | | 6,000 | | 5,000 | | 5,916 | |
| Insurance | 16,035 | | 16,500 | | 24,000 | | 27,338 | |
| Meteorological station | - | | 300 | | 300 | | 22 | |
| States members allowances | 45,700 | | 44,000 | | 25,000 | | 33,652 | |
| Supplementary pensions | 739 | | 800 | | 800 | | 1,026 | |
| Tidal Power Commission expenses | 21,048 | | 50,000 | | - | | 10,195 | |
| Unforeseen expenditure | 13,539 | | 20,000 | | 20,000 | | - | |
| | 666,898 | | 753,100 | | 709,100 | | 697,346 | |
| *Less* recoveries | (14,306) | | (14,000) | | (14,000) | | (14,025) | |
| | | **652,592** | | **739,100** | | **695,100** | | **683,321** |
| **Administration of Justice** | | | | | | | | |
| Supplies and services | | **24,018** | | **30,000** | | **30,000** | | **18,229** |
| **Grants** | | | | | | | | |
| Alderney Island Games Association | - | | - | | - | | 7,000 | |
| Alderney Library | 3,000 | | 3,000 | | 3,000 | | 3,000 | |
| Alderney Week | 4,000 | | 4,000 | | 4,000 | | 4,000 | |
| Alderney Wildlife Trust | 15,000 | | 12,000 | | 12,000 | | 12,000 | |
| Minor grants | 3,453 | | 6,000 | | 6,000 | | 9,613 | |
| St. John Ambulance Brigade | 30,000 | | 30,000 | | 30,000 | | 30,000 | |
| | | **55,453** | | **55,000** | | **55,000** | | **65,613** |
| **Promotion and Marketing** | | | | | | | | |
| **Administration** | | | | | | | | |
| Premises | 5,181 | | 6,000 | | 7,500 | | 4,608 | |
| Staff | 34,761 | | 33,900 | | 35,000 | | 42,937 | |
| Supplies and services | 13,020 | | 14,000 | | 14,000 | | 15,247 | |
| | 52,962 | | 53,900 | | 56,500 | | 62,792 | |
| **Promotions** | | | | | | | | |
| Supplies and services | 87,993 | | 83,000 | | 81,500 | | 88,957 | |
| Events services | 3,014 | | 5,000 | | 10,000 | | 3,777 | |
| Promotion of local trade and industry | 15,167 | | 18,000 | | 18,000 | | 13,836 | |
| Promotion of Gambling industry | 43,375 | | 125,000 | | - | | - | |
| | 149,549 | | 231,000 | | 109,500 | | 106,570 | |
| *Less* Contribution from AGCC | (45,041) | | (125,000) | | - | | - | |
| | 104,508 | | 106,000 | | 109,500 | | 106,570 | |
| | | **157,470** | | **159,900** | | **166,000** | | **169,362** |
| **TOTAL REVENUE EXPENDITURE** | | **889,533** | | **984,000** | | **946,100** | | **936,525** |

# STATES OF ALDERNEY CAPITAL ACCOUNT SUMMARY

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **INCOME ON CAPITAL ACCOUNT** | | | | |
| General Services Committee | 8,880 | 6,000 | 805,200 | 9,558 |
| Policy and Finance Committee | 542,078 | 530,735 | 444,700 | 459,425 |
| **TOTAL INCOME ON CAPITAL ACCOUNT** | 550,958 | 536,735 | 1,249,900 | 468,983 |
| Excess of Expenditure over Income on Capital Account recovered from the States of Guernsey | (277,932) | 446,216 | 3,875,100 | 120,571 |
| | 273,026 | 982,951 | 5,125,000 | 589,554 |

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **EXPENDITURE ON CAPITAL ACCOUNT** | | | | |
| General Services Committee | 272,951 | 982,951 | 5,125,000 | 572,425 |
| Policy and Finance Committee | 75 | - | - | 17,129 |
| **TOTAL EXPENDITURE ON CAPITAL ACCOUNT** | 273,026 | 982,951 | 5,125,000 | 589,554 |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Sale of vehicles | - | - | - | 3,000 |
| Sewerage Law contributions | 8,880 | 6,000 | 6,200 | 6,558 |
| Transfer from AGCC Reserve (re Vallee Sewer) | - | - | 500,000 | - |
| Transfer from Housing Loans fund (re Whitegates) | - | - | 299,000 | - |
| **TOTAL CAPITAL INCOME** | 8,880 | 6,000 | 805,200 | 9,558 |

# GENERAL SERVICES COMMITTEE

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Alderney Harbour capital expenditure** | 110,176 | 182,000 | 3,345,000 | 210,789 |
| **Health and Welfare** | | | | |
| Royal Connaught Residential Home | | | | |
| Convert Old fire Station to accommodation | 8,819 | 100,000 | 120,000 | - |
| **Public Services** | | | | |
| **Land and Property** | | | | |
| Airport | | | | |
| Acquisition and preparation of land - £30,000 | 4,190 | 4,190 | - | - |
| Acquisition of land for runway safety area - £50,000 | 21,017 | 50,000 | 50,000 | - |
| Camp site - Improved facilities | - | 120,000 | - | - |
| Coastguards Houses - Re-roofing | - | 120,000 | - | - |
| Crusher site infrastructure - £89,590 | 733 | 26,116 | - | 593 |
| Island Hall | | | | |
| Annexe - reconstruction | 6,354 | 150,000 | - | - |
| Car park and railings etc - £50,000 | 15,568 | 23,799 | - | 26,201 |
| Repairs/conversion, Court repairs - £760,000 (net) | 16,064 | 16,050 | 500,000 | 171,770 |
| St Anne's Church roof repairs | | 40,000 | 100,000 | - |
| Val Field - purchase and car park construction - £125,000 | 6,327 | 44,777 | - | 80,223 |
| Whitegates - repairs and renovation | 7,087 | - | 450,000 | - |
| **Sewage, Sanitation and Refuse** | | | | |
| Impot Tip - infrastructure improvements - £40,000 | 6,575 | 9,355 | - | 1,077 |
| Incinerator - review of tenders - £30,000 | 32,178 | 30,000 | - | - |
| Replacement sewage pumps - Braye station - £8500 | 7,954 | 8,500 | - | - |
| Upgrade foul water sewer - Le Vallee | - | - | 540,000 | - |
| Waste compacting and transfer equipment - £120,000 | 18,101 | 18,164 | - | 34,559 |
| **Vehicles and Plant** | | | | |
| Tractor/mower - replacment | | 25,000 | 20,000 | - |
| Vehicles - replacements | 11,808 | 15,000 | - | - |
| Per published accounts 2005 | | - | - | 47,213 |
| **TOTAL CAPITAL EXPENDITURE** | 272,951 | 982,951 | 5,125,000 | 572,425 |

# POLICY AND FINANCE COMMITTEE

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | | £ | | £ | | £ | | £ |
| **Loan repayments -** | | | | | | | | |
| Alderney Football Association | | 416 | | 415 | | 415 | | 416 |
| Alderney Snooker Club | | 3,322 | | 3,320 | | 3,285 | | 3,321 |
| **Property Transfer Duties** | | | | | | | | |
| Congé | 395,259 | | 410,000 | | 370,000 | | 408,761 | |
| Leasehold Duty | 39,226 | | 30,000 | | 30,000 | | 23,100 | |
| Transfer Duty | 2,783 | | 1,000 | | 1,000 | | 8,827 | |
| | | 437,268 | | 441,000 | | 401,000 | | 440,688 |
| Sale of States land | | 101,072 | | 86,000 | | 40,000 | | 15,000 |
| **TOTAL CAPITAL INCOME** | | 542,078 | | 530,735 | | 444,700 | | 459,425 |

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Fort Tourgis - consultancy and marketing costs - £58,000 | 75 | - | - | 17,129 |
| **TOTAL CAPITAL EXPENDITURE** | 75 | - | - | 17,129 |

# GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR (Note 5)

| | Accounts 2006 | | Probable Outturn 2006 | | Budget 2006 | | Accounts 2005 | |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **REVENUE ACCOUNT** | | | | | | | | |
| **INCOME** | | | | | | | | |
| **Administration** | | | | | | | | |
| Facilities charges | 46,897 | | 42,000 | | 42,000 | | 39,829 | |
| Sundries | 5,826 | | 7,000 | | 6,500 | | 4,942 | |
| | 52,723 | | 49,000 | | 48,500 | | 44,771 | |
| *Less* concessions on charges | (1,581) | | (1,200) | | (1,000) | | (1,195) | |
| | 51,142 | | 47,800 | | 47,500 | | 43,576 | |
| **Crane dues and boat lifts** | 53,443 | | 55,000 | | 45,000 | | 53,215 | |
| **Moorings and Navigation** | | | | | | | | |
| Fees | 117,455 | | 115,000 | | 115,000 | | 112,124 | |
| Pilotage fees | 29,550 | | 28,000 | | 28,000 | | 25,076 | |
| | 147,005 | | 143,000 | | 143,000 | | 137,200 | |
| *Less* pilots remuneration | (9,523) | | (7,500) | | (7,500) | | (7,287) | |
| concessions on charges | (2,827) | | (4,000) | | (4,000) | | (3,593) | |
| | 134,655 | | 131,500 | | 131,500 | | 126,320 | |
| **Quays and Buildings rent** | 16,389 | | 15,000 | | 14,500 | | 14,955 | |
| **TOTAL INCOME** | | **255,629** | | **249,300** | | **238,500** | | **238,066** |
| **EXPENDITURE** | | | | | | | | |
| **Administration** | | | | | | | | |
| Staff | 212,222 | | 206,700 | | 220,700 | | 204,158 | |
| Supplies and services | 33,333 | | 32,000 | | 25,000 | | 32,740 | |
| Insurance | 6,737 | | 6,800 | | 9,000 | | 9,110 | |
| Port security expenses | 1,297 | | 2,000 | | 4,000 | | - | |
| | 253,589 | | 247,500 | | 258,700 | | 246,008 | |
| *Less* recoveries | (37,444) | | (37,500) | | (54,000) | | (37,353) | |
| | 216,145 | | 210,000 | | 204,700 | | 208,655 | |
| **Cranes** | | | | | | | | |
| Staff | 28,786 | | 33,000 | | 33,000 | | 32,754 | |
| Supplies and services | 15,296 | | 11,000 | | 10,000 | | 10,899 | |
| | 44,082 | | 44,000 | | 43,000 | | 43,653 | |
| *Less* recoveries | (3,043) | | (5,000) | | (4,300) | | (5,061) | |
| | 41,039 | | 39,000 | | 38,700 | | 38,592 | |
| **Moorings and Navigation** | | | | | | | | |
| Supplies and services | 23,594 | | 30,000 | | 30,000 | | 34,551 | |
| Wrecks and salvage | 2,050 | | 3,000 | | 3,000 | | 2,026 | |
| | 25,644 | | 33,000 | | 33,000 | | 36,577 | |
| **Quays and Buildings** | | | | | | | | |
| Premises | 13,275 | | 25,000 | | 25,000 | | 29,806 | |
| **TOTAL EXPENDITURE** | | **296,103** | | **307,000** | | **301,400** | | **313,630** |
| **TRADING (LOSS) FOR THE FINANCIAL YEAR FUNDED BY THE GENERAL SERVICES COMMITTEE** | | **(£40,474)** | | **(£57,700)** | | **(£62,900)** | | **(£75,564)** |

# GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR (Note 5)

| | Accounts 2006 | Probable Outturn 2006 | Budget 2006 | Accounts 2005 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **CAPITAL ACCOUNT - EXPENDITURE** | | | | |
| Commercial Quay renovation and survey costs £4,050,000 | 104,041 | 100,000 | 3,000,000 | 84,185 |
| Electronic tide guage - £7,000 | 6,135 | 7,000 | - | - |
| Fueling pontoon | - | - | 15,000 | - |
| Glacis boat park | - | 50,000 | - | - |
| Harbour Office reconstruction | - | - | 220,000 | - |
| Office/freight shed - reconstruction | - | - | 110,000 | - |
| Tractor replacement | - | 25,000 | - | - |
| Per published accounts 2005 | - | - | - | 126,604 |
| **TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE GENERAL SERVICES COMMITTEE** | £110,176 | £182,000 | £3,345,000 | £210,789 |

**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.

In preparing the disclosures for the States of Alderney accounts, the States have noted the disclosure requirements 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 31 December 2006.

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 2006.

The major assumptions used by the actuary were (in nominal terms):

| | Valuation at 31 December 2006 | Valuation at 31 December 2005 |
|---|---|---|
| Pensionable salary growth | 4.7% pa | 4.3% pa |
| Pension escalation in payment | 4.0% pa | 4.0% pa |
| Discount rate | 5.1% pa | 4.9% pa |
| Inflation assumption | 3.7% pa | 3.3% pa |

The assets in the scheme and the expected rate of return were:

| | Value at 31 December 2006 (£) | Expected return for 2007 (%) | Value at 31 December 2005 (£) | Expected return for 2006 (%) |
|---|---|---|---|---|
| Unitised with-profits policy | £2,396,000 | 5.5 % | £1,925,000 | 5.75% |

**STATES OF ALDERNEY**

PENSION COSTS (Continued)

| | 2006 | 2005 |
|---|---|---|
| Total market value of assets | £2,396,000 | £1,925,000 |
| Present value of scheme liabilities | (£3,249,000) | (£3,301,000) |
| Deficit in the scheme | (£853,000) | (£1,376,000) |
| **Net pension liability** | **(£853,000)** | **(£1,376,000)** |

Over the year to 31st December 2006 the employer contributed at the rate of 20% of pensionable salaries, subject to review at future actuarial valuations. The employee's contribution was 6% of pensionable salaries. Employee's Death in Service benefits were secured under a separate policy.

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 2006 the value of these purchases was £76,801 (2005: £62,646). The States has provided goods and services to the Company during 2006 to the value of £6,370 (2005: £4,718).

4 ALDERNEY GAMBLING CONTROL COMMISSION

During the year the States of Alderney received a total of £1,885,650 (2005: £1,280,650) 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.

Costs relating to the promotion of the Gambling Industry are financed out of the Gambling licence fee reserves which are held by the Commission and ultimately payable to the States of Alderney

5 ALDERNEY HARBOUR ACCOUNT

The trading loss and capital expenditure is funded by the General Services Committee.

# SUMMARY OF BALANCES AT 31 DECEMBER 2006

| Loans made and not repaid | Balance of Loans 01.01.06 | Repayments 2006 | Balance 31.12.06 |
|---|---|---|---|
| | £ | £ | £ |
| Alderney Football Association (Vote 05.06.91) | 438 | (416) | 22 |

| | Balance of Loans 01.01.06 | Repayments 2006 | Balance 31.12.06 |
|---|---|---|---|
| | £ | £ | £ |
| New Alderney Snooker Club (Vote 16.07.01) | 18,269 | (3,322) | 14,947 |

| LE BANQUAGE HOUSING LOANS SCHEME | 2006 |
|---|---|
| CAPITAL ACCOUNT | £ |
| Balance of funds at 01.01.06 and at 31.12.06 | 299,099 |
| | 299,099 |
| BORROWERS ACCOUNT | |
| Balance with borrowers at 01.01.06 | 5,779 |
| Instalment of loans repaid during 2006 | (5,779) |
| Balance with borrowers at 31.12.06 | - |
| Balance not lent at 31.12.06 | 299,099 |
| | 299,099 |

| COINS IN CIRCULATION ACCOUNT | |
|---|---|
| Value of coins in circulation at 01.01.06 | 1,711,975 |
| Value of coins issued in 2006 | 256,255 |
| Value of coins in circulation at 31.12.06 | 1,968,230 |

| CURRENCY RESERVE FUND | |
|---|---|
| Balance at 01.01.06 | 322,381 |
| Reserve for base metal coin issued in 2006 | 4,192 |
| | 326,573 |
| Transfer to Accumulated Unspent Balances | (100,000) |
| Balance at 31.12.06 | 226,573 |

INVESTMENTS

| 2005 SHARES | 2005 £ | | 2006 SHARES | 2006 £ |
|---|---|---|---|---|
| | | Alderney Electricity Ltd.<br>Ordinary Shares at £1 each fully paid at cost | | |
| 34,730 | 39,860 | Balance at 01.01.05 and 31.12.05 | 34,730 | 39,860 |

| 2005 SHARES | 2005 £ | | 2006 SHARES | 2006 £ |
|---|---|---|---|---|
| | | Alderney Electricity Ltd.<br>7% Cumulative Preference shares<br>at £1 each fully paid at cost | | |
| 10,950 | 5,499 | Balance at 01.01.06 and 31.12.06 | 10,950 | 5,499 |

| 2005 SHARES | 2005 £ | | 2006 SHARES | 2006 £ |
|---|---|---|---|---|
| | | Alderney Golf Club<br>Shares at £1 each fully paid at cost | | |
| 650 | 650 | Balance at 01.01.06 and 31.12.06 | 650 | 650 |

| 2005 SHARES | 2005 £ | | 2006 SHARES | 2006 £ |
|---|---|---|---|---|
| | | Royal Connaught Residential Home Ltd<br>Shares at £1 each fully paid at cost | | |
| 2 | 2 | Balance at 01.01.06 and 31.12.06 | 2 | 2 |

# SUMMARY OF BALANCES AT 31 DECEMBER 2006 (continued)

| 2005 £ | Bank accounts | 2006 £ |
|---|---|---|
| | Daisy Hansen St Anne's School Trust | |
| 957 | Balance at 01.01.06 | 962 |
| 5 | Interest received | 5 |
| 962 | Balance at 31.12.06 | 967 |
| | The Anne French Hospital Annexe Fund | |
| 11,102 | Balance at 01.01.06 | 11,275 |
| 173 | Interest received | 178 |
| 11,275 | Balance at 31.12.06 | 11,453 |
| | States of Alderney Education Committee (ex - Tostevin Trust) | |
| 6,946 | Balance at 01.01.06 | 4,761 |
| 140 | Interest received | 20 |
| 7,086 | | 4,781 |
| (2,325) | Educational Grants | (1,500) |
| 4,761 | Balance at 31.12.06 | 3,281 |
| | States of Alderney Interest on Investments Account (Educational Bequests) | |
| 12,646 | Balance at 01.01.06 | 12,787 |
| 431 | Interest received | 422 |
| 13,077 | | 13,209 |
| (290) | Grants | (200) |
| 12,787 | Balance at 31.12.06 | 13,009 |
| | The Packe History Trust | |
| 1,554 | Balance at 01.01.06 | 1,548 |
| 19 | Interest received | 16 |
| 1,573 | | 1,564 |
| (25) | School History prize | - |
| 1,548 | Balance at 31.12.06 | 1,564 |

# SUMMARY OF BALANCES AT 31 DECEMBER 2006 (continued)

| 2005 £ | Bank accounts | 2006 £ |
|---|---|---|
| | Alderney Pilotage Board | |
| 200 | Balance at 01.01.06 and 31.12.06 | 200 |
| | | |
| | The Mary Roylance Jubilee Home Fund | |
| 15,424 | Balance at 01.01.06 | 15,812 |
| 528 | Interest received | 525 |
| 15,952 | | 16,337 |
| (140) | Residents' amenities | (84) |
| 15,812 | Balance at 31.12.06 | 16,253 |
| | | |
| | The Mary Roylance Mignot Memorial Hospital Fund | |
| 17,507 | Balance at 01.01.06 | 18,342 |
| 835 | Interest received | 868 |
| 18,342 | Balance at 31.12.06 | 19,210 |
| | | |
| | St Anne's Trust | |
| 35,440 | Balance at 01.01.06 | 34,793 |
| 1,603 | Interest received | 1,597 |
| 37,043 | | 36,390 |
| (2,250) | Grant | - |
| 34,793 | Balance at 31.12.06 | 36,390 |
| | | |
| | The New Parsonage House Trust | |
| 65,029 | Balance at 01.01.06 | 64,990 |
| 102 | Interest received | 2,856 |
| 65,131 | | 67,846 |
| (141) | Maintenance costs | (5,663) |
| 64,990 | Balance at 31.12.06 | 62,183 |

# 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 members of the States of Alderney Water Board

We have audited the financial statements (the "financial statements") of the States of Alderney Water Board for the year ended 31 December 2006 which comprise the Revenue Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the Board and auditors**

The Board is responsible for preparing the Statement of the Board's responsibilities and the financial statements in accordance with applicable UK accounting standards as set out in the Statement of the Board's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 as 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.

We read the Statement of the Board's Responsibilities and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Accounting Standards, of the state of the Board's affairs as at 31 December 2006 and of its deficit for the year then ended; and
- have been properly prepared in accordance with the accounting policies as set out in note 1.

**KPMG Channel Islands Limited**

*Chartered Accountants*

30 March 2007

**STATES OF ALDERNEY WATER BOARD**

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006**

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| REVENUE | 1 | | | | |
| Unmetered Supplies | | 231,058 | | 222,715 | |
| Metered Supplies | | 40,468 | | 38,505 | |
| Service Charges | | 1,200 | | 4,482 | |
| | | | 272,726 | | 265,702 |
| EXPENSES | 1 | | | | |
| OPERATING AND MAINTENANCE EXPENSES | | | | | |
| Salaries and Wages | | 155,904 | | 148,258 | |
| Water Treatment Charges | | 29,943 | | 14,913 | |
| Fuel and Electricity | | 52,308 | | 40,126 | |
| Maintenance | | 39,078 | | 16,469 | |
| Pension Costs | 2 | 24,553 | | 22,752 | |
| Depreciation | 1 and 5 | 15,490 | | 16,722 | |
| | | 317,276 | | 259,240 | |
| ADMINISTRATION AND GENERAL EXPENSES | | | | | |
| Wages and Administration Charge | | 12,864 | | 12,456 | |
| Rents, Rates and Taxes | | 3,726 | | 3,314 | |
| Insurance | | 4,723 | | 4,168 | |
| Motor Vehicle Expenses | | 3,634 | | 2,905 | |
| Postage and Telephone | | 2,165 | | 1,988 | |
| Printing and Stationery | | 1,620 | | 288 | |
| Accountancy and Audit | | 2,535 | | 2,380 | |
| Bank Charges | | 561 | | 487 | |
| Travelling and General Expenses | | 2,293 | | 1,662 | |
| Consultancy Fees and Expenses | | 42,789 | | 1,570 | |
| Bad Debts written off | | 692 | | 1,050 | |
| | | 77,602 | | 32,268 | |
| | | | (394,878) | | (291,508) |
| OPERATING DEFICIT | | | (122,152) | | (25,806) |
| OTHER INCOME | | | | | |
| Interest Receivable | | | 14,857 | | 17,848 |
| Sale of fixed asset | | | 2,110 | | - |
| DEFICIT FOR THE YEAR | | | (105,185) | | (7,958) |
| BALANCE BROUGHT FORWARD | | | 614,871 | | 622,829 |
| BALANCE CARRIED FORWARD | | £ | 509,686 | £ | 614,871 |

The Water Board has no recognised gains or losses other than the deficit for the year.

Notes 1 to 5 form part of these financial statements.

**STATES OF ALDERNEY WATER BOARD**

**BALANCE SHEET AS AT 31ST DECEMBER 2006**

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| ASSETS EMPLOYED | | | | | |
| FIXED ASSETS | 1 & 5 | | 274,915 | | 233,535 |
| CURRENT ASSETS | | | | | |
| Stock | 1 | 29,750 | | 28,256 | |
| Debtors | | 53,434 | | 48,869 | |
| Bank balances - deposit | | 283,958 | | 392,600 | |
| Bank balances - current | | 14,552 | | 13,708 | |
| | | 381,694 | | 483,433 | |
| LIABILITIES FALLING DUE WITHIN ONE YEAR | | | | | |
| Creditors | | 60,637 | | 15,811 | |
| NET CURRENT ASSETS | | | 321,057 | | 467,622 |
| NET ASSETS | | £ | 595,972 | £ | 701,157 |
| FINANCED BY | | | | | |
| RESERVES | | | | | |
| General | 3 | | 86,286 | | 86,286 |
| Revenue Account | | | 509,686 | | 614,871 |
| | | £ | 595,972 | £ | 701,157 |

Notes 1 to 5 form part of these financial statements.

The financial statements were approved by the States of Alderney Water Board on 30th March 2007 and are signed on its behalf by:

W Walden
Chairman

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2006**

## 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.

### Revenue and Expenses

Income and Expenditure is recognised on an accruals basis.

### 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 2006 indicated that the fund was in deficit. Over the year to 31st December 2006 the employer contributed at the rate of 20% of pensionable salaries, including death in service premiums, subject to review at future actuarial valuations.

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 £24,553 (2005: £22,752)

## 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)**
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**4 RELATED PARTY TRANSACTIONS**

In 2006 Mr B Pengilley was Chairman of the General Services Committee and the Water Board.

The States of Alderney has a majority shareholding in Alderney Electricity Ltd and appoints annually a director to the Board of the Company. This position was held by Mr R Willmott during the year 2006.

The Water Board purchases electricity, oil and specialist electrical services from Alderney Electricity Ltd. In 2006 the value of these purchases was £52,357.

The General Services Committee is appointed by the States of Alderney to act as the Water Board.

| **5 FIXED ASSETS** | At 1st January 2006 | Additions/ Charge | Disposals and amounts written off | At 31st December 2006 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| COST | | | | |
| Land | 10 | - | - | 10 |
| Mains and Services | 240,690 | 10,814 | - | 251,504 |
| Buildings | 19,863 | - | - | 19,863 |
| Machinery | 83,242 | 19,175 | - | 102,417 |
| Tools and Equipment | 11,092 | - | - | 11,092 |
| Motor Vehicle | - | 15,244 | - | 15,244 |
| Consumer Meters | 2,820 | - | - | 2,820 |
| Assets in course of construction | - | 11,637 | - | 11,637 |
| | 357,717 | 56,870 | 0 | 414,587 |
| DEPRECIATION | | | | |
| Mains and Services | 93,127 | 6,037 | - | 99,164 |
| Buildings | 8,345 | 496 | - | 8,841 |
| Machinery | 17,971 | 6,245 | - | 24,216 |
| Tools and Equipment | 3,582 | 1,161 | - | 4,743 |
| Motor Vehicle | - | 1,269 | - | 1,269 |
| Consumer Meters | 1,157 | 282 | - | 1,439 |
| | 124,182 | 15,490 | 0 | 139,672 |
| **NET BOOK AMOUNT** | £ 233,535 | | £ | 274,915 |

# States of Guernsey Public Services Department
# States Works

## Statement of activities and performance
*Year ended 31 December 2006*

**Principal activities**

States Works, a division of the Public Services 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**

| | **2006** | 2005 |
|---|---|---|
| | **£'000** | £'000 |
| Income | **9,713** | 8,571 |
| Surplus | **408** | 340 |
| Capital expenditure | **288** | 198 |

Income increased by 13.3% primarily as a result of an additional Service Level Agreement (SLA) for the managing and running of the Sewage Collection Service. This operation has historically been managed from the Central Services section of the Public Services Department but, subject to costs being reduced from the 2005 level, the Board decided to place this work force and its operations with States Works, who have greater expertise in managing this type of operation.

As a result of States budget cuts many of our clients re-negotiated SLAs, resulting in reductions from previous year's values. This meant that income, excluding Management Services, fell by 2.4% spread over most areas of the Division's trading activities. The fall of income would have been greater but for increased trading activities with new clients outside of the States of Guernsey.

In anticipation of lower income, the Division reduced the amount of overtime worked and as posts became vacant, many have not been filled. As a result, overtime costs were reduced by 17.1% and the total wages and salaries costs (excluding the sewage collection staff) fell by over £237,000. This being despite a general pay award for Public Service Employees of 3.0% from 1 January 2006.

Overall, 2006 has been a good year for States Works, further boosted by an increase in interest receivable of over £36,000 and an overall surplus of over £408,000. It is likely, however, that trading conditions will become more challenging as much higher employer costs take effect in 2008 and further client budget reductions remain a possibility. The Division is, however, now well placed to withstand such a downturn in fortunes.

# States of Guernsey Public Services Department
# States Works

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Operational Performance**

**Overheads**

| | **2006** | 2005 |
|---|---|---|
| Numeric ratio: Support staff/Operational staff | **13.8%** | 16.2% |
| Cost ratio: Support staff/Operational staff | **19.8%** | 22.1% |
| **Effort** | | |
| Income/Employee | **£ 53,943** | £ 57,023 |
| **Emergency Call-Out** | | |
| Number of calls | **396** | 428 |
| Man hours worked | **1,420** | 1,344 |
| **Non Scheduled Work** | | |
| New jobs raised | **5,057** | 4,684 |

**Developments in 2006**

2006 saw the very successful integration of two new sections into States Works, Sewage Collection Service and Waste and Recycling. In the case of the latter, budget control has remained with Public Services until a Service Level Agreement has been finalised, with States Works simply taking over the day to day management control of staff and sites.

States Works, through the Community Environmental Projects Scheme (CEPS) has successfully carried out two pilot schemes for kerbside recycling on behalf of the Environment Department during the year. This pilot scheme has proved that this method of separation at source does work; however, how this is progressed in the future on an island wide scheme has yet to be decided. In the meantime the pilot scheme will continue in the short term.

With client budgets being cut back severely for 2006, States Works management had to take immediate and positive action to reduce operating costs. This has been achieved predominantly through an effective reduction in overtime and excluding the two new sections, a 10% reduction of operational staff numbers during the last 18 months.

# States of Guernsey Public Services Department
# States Works

## Statement of activities and performance - continued
*Year ended 31 December 2006*

**Board members and principal officers**

Deputy WM Bell, Minister
Deputy TM Le Pelley, Deputy Minister
Deputy AH Brouard
Deputy RJ Le Moignan
Deputy S Ogier
Advocate PJG Atkinson

Principal officers were:

Mr RT Kirkpatrick, Chief Executive, Public Services Department
Mr A Lewis, Deputy Chief Officer, Public Services Department
Mr NJ Dorey, General Manager, States Works
Mr BG Langlois, Senior Manager, Finance and Support Services, States Works
Mr JD McEwan, Senior Manager, Services, States Works
Mr N Le C Nicolle, Senior Manager, Technical, States Works

# States of Guernsey Public Services Department
# States Works

## Statement of responsibilities for the preparation of financial statements

The Public Services Department ("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 States Works as at the end of the financial year, of the surplus or deficit of the Division for that period and that are in accordance with applicable laws and regulations. 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 Division will continue in business.

The Board is responsible for ensuring States Works keep proper accounting records which disclose with reasonable accuracy at any time its financial position. It is also responsible for safeguarding its assets 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 Department 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 of Guernsey in their care and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The Board is also responsible for the economic, efficient and effective operations and management of States Works.

It is acknowledged that States Works is subject to financial and manpower restrictions. Nevertheless, the Board 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 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 to ensure that all Board members are informed of the Division'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 authorised time sheets and the computerised job costing and financial accounts packages, which check validity, and permits reconciliation with the wage bill.

# States of Guernsey Public Services Department
# States Works

## 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 Division have the necessary integrity, skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

States Works 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.

KPMG

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey, Channel Islands
GY1 4AN

# Independent auditors' report to the States of Guernsey Public Services Department – States Works

We have audited the financial statements of the States of Guernsey Public Services Department - States Works ("the Division") for the year ended 31 December 2006 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the Board and auditors**

The Board is responsible for the preparation of the financial statements in accordance with applicable Guernsey law and UK accounting standards as set out in the statement of responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. 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.

We read the statement of activities and performance and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Accounting Standards, of the state of the Division's affairs as at 31 December 2006 and of its surplus for the year then ended.

**KPMG Channel Islands Limited**

*Chartered Accountants*

19 April 2007

# States of Guernsey Public Services Department
# States Works

## Revenue account
*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Income** | 2 | **9,602,320** | 8,496,467 |
| **Expenses** | | | |
| Labour and direct materials | 3 | **6,851,624** | 5,903,742 |
| Transport, plant and equipment maintenance | 4 | **757,860** | 732,457 |
| Building maintenance and charges | 5 | **484,941** | 395,156 |
| Administration and general | 6 | **1,210,136** | 1,198,950 |
| | | **9,304,561** | 8,230,305 |
| **Operating surplus** | | **297,759** | 266,162 |
| Interest received from States Treasury | | **110,393** | 74,227 |
| **Surplus for the financial year** | 11 | **408,152** | 340,389 |

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.

Notes 1 to 18 form an integral part of these financial statements.

# States of Guernsey Public Services Department
# States Works

## Balance sheet
*at 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Tangible fixed assets** | 7 | **3,598,465** | 3,866,726 |
| **Current assets** | | | |
| Stock and work in progress | 8 | **192,538** | 165,259 |
| Debtors and prepayments | 9 | **1,002,352** | 1,117,117 |
| Balances due from States Treasury | | **2,963,021** | 2,197,771 |
| | | **4,157,911** | 3,480,147 |
| **Creditors: amounts falling due within one year** | 10 | **(274,032)** | (272,681) |
| **Net current assets** | | **3,883,879** | 3,207,466 |
| **Total net assets** | | **7,482,344** | 7,074,192 |
| **Reserves** | 11 | **7,482,344** | 7,074,192 |

The financial statements and related notes were approved by the Public Services Department on 19th April 2007.

**WM Bell**
*Minister*

Notes 1 to 18 form an integral part of these financial statements.

# States of Guernsey Public Services Department
# States Works

## Cash flow statement
*for the year ended 31 December 2006*

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| **Net cash inflow from operating activities** | *12* | **930,190** | 558,649 |
| **Returns on investments and servicing of finance** | | | |
| Interest received | | **110,393** | 74,227 |
| **Capital expenditure and financial investment** | | | |
| Payments to acquire tangible fixed assets | | **(288,468)** | (197,924) |
| Receipts from sales of tangible fixed assets | | **13,135** | 1,620 |
| **Net cash outflow from investing activities** | | **(275,333)** | (196,304) |
| **Management of liquid resources** | | | |
| Increase in amounts held with States Treasury | *14* | **(765,250)** | (436,572) |
| **Movement in cash** | | **-** | - |

Notes 1 to 18 form an integral part of these financial statements.

# States of Guernsey Public Services Department
# States Works

## 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*

Income 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 Public Services Department
# States Works

## Notes to the financial statements - continued

### 2. Income

| | | 2006 £ | 2005 £ |
|---|---|---|---|
| Maintenance | - Building and properties | **2,072,301** | 2,131,961 |
| | - Highways | **2,305,148** | 2,384,961 |
| | - Management services | **1,419,260** | 113,903 |
| | - Sewers and pump stations | **1,137,781** | 1,152,268 |
| | - Vehicles and plant | **452,442** | 492,516 |
| | - Land areas | **1,692,880** | 1,709,339 |
| Transport services | | **39,580** | 44,643 |
| Island wide emergencies and call outs | | **105,610** | 98,481 |
| Administrative services | | **377,318** | 368,395 |
| | | **9,602,320** | 8,496,467 |

### 3. Labour and direct materials

| | 2006 £ | 2005 £ |
|---|---|---|
| Labour charges: | | |
| Wages and employers superannuation | **4,781,113** | 3,945,563 |
| Direct materials: | | |
| Materials and services | **1,457,067** | 1,342,323 |
| Stores | **466,219** | 409,092 |
| Sub contractors | **159,655** | 218,985 |
| Less: discounts received | **(12,430)** | (12,221) |
| | **2,070,511** | 1,958,179 |
| | **6,851,624** | 5,903,742 |

### 4. Transport, plant and equipment maintenance

| | | 2006 £ | 2005 £ |
|---|---|---|---|
| Vehicles | - Fuel and maintenance | **255,872** | 255,970 |
| | - Depreciation | **227,595** | 203,691 |
| Plant and tools | - Maintenance | **120,367** | 102,066 |
| | - Replacements | **55,949** | 57,460 |
| | - Depreciation | **66,901** | 73,928 |
| Contractors charges | | **1,919** | 9,598 |
| Garage expenses | | **14,682** | 17,929 |
| Other costs | | **14,575** | 11,815 |
| | | **757,860** | 732,457 |

# States of Guernsey Public Services Department
# States Works

## Notes to the financial statements - continued

### 5. Building maintenance and charges

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| La Hure Mare | **205,789** | 182,044 |
| Burnt Lane Depot | **46,835** | 48,176 |
| Saumarez Park Depot | **1,430** | 1,537 |
| Other sites | **3,407** | 1,520 |
| Buildings and fittings depreciation | **227,480** | 161,879 |
| | **484,941** | 395,156 |

### 6. Administration and general

| | 2006<br>£ | 2005<br>£ |
|---|---|---|
| Salaries, wages and employers superannuation | **903,648** | 840,222 |
| Travel and training charges | **31,208** | 53,683 |
| Post, stationery and telephone | **41,736** | 47,270 |
| Computer charges | **76,498** | 86,351 |
| Insurance | **104,499** | 85,097 |
| Audit fee | **8,398** | 8,122 |
| Sundry office expenses | **22,593** | 35,300 |
| Office and equipment depreciation | **25,006** | 37,382 |
| Loss/(profit) on disposal of fixed assets | **(3,387)** | 4,436 |
| Bad debts provided for and written off | **(63)** | 1,087 |
| | **1,210,136** | 1,198,950 |

### 7. Tangible fixed assets

| *Cost* | 1 January 2006<br>£ | Additions<br>£ | Written off/ Disposals<br>£ | **31 December 2006**<br>**£** |
|---|---|---|---|---|
| Plant, tools and equipment | 810,392 | 35,905 | 3,449 | **842,848** |
| Motor vehicles | 1,942,144 | 241,762 | 137,058 | **2,046,848** |
| Office equipment | 177,651 | - | 1,739 | **175,912** |
| Buildings and fittings | 3,475,693 | 10,801 | - | **3,486,494** |
| Land | 649,220 | - | - | **649,220** |
| | 7,055,100 | 288,468 | 142,246 | **7,201,322** |

# States of Guernsey Public Services Department
# States Works

## Notes to the financial statements - continued

### 7. Tangible fixed assets - continued

| | 1 January 2006 £ | Charge for the year £ | Written off/ Disposals £ | **31 December 2006 £** |
|---|---|---|---|---|
| *Depreciation* | | | | |
| Plant, tools and equipment | 611,599 | 66,901 | 3,447 | **675,053** |
| Motor vehicles | 1,545,908 | 227,594 | 127,313 | **1,646,189** |
| Office equipment | 148,285 | 25,006 | 1,738 | **171,553** |
| Buildings and fittings | 882,582 | 227,480 | - | **1,110,062** |
| | 3,188,374 | 546,981 | 132,498 | **3,602,857** |
| **Net book value** | 3,866,726 | | | **3,598,465** |

### 8. Stock and work in progress

| | **2006 £** | 2005 £ |
|---|---|---|
| Stock | **146,095** | 128,471 |
| Work in progress | **46,443** | 36,788 |
| | **192,538** | 165,259 |

### 9. Debtors and prepayments

| | **2006 £** | 2005 £ |
|---|---|---|
| Trade debtors | **274,488** | 233,862 |
| Balance due from States Departments | **672,226** | 860,364 |
| Prepayments and other debtors | **55,638** | 22,891 |
| | **1,002,352** | 1,117,117 |

### 10. Creditors: amounts falling due within one year

| | **2006 £** | 2005 £ |
|---|---|---|
| Trade creditors | **186,943** | **185,841** |
| Accruals | **87,089** | **86,840** |
| | **274,032** | **272,681** |

# States of Guernsey Public Services Department
# States Works

## Notes to the financial statements - continued

### 11. Reserves

| | 2006 £ | 2005 £ |
|---|---|---|
| Balance 1 January | **7,074,192** | 6,733,803 |
| Surplus for financial year | **408,152** | 340,389 |
| **Balance 31 December** | **7,482,344** | 7,074,192 |

### 12. Reconciliation of operating surplus to net cash inflow from operating activities

| | 2006 £ | 2005 £ |
|---|---|---|
| Operating surplus | **297,759** | 266,162 |
| Depreciation charges and surplus on sale of tangible fixed assets | **543,594** | 481,316 |
| Increase in stocks and work in progress | **(27,279)** | (16,885) |
| Decrease/(increase) in debtors | **114,765** | (153,617) |
| Increase/(decrease) in creditors due within one year | **1,351** | (18,327) |
| **Net cash inflow from operating activities** | **930,190** | 558,649 |

### 13. Reconciliation of net cash flow to movement in net funds

| | 2006 £ | 2005 £ |
|---|---|---|
| Increase in liquid resources | **765,250** | 436,572 |
| Net funds at 1 January | **2,197,771** | 1,761,199 |
| **Net funds at 31 December** | **2,963,021** | 2,197,771 |

### 14. Analysis of changes in net funds

| | At 1 January 2006 £ | Cash Flows £ | **At 31 December 2006 £** |
|---|---|---|---|
| Cash held with States Treasury | 2,197,771 | 765,250 | **2,963,021** |

# States of Guernsey Public Services Department
# States Works

## Notes to the financial statements - continued

### 15. Capital commitments

| | 2006 | 2005 |
|---|---|---|
| | £ | £ |
| Contracted for but not provided | 710,035 | 49,365 |

Included within the above commitment figure is £625,000 for the purchase of a site at La Hure Mare from Guernsey Water on 1 January 2007.

### 16. Pension Fund

The employees of the States of Guernsey Works Division 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 2004 indicated that a deficit existed. However, the States have decided to maintain the current employer's contribution rate to the Fund at 7.85% which came in to effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees will be reviewed during 2007.

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 division has applied the provisions of FRS 17 for multi employer arrangements. In such circumstances, where the share of the underlying assets and liabilities of the scheme can not be identified on a reasonable or consistent basis, the employer is only required to account for the contributions made for the current period as an expense in the profit and loss account. The total amount of superannuation contributions for the year ended 31 December 2006 were £351,763 (2005: £291,774) which were all paid during the year.

### 17. Related party transactions

The States of Guernsey Public Services Department – Works Division 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 Public Services – Works Division annual income, 89% (2005: 87%) of the value is due to transactions with other States entities. This includes aggregate value of transactions with the Public Services – Central Services Division totalling 46% (2005: 37%) of the Division's annual income.

Less than 20% of the value of the Division's annual expenditure is due to transactions with other States entities.

### 18. Statement of control

The States of Guernsey Public Services Department – Works Division is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the States of Guernsey Public Services Department – Works Division has been delegated to the members of the Board who have been appointed by the States of Guernsey.

# IN THE STATES OF THE ISLAND OF GUERNSEY
# ON THE 29th JUNE, 2007

**The States resolved as follows concerning Billet d'État No XVII**
**dated 8th June 2007**

## TREASURY AND RESOURCES DEPARTMENT

ACCOUNTS OF THE STATES FOR 2006

To approve:-

(1) The following Accounts for the year 2006:-

1. Policy Council
2. Treasury and Resources Department
3. Commerce and Employment Department
4. Culture and Leisure Department
5. Education Department
6. Environment Department
7. Health and Social Services Department
8. Home Department
9. Housing Department
10. Public Services Department
11. Social Security Department
12. Departments' Capital Income and Expenditure
13. Miscellaneous Accounts
14. States Dairy
15. Alderney Airport
16. Ports
17. Guernsey Water

(2) To appoint the firm of Deloitte and Touche LLP as auditors of all States accounts for the year ending 31 December, 2007.

S M D ROSS
HER MAJESTY'S DEPUTY GREFFIER

# IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 12th DECEMBER, 2007

**The States resolved as follows concerning Billet d'État No XXVII dated 10th December 2007**

## TREASURY AND RESOURCES DEPARTMENT

THE INCOME TAX (ZERO 10) (GUERNSEY) (NO. 2) LAW, 2007

After consideration of the Report dated 7th December, 2007, of the Treasury and Resources Department:-

1. To rescind the Resolution made on 29th November, 2007 to approve the Projet de Loi entitled "The Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007".

2. To approve the Projet de Loi entitled "The Income Tax (Zero 10) (Guernsey) (No. 2) Law, 2007" and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

3. Consider it expedient in the public interest so to do, to declare, pursuant to section 1 of the Taxes and Duties (Provisional Effect) (Guernsey) Law, 1992, that the said Projet de Loi shall have effect from 1st January, 2008, as if it were a Law sanctioned by Her Majesty in Council and registered on the records of the Island of Guernsey.

K H TOUGH
HER MAJESTY'S GREFFIER