



**IX**  
**2008**

# **BILLET D'ÉTAT**

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**WEDNESDAY, 25th JUNE, 2008**

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**ACCOUNTS OF THE STATES  
FOR 2007**

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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 25th JUNE, 2008,** immediately after the meeting already convened for that day, for the purpose of considering the States Accounts for 2007.

G. R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House,  
Guernsey.  
6<sup>th</sup> June, 2008

**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

30 April 2008

Dear Sir,

I enclose a copy of the accounts of the States of Guernsey for the year ended 31 December 2007 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; and
- 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.

Treasury and Resources Department is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **INDEPENDENT AUDITORS' REPORT TO THE TREASURY AND RESOURCES DEPARTMENT**

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We have audited the accounts (the “accounts”) of the States of Guernsey for the year ended 31 December 2007 on pages 12 to 57 and 78 to 98 and the related note 1 on page 59. These accounts have been prepared under the accounting policies set out on page 6.

This report is made solely to the States and the Treasury and Resources Department (“the Department”), as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to it in an auditors’ 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 States and the Department as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective duties of the Department and auditors**

The Department’s responsibilities for preparing the accounts are set out in the Statement of Responsibilities for the Preparation of Annual Accounts.

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 policies set out on page 6. We also report to you if whether in our opinion the information given in the Financial Report is not consistent with the accounts.

We also report to you if, in our opinion, the States 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 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 in the preparation of the accounts, and of whether the accounting policies are appropriate to the States’ 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 2007 have been properly prepared in accordance with the accounting policies set out on page 6.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
30 April 2008

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the States of Guernsey but no control procedures can provide absolute assurance in this area. Legislation in Guernsey governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



## STATES OF GUERNSEY ACCOUNTING POLICIES

1. The accounts of the States of Guernsey comprising those Departments set out on pages 12 to 57 and 78 to 98 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve Fund accounts and other financial investments which have been adjusted by the revaluation of investments. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.
2. Investments in States Trading Entities in respect of Guernsey Post Limited and Guernsey Electricity Limited 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.

For the 2007 accounts only, a provision for income tax repayments on non-ETI (Employees Tax Instalment Scheme) receipts has been made. This provision is calculated at 10% of the annual non-ETI income for the year to 31 January 2008 and has had the impact of reducing revenue and net assets by £17.7m.

4. Motor vehicle tax has been accounted for on a receipts basis rather than an accruals basis. Motor vehicle tax was discontinued from 31 December 2007 and due to the receipts basis of accounting the income recognised in 2007 was lower than that in 2006.
5. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
6. Stock is valued at the lower of cost and net realisable value.
7. 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.
8. 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. Pages 56 and 57 set out the accounting policies of the Consolidated Superannuation Fund.
9. Interest receivable on the General Revenue Account is shown within the Revenue Income accounts. Other interest is shown in the respective funds and accounts to which it relates.

### Note:

The States of Guernsey Public Services Department Ports financial statements set out on pages 79 to 92 have been prepared under the accounting policies disclosed on page 86.

# FINANCIAL REPORT

## For the Year Ended 31 December 2007

### General Revenue Account Income and Expenditure

In summary, the outturn for 2007 compared to 2006 was as follows:

	2007	2006
	£m	£m
Income	365.0	325.1
Expenditure	294.5	294.6
Operating Surplus	<u>70.5</u>	<u>30.5</u>

The Operating Surplus for 2007 was £40.0m more than in 2006; the main reasons being:

- Total income increased by 12.3% with income tax receipts increasing by £26.3m (9.7%) compared to 2006 and Document Duty by £5.6m (26.9%).
- Ongoing revenue expenditure decreased by £0.1m (and was £6.5m less than the overall 2007 revenue expenditure budget approved by the States in December 2006).

The major increases in expenditure in 2007 compared to 2006 were Health and Social Services (£3.1m), Education (£1.4m) and Home (£1.1m), offset by a decrease in Social Security (£6.6m) following the reduction in grants agreed by the States as part of the Future Economic & Taxation Strategy.

### General Revenue Account

The overall position of the General Revenue Account at 31 December 2007 was as follows:

	£m	£m
Operating surplus		70.5
Capital income		0.3
Less: Appropriations		
Capital Fund	(18.0)	
Contingency Reserve Fund	(15.0)	
Capital Reserve	<u>(5.0)</u>	
		<u>(38.0)</u>
		32.8
Balance as at 1.1.2007		<u>34.5</u>
Balance as at 31.12.2007		<u>67.3</u>

### 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 as at 1.1.2007		34.5
Appropriation from General Revenue	18.0	
Transfers from Capital Reserve	24.3	
Expenditure in year	<u>(49.0)</u>	
		<u>(6.7)</u>
Balance as at 31.12.2007		<u>27.8</u>

## FINANCIAL REPORT

### For the Year Ended 31 December 2007

During 2007, capital expenditure was £49.0m (2006: £41.8m). Major areas of expenditure during the year included the following:

	£m
• Education Development Plan	19.2
• Health & Social Services: Site Development Plan	13.0
• Corporate Housing Programme Fund	7.0

#### **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 as at 1.1.2007		30.1
Appropriation from General Revenue	5.0	
Interest received	3.6	
Transfers to Capital Fund	(24.3)	
		<u>(15.7)</u>
Balance as at 31.12.2007		<u>14.4</u>

In the 2008 Budget debate in November 2007, the States approved a transfer of £20.5m to the Capital Reserve at the beginning of 2008. A transfer of £17.15m from the Capital Reserve at the beginning of 2008 has been approved as the second tranche of funding for the construction of the Clinical Block (Billet d'Etat XVII, October 2006).

#### **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 as at 1.1.2007		204.2
Appropriation from General Revenue	15.0	
Net appreciation of investments and interest received	10.9	
Investment management fees	(0.5)	
		<u>25.4</u>
Balance as at 31.12.2007		<u>229.6</u>

At 31 December 2007, £122.6m was available to fund the shortfall in public sector expenditure during the transitional phase of the Future Economic & Taxation Strategy.

# FINANCIAL REPORT

## For the Year Ended 31 December 2007

### Ports Holding Account

In 2007 the Ports had a total operating surplus of £1.6m (2006: £1.8m) and capital expenditure of £2.3m (2006: £4.4m).

The Balance of the Ports Holding Account as at 31 December 2007 was £9.9m (2006: £7.5m).

The 2007 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.

### Superannuation Fund

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

	£m	£m
Balance as at 1.1.2007		846.9
Employer and employee contributions	29.2	
Pensions and lump sums paid	<u>(31.6)</u>	
Net reduction		(2.4)
Investment income net of management and other fees		17.3
Appreciation of investments		<u>34.6</u>
Balance as at 31.12.2007		<u>896.4</u>

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

	£m 2007	£m 2006
Market Value of Scheme Assets	896.4	846.9
Present Value of the Scheme Liabilities	<u>(1,024.1)</u>	<u>(1,007.4)</u>
Deficit	<u>(127.7)</u>	<u>(160.5)</u>
Funding Level	<u>88%</u>	<u>84%</u>

### Appointment of External Auditors

In 2007, following a competitive tender process by the Public Accounts Committee, the States approved the appointment of Deloitte & Touche LLP as auditors of the States accounts. It is the intention of the Public Accounts Committee that there should be no major review of the reappointment of external auditors until a period of five years has elapsed unless the appointment proves unsatisfactory in any significant respect.

It is therefore recommended that the States re-appoint the firm of Deloitte & Touche LLP as auditors of the States accounts for the year ended 31 December 2008.

Bethan Haines CPFA  
Chief Accountant  
30 April 2008

## INCOME AND EXPENDITURE SUMMARY

	2007 £'000	2006 £'000	2005 £'000	2004 £'000
<b>Income</b>				
Income Tax	296,406	270,098	258,707	235,892
Other Taxes	60,742	51,984	49,727	46,614
Miscellaneous Revenue Income	7,856	3,016	2,047	2,373
	<hr/>	<hr/>	<hr/>	<hr/>
	365,004	325,098	310,481	284,879
<b>Revenue Expenditure</b>	(294,481)	(294,612)	(291,605)	(275,656)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Surplus</b>	70,523	30,486	18,876	9,223
<b>Capital Income</b>	253	770	-	5,153
	<hr/>	<hr/>	<hr/>	<hr/>
	£70,776	£31,256	£18,876	£14,376
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Capital Expenditure</b>				
Major Construction and Development Projects	35,438	28,443	36,338	29,730
Transfers to Corporate Housing Programme	7,000	7,000	5,000	-
Equipment, Machinery and Vehicles	2,825	2,641	2,870	2,985
ICT Projects	1,961	893	1,095	3,476
Miscellaneous Capital Works	1,766	2,775	4,878	8,174
	<hr/>	<hr/>	<hr/>	<hr/>
	£48,990	£41,752	£50,181	£44,365
	<hr/>	<hr/>	<hr/>	<hr/>

## GENERAL REVENUE APPROPRIATION ACCOUNT

	2007 £	2006 £	2005 £	2004 £
Operating Surplus	70,522,738	30,485,629	18,876,562	9,223,363
Capital Income	253,642	769,879	-	5,152,655
	<hr/>	<hr/>	<hr/>	<hr/>
	70,776,380	31,255,508	18,876,562	14,376,018
Appropriated as follows				
Capital Fund - General	(18,000,000)	(12,900,000)	(12,500,000)	(16,000,000)
Capital Fund - Reserve	(5,000,000)	-	(10,000,000)	(7,000,000)
Contingency Reserve Fund	(15,000,000)	-	(5,000,000)	(5,000,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Transfer to / (from) General Revenue Account Reserve	£32,776,380	£18,355,508	(£8,623,438)	(£13,623,982)
	<hr/>	<hr/>	<hr/>	<hr/>

**GENERAL REVENUE  
INCOME AND  
EXPENDITURE**

## REVENUE INCOME

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Income Tax</b>		<b>296,405,797</b>		<b>285,500,000</b>		<b>280,000,000</b>		<b>270,098,490</b>
<b>Other Taxes</b>								
Customs and Immigration								
Excise duties, etc.								
Beer	2,554,213		2,400,000		2,700,000		2,221,192	
Cider	469,225		500,000		300,000		316,309	
Motor Spirit	3,276,079		3,350,000		3,700,000		2,017,147	
Spirits	2,242,006		2,350,000		2,300,000		1,956,637	
Tobacco	5,750,413		6,050,000		6,000,000		5,668,285	
Wine	3,269,188		3,250,000		3,150,000		2,755,574	
Less duties collected for Sark	(245,926)		(225,000)		(250,000)		(219,517)	
Import duties on foreign goods, etc.	982,622		950,000		650,000		822,340	
	18,297,820		18,625,000		18,550,000		15,537,967	
Document duty, etc	26,407,287		24,200,000		18,900,000		20,811,115	
Dwellings profit tax	1,588		-		-		9,582	
Exempt company fees	5,490,808		5,200,000		5,200,000		5,094,229	
Motor vehicle tax	4,385,369		4,300,000		6,550,000		6,279,654	
Tax on rateable values	6,159,273		6,100,000		6,200,000		4,250,969	
		<b>60,742,145</b>		<b>58,425,000</b>		<b>55,400,000</b>		<b>51,983,516</b>
<b>Miscellaneous Income</b>								
Interest receivable	15,666,376						11,263,936	
Less net amount due to third parties	(13,983,397)						(11,167,900)	
	1,682,979						96,036	
General Revenue Account interest receivable	45,031						(288,787)	
	1,728,010		1,500,000		(370,000)		(192,751)	
Court fines and fixed penalties	765,845		675,000		1,000,000		764,847	
Loan Funds Interest	15,509		10,000		20,000		23,004	
Retention Tax - net receipt	3,777,055		3,850,000		1,750,000		1,244,647	
States Trading Companies dividends	239,495		240,000		650,000		169,704	
Surplus on Notes and Coins Account	1,330,159		1,200,000		950,000		1,006,648	
		<b>7,856,073</b>		<b>7,475,000</b>		<b>4,000,000</b>		<b>3,016,099</b>
<b>TOTAL REVENUE INCOME</b>		<b>365,004,015</b>		<b>351,400,000</b>		<b>339,400,000</b>		<b>325,098,105</b>

## REVENUE EXPENDITURE SUMMARY

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
Policy Council	7,663,066		8,336,209		7,650,000		7,503,795	
Treasury and Resources Department	21,438,644		23,400,824		22,750,000		20,428,429	
Commerce and Employment Department	10,441,398		12,112,200		11,500,000		10,567,332	
Culture and Leisure Department	3,206,698		3,385,864		3,200,000		3,126,690	
Education Department	64,561,643		66,834,300		66,171,000		63,192,413	
Environment Department	7,333,580		8,208,500		7,841,000		6,982,189	
Health and Social Services Department	86,782,148		88,016,500		87,209,000		83,674,883	
Home Department	26,313,859		28,487,500		26,900,000		25,176,238	
Housing Department	1,738,309		1,906,500		1,725,000		1,726,250	
Public Services Department	7,796,137		8,985,131		8,309,000		8,370,481	
Social Security Department	56,809,031		56,860,000		57,275,000		63,395,338	
Public Accounts Committee	231,518		290,000		270,000		300,104	
Scrutiny Committee	165,246		200,000		200,000		168,334	
<b>TOTAL REVENUE EXPENDITURE</b>		<b>294,481,277</b>		<b>307,023,528</b>		<b>301,000,000</b>		<b>294,612,476</b>

# POLICY COUNCIL

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Archive Service</b>								
Premises	13,347		22,000		22,000		9,391	
Staff	158,285		158,000		158,000		160,659	
Supplies and services	17,268		35,000		35,000		22,546	
	188,900		215,000		215,000		192,596	
<i>Less</i> operating income	(849)		(1,000)		(1,000)		(628)	
		<b>188,051</b>		<b>214,000</b>		<b>214,000</b>		<b>191,968</b>
<b>External Affairs and Government Business</b>								
<b>Administration</b>								
Staff	384,308		425,000		425,000		410,574	
Supplies and services	46,289		116,000		116,000		50,264	
Consultants fees	420,729		392,000		392,000		305,961	
Contracted-out work	-		41,800		-		-	
Provision of hospitality to visitors	21,628		25,000		25,000		3,165	
	872,954		999,800		958,000		769,964	
<i>Less</i> recoveries	(975)		-		-		-	
	871,979		999,800		958,000		769,964	
<b>Contributions to Aid Overseas</b>								
<b>Grants</b>	2,086,777		2,087,441		1,885,000		1,747,559	
<b>Emergency Disaster Relief</b>								
Bangladesh Cyclone	50,000		50,000		-		-	
South Asia Floods	25,000		25,000		-		-	
Sudan Crisis Appeals	75,000		75,000		-		-	
General provision	-		50,000		200,000		-	
	2,236,777		2,287,441		2,085,000		1,747,559	
<b>Elections</b>								
Supplies and services	2,747		5,000		5,000		135	
<b>Government Business</b>								
Premises	189,600		202,000		202,000		175,416	
Staff	462,730		510,000		510,000		494,173	
Supplies and services	315,159		425,000		424,000		303,188	
External Audit fee (Overseas Aid Commission)	2,000		-		-		-	
	969,489		1,137,000		1,136,000		972,777	
<i>Less</i> recoveries	(3,492)		(3,000)		(3,000)		(1,415)	
	965,997		1,134,000		1,133,000		971,362	
<b>Guernsey Financial Services Commission</b>	200,000		200,000		200,000		300,000	
<b>Guernsey Tax Tribunal Allowances</b>	7,582		8,000		8,000		11,135	
		<b>4,285,082</b>		<b>4,634,241</b>		<b>4,389,000</b>		<b>3,800,155</b>
<b>Human Resources</b>								
Staff	796,019		823,000		823,000		854,133	
Supplies and services	280,029		378,000		508,000		334,344	
Consultants fees	8,600		23,000		23,000		21,483	
Contracted-out work	88,200		88,200		-		-	
	1,172,848		1,312,200		1,354,000		1,209,960	
<i>Less</i> recoveries	(1,131)		(1,000)		(1,000)		(2,317)	
		<b>1,171,717</b>		<b>1,311,200</b>		<b>1,353,000</b>		<b>1,207,643</b>
<b>Legal Aid Scheme</b>								
Premises	12,255		15,000		15,000		14,550	
Staff	145,929		140,000		140,000		124,497	
Supplies and services	15,302		10,000		10,000		12,885	
Consultants fees	7,655		5,000		5,000		-	
Civil Legal Aid	779,072		690,000		690,000		674,448	
Criminal Legal Aid	668,130		660,000		660,000		986,419	
	1,628,343		1,520,000		1,520,000		1,812,799	
<i>Less</i> recoveries	(112,058)		(120,000)		(120,000)		(128,205)	
		<b>1,516,285</b>		<b>1,400,000</b>		<b>1,400,000</b>		<b>1,684,594</b>



## POLICY COUNCIL

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Policy and Research Unit</b>								
<b>Administration</b>								
Staff	431,936		436,500		420,000		448,028	
Supplies and services	25,660		36,000		36,000		21,771	
Consultants fees	4,000		5,000		5,000		85	
	<u>461,596</u>		<u>477,500</u>		<u>461,000</u>		<u>469,884</u>	
<b>Household Expenditure Survey</b>								
Supplies and services	3,736		16,268		-		26,849	
Contracted-out work	-		-		-		60,500	
	<u>3,736</u>		<u>16,268</u>		<u>-</u>		<u>87,349</u>	
<b>Strategic and Corporate Initiatives</b>								
Supplies and services	-		38,000		53,000		-	
Consultants fees and contracted-out work	36,599		215,000		90,000		3,895	
Grants	-		30,000		-		58,307	
	<u>36,599</u>		<u>283,000</u>		<u>143,000</u>		<u>62,202</u>	
		<b>501,931</b>		<b>776,768</b>		<b>604,000</b>		<b>619,435</b>
		<u>7,663,066</u>		<u>8,336,209</u>		<u>7,960,000</u>		<u>7,503,795</u>
<b>Use of Accumulated Unspent Balances</b>		-		-		(310,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>7,663,066</b>		<b>8,336,209</b>		<b>7,650,000</b>		<b>7,503,795</b>

## TREASURY AND RESOURCES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Income Tax</b>								
Premises	58,133		66,000		66,000		59,758	
Staff	3,234,284		3,310,000		3,310,000		3,148,038	
Supplies and services	1,269,203		1,234,000		1,234,000		1,278,310	
Consultants fees	-		-		-		147	
	<u>4,561,620</u>		<u>4,610,000</u>		<u>4,610,000</u>		<u>4,486,253</u>	
<i>Less recoveries</i>	(61,525)		(50,000)		(50,000)		(48,212)	
		<b>4,500,095</b>		<b>4,560,000</b>		<b>4,560,000</b>		<b>4,438,041</b>
<b>Information and Communications Technology</b>								
Staff	530,702		555,000		555,000		501,696	
Supplies and services	572,582		545,000		545,000		397,379	
Contracted-out work	22,080		60,000		60,000		96,090	
	<u>1,125,364</u>		<u>1,160,000</u>		<u>1,160,000</u>		<u>995,165</u>	
<b>States Property Services</b>								
Premises	953,295		911,000		854,000		729,796	
Staff	1,615,986		1,895,000		1,966,000		1,782,735	
Supplies and services	145,848		203,000		203,000		142,166	
Consultants fees	82,883		48,000		48,000		89,136	
Contracted-out work	612,246		601,000		587,000		597,287	
Rent	578,213		715,000		715,000		539,134	
	<u>3,988,471</u>		<u>4,373,000</u>		<u>4,373,000</u>		<u>3,880,254</u>	
<i>Less operating income</i>	(1,693,772)		(1,650,000)		(1,650,000)		(1,572,210)	
		<b>2,294,699</b>		<b>2,723,000</b>		<b>2,723,000</b>		<b>2,308,044</b>

# TREASURY AND RESOURCES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Treasury</b>								
<b>Administration</b>								
Premises	18,326		11,000		11,000		9,610	
Staff	1,616,200		1,854,000		1,854,000		1,807,516	
Supplies and services	979,337		1,287,000		1,287,000		937,682	
Consultants fees	38,413		2,000		2,000		6,319	
Contracted-out work	112,773		123,000		123,000		71,216	
	2,765,049		3,277,000		3,277,000		2,832,343	
<i>Less recoveries</i>	(145,464)		(150,000)		(250,000)		(146,566)	
	2,619,585		3,127,000		3,027,000		2,685,777	
<i>Less operating income</i>	(438,225)		(360,000)		(260,000)		(377,862)	
	2,181,360		2,767,000		2,767,000		2,307,915	
<b>Audit, Risk and Assurance</b>								
Premises	90,384		85,000		85,000		29,639	
Staff	197,484		255,000		255,000		165,777	
Supplies and services	25,457		35,000		35,000		63,433	
Consultants fees	5,891		-		-		12,537	
Contracted-out work	53,365		98,000		98,000		60,650	
External Audit fee	141,985		57,000		57,000		53,690	
Insurance premiums and transfers to Insurance Deductible Fund	3,563,928		3,420,000		3,420,000		3,164,882	
	4,078,494		3,950,000		3,950,000		3,550,608	
<i>Less recoveries</i>	(1,417,446)		(1,500,000)		(1,500,000)		(1,419,674)	
	2,661,048		2,450,000		2,450,000		2,130,934	
<b>Cadastre</b>								
Premises	6,324		7,000		7,000		6,032	
Staff	236,197		215,000		215,000		219,644	
Supplies and services	88,398		74,000		74,000		20,697	
	330,919		296,000		296,000		246,373	
<i>Less recoveries</i>	(19,839)		(21,000)		(21,000)		(17,647)	
	311,080		275,000		275,000		228,726	
		<b>5,153,488</b>		<b>5,492,000</b>		<b>5,492,000</b>		<b>4,667,575</b>
<b>Commonwealth Parliamentary Association</b>								
Annual contribution to General Council	26,056		26,000		26,000		25,175	
Supplies and services	11,370		18,000		18,000		16,506	
External Audit fee	2,000		-		-		-	
	39,426		44,000		44,000		41,681	
<i>Less operating income</i>	(4,000)		(4,000)		(4,000)		(2,078)	
		<b>35,426</b>		<b>40,000</b>		<b>40,000</b>		<b>39,603</b>
<b>Payments to States Members</b>								
Allowances	1,547,225		1,540,000		1,555,000		1,502,462	
Pensions and pension contributions	271,584		260,000		270,000		314,897	
		<b>1,818,809</b>		<b>1,800,000</b>		<b>1,825,000</b>		<b>1,817,359</b>
<b>Use of Accumulated Unspent Balances</b>								
		<b>14,927,881</b>		<b>15,775,000</b>		<b>15,800,000</b>		<b>14,265,787</b>
		-		-		(250,000)		-
		<b>14,927,881</b>		<b>15,775,000</b>		<b>15,550,000</b>		<b>14,265,787</b>

# TREASURY AND RESOURCES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Courts and Law Officers</b>								
<b>Bailiff</b>								
Staff	940,657		985,000		985,000		931,034	
Supplies and services	111,478		105,000		85,000		55,019	
Grant - Royal Court Fund	7,638		10,000		10,000		5,344	
		<b>1,059,773</b>		<b>1,100,000</b>		<b>1,080,000</b>		<b>991,397</b>
<b>Central Court Services</b>								
Premises	192,266		220,000		220,000		115,214	
Staff	52,780		50,000		50,000		41,815	
Supplies and services	167,014		125,000		75,000		65,481	
		<b>412,060</b>		<b>395,000</b>		<b>345,000</b>		<b>222,510</b>
<b>Court of Appeal</b>		<b>112,256</b>		<b>140,000</b>		<b>140,000</b>		<b>116,321</b>
<b>Grefe and Safeguarder</b>								
Premises	16,718		35,000		35,000		-	
Staff	1,213,204		1,335,000		1,335,000		1,042,060	
Supplies and services	308,347		205,000		155,000		93,827	
Consultants fees	-		-		-		325	
	1,538,269		1,575,000		1,525,000		1,136,212	
<i>Less operating income</i>	(2,059,769)		(1,300,000)		(1,300,000)		(1,209,813)	
		<b>(521,500)</b>		<b>275,000</b>		<b>225,000</b>		<b>(73,601)</b>
<b>H.E. Lieutenant Governor</b>								
Establishment allowance and salary		<b>673,310</b>		<b>645,000</b>		<b>645,000</b>		<b>623,008</b>
<b>Law Officers</b>								
Premises	26,637		30,000		30,000		37,319	
Staff	2,508,680		2,693,824		2,650,000		2,253,904	
Supplies and services	268,493		275,000		275,000		225,228	
Contracted-out work	-		-		-		1,948	
	2,803,810		2,998,824		2,955,000		2,518,399	
<i>Less operating income</i>	(64,250)		(55,000)		(55,000)		(85,968)	
		<b>2,739,560</b>		<b>2,943,824</b>		<b>2,900,000</b>		<b>2,432,431</b>
<b>Magistrates Court</b>								
Staff	247,733		243,000		243,000		237,549	
Supplies and services	6,302		20,000		20,000		8,452	
	254,035		263,000		263,000		246,001	
<i>Less operating income</i>	(29,741)		(23,000)		(23,000)		(14,966)	
		<b>224,294</b>		<b>240,000</b>		<b>240,000</b>		<b>231,035</b>
<b>Sergeant and Sheriff</b>								
Staff	330,258		345,000		345,000		327,141	
Supplies and services	28,477		40,000		40,000		53,696	
	358,735		385,000		385,000		380,837	
<i>Less operating income</i>	(157,988)		(180,000)		(180,000)		(158,716)	
		<b>200,747</b>		<b>205,000</b>		<b>205,000</b>		<b>222,121</b>
		<b>4,900,500</b>		<b>5,943,824</b>		<b>5,780,000</b>		<b>4,765,222</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(30,000)		-
		<b>4,900,500</b>		<b>5,943,824</b>		<b>5,750,000</b>		<b>4,765,222</b>
<b>Alderney - Domestic Account Net Revenue cash allocation</b>		<b>1,610,263</b>		<b>1,682,000</b>		<b>1,682,000</b>		<b>1,397,420</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(232,000)		-
		<b>1,610,263</b>		<b>1,682,000</b>		<b>1,450,000</b>		<b>1,397,420</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>21,438,644</b>		<b>23,400,824</b>		<b>22,750,000</b>		<b>20,428,429</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration of Resources</b>								
Premises	79,143		108,000		105,000		165,490	
Staff	598,882		667,500		689,000		756,248	
Supplies and services	213,798		314,400		288,000		210,797	
Contracted-out work	4,641		5,000		5,000		3,558	
	896,464		1,094,900		1,087,000		1,136,093	
<i>Less operating income</i>	(12,027)		(4,000)		(4,000)		(3,955)	
		<b>884,437</b>		<b>1,090,900</b>		<b>1,083,000</b>		<b>1,132,138</b>
<b>Business Development</b>								
Staff	867,966		921,700		781,000		722,157	
Supplies and services	2,026,210		2,364,800		2,700,000		2,219,091	
Consultants fees	106,865		110,000		50,000		114,106	
Contracted out work	36,054		36,500		-		-	
Grants	27,387		100,700		95,000		66,422	
Grant to Guernsey Enterprise Agency	50,000		50,000		50,000		50,000	
Grant to Guernsey Finance LBG	600,000		600,000		600,000		600,000	
Grant to Guernsey Training Agency Trust	418,795		418,000		418,000		416,715	
Competitions Office	16,065		100,000		100,000		-	
Interest Subsidy Scheme	62,494		63,500		60,000		77,717	
Office of Public Trustee	8,663		12,000		12,000		8,673	
Organic Milk Support Scheme	-		50,000		50,000		-	
	4,220,499		4,827,200		4,916,000		4,274,881	
<i>Less operating income</i>	(400,734)		(386,500)		(349,000)		(404,146)	
		<b>3,819,765</b>		<b>4,440,700</b>		<b>4,567,000</b>		<b>3,870,735</b>
<b>Client Services</b>								
Premises	30,090		46,500		38,000		34,125	
Staff	1,400,602		1,451,000		1,484,000		1,409,724	
Supplies and services	753,511		578,500		646,000		504,829	
Consultants fees	31,561		42,000		43,000		40,613	
Contracted-out work	109,830		118,000		151,000		130,453	
Cull Cattle compensation payments	50,550		57,000		57,000		54,150	
Dairy Farm Management Payment Scheme	1,933,465		2,037,500		2,025,000		1,938,398	
	4,309,609		4,330,500		4,444,000		4,112,292	
<i>Less operating income</i>	(127,714)		(114,500)		(149,000)		(143,688)	
		<b>4,181,895</b>		<b>4,216,000</b>		<b>4,295,000</b>		<b>3,968,604</b>
<b>Events Group</b>								
Transfer to Culture and Leisure Department		<b>350,000</b>		<b>350,000</b>		<b>350,000</b>		<b>375,000</b>
<b>Strategic Development</b>								
Staff	345,494		385,800		453,000		256,479	
Supplies and services	17,411		77,200		74,000		19,917	
Consultants fees	78,003		226,600		355,000		230,016	
Contracted-out work	101,006		100,000		-		-	
Grants	-		475,000		-		-	
Transport Links - Financial Concessions	663,387		750,000		825,000		714,443	
		<b>1,205,301</b>		<b>2,014,600</b>		<b>1,707,000</b>		<b>1,220,855</b>
		<b>10,441,398</b>		<b>12,112,200</b>		<b>12,002,000</b>		<b>10,567,332</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(502,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>10,441,398</b>		<b>12,112,200</b>		<b>11,500,000</b>		<b>10,567,332</b>

## CULTURE AND LEISURE DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Beau Sejour Centre</b>								
Premises	511,265		631,428		533,000		445,802	
Staff	2,390,843		2,305,000		2,305,000		2,285,199	
Supplies and Services	624,217		709,489		681,000		536,187	
Consultants fees	9,658		10,000		10,000		4,402	
Contracted-out work	7,098		31,000		31,000		8,520	
External Audit fee	8,400		8,000		8,000		8,398	
	3,551,481		3,694,917		3,568,000		3,288,508	
<i>Less operating income</i>	(2,635,367)		(2,788,000)		(2,776,000)		(2,477,045)	
	916,114		906,917		792,000		811,463	
<i>Less funding from Channel Islands Lottery</i>	(140,000)		(140,000)		(100,000)		(180,000)	
		<b>776,114</b>		<b>766,917</b>		<b>692,000</b>		<b>631,463</b>
<b>Central Services</b>								
Premises	46,527		51,000		51,000		45,731	
Staff	288,302		315,000		315,000		260,819	
Supplies and services	89,127		63,200		61,000		67,295	
Contracted-out work	6,837		-		-		4,517	
	430,793		429,200		427,000		378,362	
<i>Less operating income</i>	(142)		-		-		(1,851)	
		<b>430,651</b>		<b>429,200</b>		<b>427,000</b>		<b>376,511</b>
<b>Cultural Activities Inside the Island</b>								
Premises	-		-		-		12,313	
Staff	56,496		48,500		48,500		46,476	
Supplies and services	18,736		41,673		40,000		10,435	
Contracted-out work	8,878		-		-		1,325	
Grants - General	55,000		55,000		55,000		55,000	
Grant to Friends of St James	57,500		57,500		57,500		57,500	
	196,610		202,673		201,000		183,049	
<i>Less operating income</i>	(2,451)		-		-		(1,928)	
<i>Less transfer from Commerce and Employment Department</i>	(16,460)		(16,460)		-		-	
		<b>177,699</b>		<b>186,213</b>		<b>201,000</b>		<b>181,121</b>
<b>Events and Information</b>								
Premises	73		8,000		8,000		1,972	
Staff	222,082		238,000		243,000		215,593	
Supplies and services	110,297		160,800		157,000		160,722	
Consultants fees	-		-		-		5,000	
Contracted-out work	209,325		-		-		189,677	
Grants	143,119		419,913		350,000		212,085	
	684,896		826,713		758,000		785,049	
<i>Less operating income</i>	(57,107)		(50,000)		(50,000)		(103,688)	
<i>Less transfer from Commerce and Employment Department</i>	(333,540)		(333,540)		(350,000)		(375,000)	
		<b>294,249</b>		<b>443,173</b>		<b>358,000</b>		<b>306,361</b>
<b>Historic Sites</b>								
Premises	153,302		178,311		184,000		250,102	
Staff	54,731		54,000		54,000		48,214	
Supplies and services	18,555		22,000		22,000		35,753	
Consultants fees	-		3,000		3,000		497	
Contracted-out work	1,350		-		-		458	
	227,938		257,311		263,000		335,024	
<i>Less operating income</i>	(26,744)		-		-		(100)	
		<b>201,194</b>		<b>257,311</b>		<b>263,000</b>		<b>334,924</b>
<b>Museums and Galleries</b>								
Premises	69,992		54,000		54,000		59,538	
Staff	851,146		830,000		830,000		853,273	
Supplies and services	198,275		252,500		210,000		147,169	
Consultants fees	-		3,000		3,000		3,037	
Contracted-out work	23,613		3,000		3,000		42,555	
Grants	7,000		12,050		10,000		10,500	
	1,150,026		1,154,550		1,110,000		1,116,072	
<i>Less admission charges</i>	(177,847)		(161,000)		(138,000)		(153,090)	
<i>Less operating income</i>	(73,023)		(111,500)		(134,000)		(97,043)	
		<b>899,156</b>		<b>882,050</b>		<b>838,000</b>		<b>865,939</b>

## CULTURE AND LEISURE DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Outdoor Sports Facilities</b>								
Premises	118,629		129,000		129,000		150,686	
Staff	223,289		211,000		211,000		204,091	
Supplies and services	39,593		4,000		4,000		4,631	
Consultants fees	1,374		-		-		-	
Contracted-out work	-		-		-		1,558	
	382,885		344,000		344,000		360,966	
<i>Less operating income</i>	(176,935)		(152,000)		(152,000)		(155,382)	
		<b>205,950</b>		<b>192,000</b>		<b>192,000</b>		<b>205,584</b>
<b>Sports Commission funding</b>		<b>221,685</b>		<b>229,000</b>		<b>229,000</b>		<b>224,787</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>3,206,698</b>		<b>3,385,864</b>		<b>3,200,000</b>		<b>3,126,690</b>

## EDUCATION DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Education Office</b>								
Premises	378,136		207,200		137,000		435,837	
Staff	2,150,408		2,131,400		2,016,000		1,993,684	
Supplies and services	804,010		1,054,000		1,054,000		954,943	
Consultants fees	-		20,000		20,000		48,800	
	3,332,554		3,412,600		3,227,000		3,433,264	
<i>Less recoveries</i>	(133,154)		(9,000)		(9,000)		(146,422)	
		<b>3,199,400</b>		<b>3,403,600</b>		<b>3,218,000</b>		<b>3,286,842</b>
<b>Schools and Pupils Support Services</b>								
Premises	498,882		825,600		771,000		402,218	
Staff	4,544,231		4,182,800		3,919,000		4,638,695	
Supplies and services	3,285,240		4,040,465		5,320,000		3,397,747	
Consultants fees	36,439		70,000		85,000		52,323	
Contracted-out work	173,480		177,000		178,000		166,473	
Grants	475,937		488,000		439,000		452,989	
Apprenticeship Scheme - grants to employers	539,827		565,400		716,000		372,756	
	9,554,036		10,349,265		11,428,000		9,483,201	
<i>Less recoveries</i>	(178,824)		(80,000)		(80,000)		(150,743)	
		<b>9,375,212</b>		<b>10,269,265</b>		<b>11,348,000</b>		<b>9,332,458</b>
<b>College of Further Education</b>								
Premises	283,439		239,150		193,000		273,132	
Staff	5,841,553		6,010,400		5,767,000		5,552,592	
Supplies and services	729,457		771,662		712,000		653,897	
Consultants fees	1,530		-		-		-	
	6,855,979		7,021,212		6,672,000		6,479,621	
<i>Less recoveries</i>	(111,061)		(86,700)		-		(31,117)	
	6,744,918		6,934,512		6,672,000		6,448,504	
<i>Less operating income</i>	(593,389)		(666,112)		(660,000)		(640,301)	
		<b>6,151,529</b>		<b>6,268,400</b>		<b>6,012,000</b>		<b>5,808,203</b>

## EDUCATION DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Schools</b>								
<b>Primary Sector</b>								
Premises	943,171		835,100		714,000		886,543	
Staff	11,323,298		11,573,300		11,583,000		10,901,300	
Supplies and services	404,913		447,285		393,000		423,531	
	<u>12,671,382</u>		<u>12,855,685</u>		<u>12,690,000</u>		<u>12,211,374</u>	
<i>Less recoveries</i>	(24,030)		(10,000)		(10,000)		(43,586)	
	<u>12,647,352</u>		<u>12,845,685</u>		<u>12,680,000</u>		<u>12,167,788</u>	
<b>Secondary Sector</b>								
Premises	975,894		924,600		761,000		1,009,564	
Staff	14,516,824		15,032,300		14,469,000		13,994,924	
Supplies and services	1,087,779		1,142,750		986,000		1,136,259	
	<u>16,580,497</u>		<u>17,099,650</u>		<u>16,216,000</u>		<u>16,140,747</u>	
<i>Less recoveries</i>	(46,227)		(28,000)		(28,000)		(51,562)	
	<u>16,534,270</u>		<u>17,071,650</u>		<u>16,188,000</u>		<u>16,089,185</u>	
<b>Special Education</b>								
Premises	187,292		164,100		121,000		176,536	
Staff	3,136,736		2,935,200		2,841,000		2,927,538	
Supplies and services	84,960		74,630		64,000		98,937	
	<u>3,408,988</u>		<u>3,173,930</u>		<u>3,026,000</u>		<u>3,203,011</u>	
<i>Less recoveries</i>	(6,000)		(1,000)		(1,000)		(7,328)	
	<u>3,402,988</u>		<u>3,172,930</u>		<u>3,025,000</u>		<u>3,195,683</u>	
<b>Voluntary Sector</b>								
Premises	71,552		79,300		51,000		73,271	
Staff	1,309,012		1,334,600		1,268,000		1,248,226	
Supplies and services	64,664		58,870		51,000		57,412	
	<u>1,445,228</u>		<u>1,472,770</u>		<u>1,370,000</u>		<u>1,378,909</u>	
		<b>34,029,838</b>		<b>34,563,035</b>		<b>33,263,000</b>		<b>32,831,565</b>
		<u>52,755,979</u>		<u>54,504,300</u>		<u>53,841,000</u>		<u>51,259,068</u>
<b>Grants to Colleges and Libraries</b>								
Blanchelande College	560,018		560,000		560,000		535,711	
Elizabeth College	1,956,084		1,960,000		1,960,000		1,879,438	
Guille Alles Library	1,030,000		1,030,000		1,030,000		1,010,000	
Ladies College	1,631,500		1,640,000		1,640,000		1,569,886	
Priaulx Library	260,000		260,000		260,000		255,000	
Schools Library Service	380,000		380,000		380,000		375,000	
	<u>5,817,602</u>		<u>5,830,000</u>		<u>5,830,000</u>		<u>5,625,035</u>	
<b>Higher and Advanced Education</b>		<b>5,988,062</b>		<b>6,500,000</b>		<b>6,500,000</b>		<b>6,308,310</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>64,561,643</b>		<b>66,834,300</b>		<b>66,171,000</b>		<b>63,192,413</b>

## ENVIRONMENT DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration and Central Services</b>								
Staff	141,552		142,000		142,000		123,518	
Supplies and services	11,541		16,000		16,000		12,146	
		<b>153,093</b>		<b>158,000</b>		<b>158,000</b>		<b>135,664</b>
<b>Environment Policy and Management</b>								
Premises, upkeep and repairs	196,377		223,500		220,000		206,858	
Staff	168,455		196,000		196,000		212,660	
Supplies and services	66,795		114,000		114,000		75,449	
Consultants fees	(3,929)		4,000		1,000		34,365	
Contracted-out work	1,350,729		1,384,000		1,373,000		1,311,547	
L'Ancre Commons Council Grant	25,000		25,000		25,000		25,000	
	1,803,427		1,946,500		1,929,000		1,865,879	
Less operating income	(100)		(1,000)		(1,000)		(740)	
		<b>1,803,327</b>		<b>1,945,500</b>		<b>1,928,000</b>		<b>1,865,139</b>
<b>Land Use Planning and Development Regulation</b>								
Staff	1,878,475		2,113,000		2,140,000		1,801,590	
Supplies and services	234,337		318,000		318,000		210,673	
Consultants fees	18,308		50,000		50,000		9,543	
Contracted-out work	15,395		27,000		-		-	
	2,146,515		2,508,000		2,508,000		2,021,806	
Less operating income	(1,069)		(3,000)		(3,000)		(2,531)	
		<b>2,145,446</b>		<b>2,505,000</b>		<b>2,505,000</b>		<b>2,019,275</b>
<b>Traffic Policy and Traffic Management</b>								
Premises	15,426		21,000		21,000		15,456	
Staff	947,017		1,030,000		1,030,000		929,147	
Supplies and services	331,353		354,000		354,000		294,081	
Consultants fees	9,758		24,000		24,000		10,461	
Contracted-out work	400,107		410,000		410,000		406,188	
	1,703,661		1,839,000		1,839,000		1,655,333	
Less operating income	(554,449)		(479,000)		(479,000)		(502,220)	
	1,149,212		1,360,000		1,360,000		1,153,113	
<b>Scheduled Bus Service Support</b>								
Contract payments, etc.	2,104,765		2,141,000		2,141,000		1,923,607	
Leasing charges	(348,432)		(348,000)		(348,000)		(348,432)	
	1,756,333		1,793,000		1,793,000		1,575,175	
<b>School Bus Service Support</b>								
	255,831		247,000		247,000		233,823	
<b>Traffic Strategy Initiatives</b>								
	70,338		200,000		150,000		-	
		<b>3,231,714</b>		<b>3,600,000</b>		<b>3,550,000</b>		<b>2,962,111</b>
<b>Use of Accumulated Unspent Balances</b>		<b>7,333,580</b>		<b>8,208,500</b>		<b>8,141,000</b>		<b>6,982,189</b>
		-		-		(300,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>7,333,580</b>		<b>8,208,500</b>		<b>7,841,000</b>		<b>6,982,189</b>



## HEALTH AND SOCIAL SERVICES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration</b>								
Premises	11		1,000		1,000		287	
Staff	2,741,764		2,484,114		2,542,000		2,505,047	
Supplies and services	1,257,161		1,969,580		1,974,000		1,475,889	
Consultants fees	66,635		92,000		92,000		91,530	
Contracted-out work	82,374		44,000		44,000		20,848	
Grants	-		4,000		4,000		-	
	4,147,945		4,594,694		4,657,000		4,093,601	
<i>Less recoveries</i>	(140,934)		(123,000)		(123,000)		(135,839)	
	4,007,011		4,471,694		4,534,000		3,957,762	
<i>Less operating income</i>	(77,631)		(21,000)		(21,000)		(30,086)	
		<b>3,929,380</b>		<b>4,450,694</b>		<b>4,513,000</b>		<b>3,927,676</b>
<b>Corporate Support Services</b>								
Premises	2,703,949		2,615,000		2,615,000		2,551,632	
Staff	8,651,569		9,962,886		9,905,000		9,195,178	
Supplies and services	4,096,950		4,142,420		4,138,000		4,136,774	
Consultants fees	9,359		-		-		4,763	
Contracted-out work	440,533		139,000		139,000		380,066	
	15,902,360		16,859,306		16,797,000		16,268,413	
<i>Less recoveries</i>	(913,505)		(574,000)		(574,000)		(916,581)	
	14,988,855		16,285,306		16,223,000		15,351,832	
<i>Less operating income</i>	(41,049)		(30,000)		(30,000)		(40,720)	
		<b>14,947,806</b>		<b>16,255,306</b>		<b>16,193,000</b>		<b>15,311,112</b>
<b>Adult Services</b>								
Premises	282,801		267,000		267,000		183,703	
Staff	35,262,810		35,068,500		35,061,000		33,267,535	
Supplies and services	8,321,440		8,091,000		8,091,000		8,049,190	
Consultants fees	83,030		42,000		42,000		44,823	
Contracted-out work	1,603,427		1,201,000		1,201,000		1,350,531	
Grants	158,712		184,000		184,000		177,501	
	45,712,220		44,853,500		44,846,000		43,073,283	
<i>Less recoveries</i>	(202,378)		(20,000)		(20,000)		(240,645)	
	45,509,842		44,833,500		44,826,000		42,832,638	
<i>Less operating income</i>	(4,222,904)		(3,640,000)		(3,640,000)		(3,959,777)	
		<b>41,286,938</b>		<b>41,193,500</b>		<b>41,186,000</b>		<b>38,872,861</b>
<b>Children and Young People Services</b>								
Premises	54,573		97,000		97,000		72,526	
Staff	8,189,129		8,624,000		8,624,000		8,107,469	
Supplies and services	1,005,727		1,802,000		1,802,000		1,346,648	
Consultants fees	114,258		185,000		185,000		164,677	
Contracted-out work	44,565		174,000		174,000		76,748	
	9,408,252		10,882,000		10,882,000		9,768,068	
<i>Less recoveries</i>	(24,630)		(7,000)		(7,000)		(37,358)	
	9,383,622		10,875,000		10,875,000		9,730,710	
<i>Less operating income</i>	(17,526)		(24,000)		(24,000)		(23,022)	
		<b>9,366,096</b>		<b>10,851,000</b>		<b>10,851,000</b>		<b>9,707,688</b>
<b>Out of Island Placements</b>								
Staff	84,547		78,000		78,000		74,690	
Supplies and services	1,154,880		928,000		1,837,000		1,811,386	
Contracted-out work	6,601,514		5,535,000		4,626,000		4,921,522	
		<b>7,840,941</b>		<b>6,541,000</b>		<b>6,541,000</b>		<b>6,807,598</b>

## HEALTH AND SOCIAL SERVICES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Public Health and Strategy</b>								
Premises	41,908		2,000		2,000		4,216	
Staff	1,717,627		1,785,000		1,785,000		1,738,291	
Supplies and services	611,213		747,000		747,000		548,073	
Consultants fees	14,183		55,000		55,000		9,188	
Contracted-out work	114,819		18,000		18,000		9,397	
Grants	183,600		239,000		239,000		411,998	
	2,683,350		2,846,000		2,846,000		2,721,163	
<i>Less recoveries</i>	(21,606)		(10,000)		(10,000)		(26,166)	
	2,661,744		2,836,000		2,836,000		2,694,997	
<i>Less operating income</i>	(355,021)		(205,000)		(205,000)		(312,887)	
		<b>2,306,723</b>		<b>2,631,000</b>		<b>2,631,000</b>		<b>2,382,110</b>
<b>Reciprocal Health Agreements</b>								
Premises	319		-		-		-	
Staff	75,961		74,000		74,000		71,565	
Supplies and services	327,742		220,000		220,000		221,033	
Consultants fees	283,715		319,000		319,000		330,359	
Contracted-out work	4,598,252		4,175,000		4,175,000		4,357,324	
	5,285,989		4,788,000		4,788,000		4,980,281	
<i>Less recoveries</i>	-		-		-		(80,742)	
	5,285,989		4,788,000		4,788,000		4,899,539	
<i>Less operating income</i>	(10,725)		-		-		(16,156)	
		<b>5,275,264</b>		<b>4,788,000</b>		<b>4,788,000</b>		<b>4,883,383</b>
<b>Service Development</b>		-		(494,000)		(494,000)		-
		<b>84,953,148</b>		<b>86,216,500</b>		<b>86,209,000</b>		<b>81,892,428</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(800,000)		-
		<b>84,953,148</b>		<b>86,216,500</b>		<b>85,409,000</b>		<b>81,892,428</b>
<b>St John Ambulance and Rescue Service Grant</b>		<b>1,829,000</b>		<b>1,800,000</b>		<b>1,800,000</b>		<b>1,782,455</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>86,782,148</b>		<b>88,016,500</b>		<b>87,209,000</b>		<b>83,674,883</b>

## HOME DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration and Central Services</b>								
Premises	51,097		63,500		47,000		29,759	
Staff	1,011,784		957,000		957,000		889,242	
Supplies and services	560,223		641,000		604,000		518,254	
Consultants fees	70,940		65,000		35,000		33,400	
Grants	38,000		38,000		38,000		38,000	
	1,732,044		1,764,500		1,681,000		1,508,655	
<i>Less operating income</i>	(110)		-		-		-	
		<b>1,731,934</b>		<b>1,764,500</b>		<b>1,681,000</b>		<b>1,508,655</b>
<b>Bailiwick Drug and Alcohol Strategy</b>								
Staff	55,816		80,500		97,000		91,652	
Supplies and services	66,137		83,000		83,000		94,828	
Consultants fees	-		-		-		1,717	
Grants	320,866		440,000		440,000		373,300	
	442,819		603,500		620,000		561,497	
<i>Less Liquor Licensing fees</i>	(236,065)		(225,000)		(225,000)		(169,642)	
		<b>206,754</b>		<b>378,500</b>		<b>395,000</b>		<b>391,855</b>
<b>Broadcasting</b>								
Supplies and services	634		1,000		1,000		1,557	
Contribution to local television subtitling	45,024		45,000		45,000		44,982	
	45,658		46,000		46,000		46,539	
<i>Less operating income</i>	(6,702)		(10,000)		(10,000)		(3,976)	
		<b>38,956</b>		<b>36,000</b>		<b>36,000</b>		<b>42,563</b>
<b>Customs, Immigration and Nationality Service</b>								
Premises	306,010		312,800		239,000		224,307	
Staff	3,578,335		3,639,500		3,692,000		3,365,810	
Supplies and services	806,715		909,700		831,000		569,494	
	4,691,060		4,862,000		4,762,000		4,159,611	
<i>Less recoveries</i>	(30,730)		(23,000)		(23,000)		(19,690)	
	4,660,330		4,839,000		4,739,000		4,139,921	
<i>Less operating income</i>	(51,595)		(35,000)		(35,000)		(33,130)	
	4,608,735		4,804,000		4,704,000		4,106,791	
Passport Fees	(439,830)		(350,000)		(350,000)		(336,333)	
Payments to HM Government	439,830		350,000		350,000		336,333	
		<b>4,608,735</b>		<b>4,804,000</b>		<b>4,704,000</b>		<b>4,106,791</b>
<b>Data Protection</b>								
Premises	20,207		23,000		23,000		20,269	
Staff	142,461		178,000		178,000		136,665	
Supplies and services	28,784		36,000		36,000		30,822	
Consultants fees	5,510		-		-		1,663	
	196,962		237,000		237,000		189,419	
<i>Less operating income</i>	(46,045)		(50,000)		(50,000)		(43,383)	
		<b>150,917</b>		<b>187,000</b>		<b>187,000</b>		<b>146,036</b>
<b>Emergency Planning</b>								
Premises	11,470		16,550		16,000		26,701	
Staff	83,003		62,000		62,000		54,696	
Supplies and services	49,035		82,450		83,000		56,360	
	143,508		161,000		161,000		137,757	
<i>Less recoveries</i>	(1,924)		(1,000)		(1,000)		-	
		<b>141,584</b>		<b>160,000</b>		<b>160,000</b>		<b>137,757</b>
<b>Financial Intelligence Service</b>								
Supplies and services		<b>67,456</b>		<b>109,000</b>		<b>109,000</b>		<b>69,208</b>
<b>Fire and Rescue Service</b>								
Premises	79,345		81,000		81,000		78,748	
Staff	2,799,056		2,862,000		2,862,000		2,700,130	
Supplies and services	340,739		358,000		252,000		203,662	
	3,219,140		3,301,000		3,195,000		2,982,540	
<i>Less operating income</i>	(1,958)		(3,000)		(3,000)		(3,140)	
		<b>3,217,182</b>		<b>3,298,000</b>		<b>3,192,000</b>		<b>2,979,400</b>
<b>Gambling Control</b>								
Supplies and services	570		1,000		1,000		798	
<i>Less operating income</i>	(26,220)		(25,000)		(25,000)		(26,820)	
		<b>(25,650)</b>		<b>(24,000)</b>		<b>(24,000)</b>		<b>(26,022)</b>

## HOME DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Parole Review</b>								
Supplies and services	111		3,000		3,000		1,080	
Allowances to members	12,071		20,000		20,000		16,092	
		<b>12,182</b>		<b>23,000</b>		<b>23,000</b>		<b>17,172</b>
<b>Police Force</b>								
Premises	146,039		196,000		196,000		142,113	
Staff	9,397,769		9,847,000		9,847,000		8,740,160	
Supplies and services	1,942,447		2,248,500		2,207,000		2,327,701	
	11,486,255		12,291,500		12,250,000		11,209,974	
<i>Less recoveries</i>	(28,890)		(20,000)		(20,000)		(20,399)	
	11,457,365		12,271,500		12,230,000		11,189,575	
<i>Less operating income</i>	(46,036)		(32,000)		(32,000)		(41,212)	
		<b>11,411,329</b>		<b>12,239,500</b>		<b>12,198,000</b>		<b>11,148,363</b>
<b>Prison Service</b>								
Premises	363,860		384,000		384,000		357,260	
Staff	3,021,503		3,064,400		3,067,000		2,782,321	
Supplies and services	701,130		896,600		866,000		736,923	
Maintenance of prisoners in the United Kingdom	86,858		500,000		500,000		241,139	
	4,173,351		4,845,000		4,817,000		4,117,643	
<i>Less recoveries</i>	(20,143)		(5,000)		(5,000)		(6,926)	
		<b>4,153,208</b>		<b>4,840,000</b>		<b>4,812,000</b>		<b>4,110,717</b>
<b>Probation Service</b>								
Premises	4,068		97,000		97,000		3,907	
Staff	539,542		515,000		490,000		487,358	
Supplies and services	55,662		60,000		40,000		52,478	
		<b>599,272</b>		<b>672,000</b>		<b>627,000</b>		<b>543,743</b>
		<b>26,313,859</b>		<b>28,487,500</b>		<b>28,100,000</b>		<b>25,176,238</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(1,200,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>26,313,859</b>		<b>28,487,500</b>		<b>26,900,000</b>		<b>25,176,238</b>

## HOUSING DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration</b>								
Staff	513,172		588,000		588,000		494,350	
Supplies and services	54,666		60,000		60,000		28,715	
Consultants fees	73		20,000		20,000		2,941	
		<b>567,911</b>		<b>668,000</b>		<b>668,000</b>		<b>526,006</b>
<b>Residential Homes</b>								
Premises	153,936		159,000		159,000		186,752	
Staff	1,601,659		1,615,500		1,608,000		1,545,509	
Supplies and services	180,679		179,000		179,000		179,837	
Consultants fees	755		1,000		1,000		3,029	
	1,937,029		1,954,500		1,947,000		1,915,127	
<i>Less recoveries</i>	(5,725)		(6,000)		(6,000)		(6,230)	
	1,931,304		1,948,500		1,941,000		1,908,897	
<i>Less operating income</i>	(760,906)		(710,000)		(710,000)		(708,653)	
		<b>1,170,398</b>		<b>1,238,500</b>		<b>1,231,000</b>		<b>1,200,244</b>
		<b>1,738,309</b>		<b>1,906,500</b>		<b>1,899,000</b>		<b>1,726,250</b>
<b>Use of Accumulated Unspent Balances</b>		-		-		(174,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>1,738,309</b>		<b>1,906,500</b>		<b>1,725,000</b>		<b>1,726,250</b>

# PUBLIC SERVICES DEPARTMENT

	Accounts 2007		Total Authorised 2007	Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£
<b>Administration</b>							
Premises	650		4,000	4,000		9,240	
Staff	503,495		520,000	603,000		522,453	
Supplies and services	49,799		75,000	75,000		18,202	
Consultants fees	16,759		-	-		-	
Grants	63,000		63,000	63,000		63,000	
	633,703		662,000	745,000		612,895	
<b>Alderney Airport Trading Loss</b>	539,064		480,000	480,000		480,942	
<b>Alderney Breakwater</b>							
Premises	9,135		28,000	28,000		10,575	
Staff	85,584		70,000	70,000		74,085	
Supplies and services	20,122		39,000	39,000		23,186	
Contracted-out work	311,153		330,000	330,000		313,838	
	425,994		467,000	467,000		421,684	
<i>Less</i> Contribution from States of Alderney	(15,000)		(17,000)	(17,000)		(15,000)	
	410,994		450,000	450,000		406,684	
<b>Emergency Services</b>							
Supplies and services	14,653		14,000	14,000		12,309	
Contracted-out work	61,077		55,000	55,000		50,286	
	75,730		69,000	69,000		62,595	
<i>Less</i> recoveries	(4,153)		(5,000)	(5,000)		(4,100)	
	71,577		64,000	64,000		58,495	
<b>Service Delivery</b>		<b>1,655,338</b>		<b>1,739,000</b>			<b>1,559,016</b>
<b>Administration</b>							
Staff	174,603		166,000	166,000		169,491	
Supplies and services	5,809		15,000	15,000		14,166	
	180,412		181,000	181,000		183,657	
<b>Pumping Stations</b>							
Supplies and services	170,410		205,000	205,000		170,135	
Consultants fees	55,990		48,000	56,000		76,420	
Contracted-out work	331,470		320,000	320,000		282,677	
Upkeep and repairs	277,937		244,000	244,000		125,010	
	835,807		817,000	825,000		654,242	
<b>Refuse Disposal and Land Reclamation</b>							
Premises	4,361		3,300	5,000		7,959	
Supplies and services	145,253		185,700	186,000		133,359	
Consultants fees	31,440		24,000	24,000		22,051	
Contracted-out work	868,505		900,000	900,000		859,224	
Preparation and completion of sites	42,846		129,200	50,000		41,675	
	1,092,405		1,242,200	1,165,000		1,064,268	
<i>Less</i> operating income	(2,861,061)		(1,980,000)	(1,980,000)		(1,925,379)	
	(1,768,656)		(737,800)	(815,000)		(861,111)	
<b>Roads Infrastructure</b>							
Resurfacing and reconstruction	2,016,659		2,000,000	2,000,000		1,999,461	
Road cleaning	1,117,918		1,000,000	1,000,000		1,080,804	
Upkeep and repairs	213,363		307,000	307,000		218,194	
	3,347,940		3,307,000	3,307,000		3,298,459	
<b>Sewage Tankers</b>							
Supplies and services	13,325		-	-		370	
Contracted out work	1,628,075		1,630,000	1,630,000		1,622,690	
	1,641,400		1,630,000	1,630,000		1,623,060	
<i>Less</i> operating income	(1,512,544)		(1,377,000)	(1,377,000)		(1,390,064)	
	128,856		253,000	253,000		232,996	

# PUBLIC SERVICES DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Service Delivery (continued)</b>								
<b>Sewers and Outfalls</b>								
Consultants fees	48,482		43,000		35,000		6,421	
Sewer descaling	106,923		95,000		95,000		102,479	
Sewer rehabilitation, upkeep and repairs	1,264,808		1,010,000		1,010,000		1,038,788	
	1,420,213		1,148,000		1,140,000		1,147,688	
<i>Less</i> recoveries	(39,136)		-		-		-	
	1,381,077		1,148,000		1,140,000		1,147,688	
<b>Surface Water Outfalls and Streams</b>								
Supplies and services	-		1,000		1,000		1,237	
Rehabilitation and separation	77,714		500,000		500,000		424,513	
Upkeep and repairs	174,196		250,000		250,000		277,509	
	251,910		751,000		751,000		703,259	
		<b>4,357,346</b>		<b>5,719,200</b>		<b>5,642,000</b>		<b>5,359,190</b>
<b>Technical Services</b>								
Staff	793,167		733,000		650,000		677,538	
Supplies and services	12,853		10,000		10,000		33,880	
		<b>806,020</b>		<b>743,000</b>		<b>660,000</b>		<b>711,418</b>
<b>Waste Services</b>								
<b>Bulk Refuse</b>								
Supplies and services	346,462		275,000		275,000		259,284	
<b>Paper Savers Scheme</b>								
Baling and export	123,898		120,000		120,000		123,333	
Collection points	27,108		20,000		20,000		20,566	
	151,006		140,000		140,000		143,899	
<b>Recycling of Waste</b>								
Premises	40,570		42,000		42,000		43,176	
Staff	139,956		130,000		130,000		123,492	
Supplies and services	93,344		125,000		125,000		132,245	
Contracted-out work	1,862		7,000		7,000		24,684	
	275,732		304,000		304,000		323,597	
<i>Less</i> operating income	(58,612)		(55,000)		(55,000)		(87,995)	
	217,120		249,000		249,000		235,602	
<b>Waste Segregation Site</b>								
Premises	5,915		4,000		4,000		4,610	
Supplies and services	77,405		93,000		93,000		66,579	
Contracted-out work	302,209		323,000		323,000		408,232	
	385,529		420,000		420,000		479,421	
<i>Less</i> operating income	(380,039)		(385,000)		(385,000)		(292,418)	
	5,490		35,000		35,000		187,003	
<b>Waste Strategy</b>								
Premises	114		-		-		1,314	
Staff	-		-		-		19,942	
Supplies and services	247,214		167,931		-		218,409	
Consultants fees	2,894		-		-		168,156	
Contracted-out work	7,133		-		-		7,248	
Initiatives	-		-		250,000		-	
	257,355		167,931		250,000		415,069	
<i>Less</i> operating income	-		-		-		(500,000)	
	257,355		167,931		250,000		(84,931)	
		<b>977,433</b>		<b>866,931</b>		<b>949,000</b>		<b>740,857</b>
<b>Use of Accumulated Unspent Balances</b>		<b>7,796,137</b>		<b>8,985,131</b>		<b>8,990,000</b>		<b>8,370,481</b>
		-		-		(681,000)		-
<b>TOTAL REVENUE EXPENDITURE</b>		<b>7,796,137</b>		<b>8,985,131</b>		<b>8,309,000</b>		<b>8,370,481</b>

## SOCIAL SECURITY DEPARTMENT

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Non Contributory Services</b>								
Premises	27,520		29,000		29,000		27,377	
Staff	1,022,089		1,062,000		1,062,000		1,024,963	
Supplies and services	575,435		528,000		528,000		508,761	
Attendance and invalid care allowance	2,193,370		2,200,000		2,060,000		2,050,251	
Community and environment projects	200,626		223,000		223,000		218,494	
Concessionary TV licences for the elderly	463,788		475,000		500,000		482,912	
Family allowance	8,232,609		8,280,000		8,340,000		8,055,230	
Grants to Charities	193,000		193,000		193,000		185,935	
Medical expenses assistance scheme	119,225		115,000		115,000		111,232	
Supplementary benefit scheme	13,007,528		13,215,000		13,720,000		12,142,110	
		<b>26,035,190</b>		<b>26,320,000</b>		<b>26,770,000</b>		<b>24,807,265</b>
<b>States Grants</b>								
Health Service scheme	7,300,863		7,230,000		7,180,000		9,194,360	
Long-Term Care Insurance scheme	-		-		-		1,454,562	
Social Insurance scheme	23,472,978		23,310,000		23,325,000		27,939,151	
		<b>30,773,841</b>		<b>30,540,000</b>		<b>30,505,000</b>		<b>38,588,073</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>56,809,031</b>		<b>56,860,000</b>		<b>57,275,000</b>		<b>63,395,338</b>

## PUBLIC ACCOUNTS COMMITTEE

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
Staff	76,572		87,000		87,000		96,843	
Supplies and services	3,760		4,000		4,000		4,711	
Contracted-out work	151,186		199,000		199,000		198,550	
		<b>231,518</b>		<b>290,000</b>		<b>290,000</b>		<b>300,104</b>
<b>Use of Accumulated Unspent Balances</b>		<b>-</b>		<b>-</b>		<b>(20,000)</b>		<b>-</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>231,518</b>		<b>290,000</b>		<b>270,000</b>		<b>300,104</b>

## SCRUTINY COMMITTEE

	Accounts 2007		Total Authorised 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
Staff		162,596		179,000		179,000		162,340
Supplies and services		1,937		11,700		10,000		3,494
Consultants fees		713		9,300		11,000		2,500
<b>TOTAL REVENUE EXPENDITURE</b>		<b>165,246</b>		<b>200,000</b>		<b>200,000</b>		<b>168,334</b>

# **CAPITAL INCOME AND EXPENDITURE**



## CAPITAL INCOME

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Sale / lease of property / land	253,642	-	-	769,879
<b>TOTAL CAPITAL INCOME</b>	<b>253,642</b>	<b>-</b>	<b>-</b>	<b>769,879</b>

## CAPITAL EXPENDITURE SUMMARY

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Treasury and Resources Department	993,638	2,749,698	7,188,265	5,007,573
Commerce and Employment Department	90,135	150,000	375,000	38,629
Culture and Leisure Department	159,783	281,000	280,000	82,478
Education Department	19,930,139	19,792,000	23,365,000	17,959,274
Environment Department	373,462	886,000	898,000	310,524
Health and Social Services Department	16,455,994	16,280,000	23,030,000	6,656,964
Home Department	851,734	1,557,000	1,844,000	1,286,944
Housing Department	7,162,188	7,167,000	7,800,000	7,010,260
Public Services Department	2,973,142	3,461,000	4,747,000	3,398,997
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>48,990,215</b>	<b>52,323,698</b>	<b>69,527,265</b>	<b>41,751,643</b>

# TREASURY AND RESOURCES DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Income Tax</b>				
IT Projects and equipment	148,140	195,000	400,000	90,428
<b>Information and Communications Technology</b>				
Corporate IT projects	385,893	382,000	200,000	184,556
<b>States Property Services</b>				
Consultants fees and site investigations net expenditure / (recovery)	(2,334)	(2,000)	(50,000)	(30,685)
Markets reconstruction consultants	2,882	1,500	30,000	46,429
Miscellaneous capital works	448,521	625,000	1,420,000	149,081
St Barnabas renovation and conversion - £2,850,000	43,516	-	-	352,873
St Barnabas structural works	-	-	-	118,312
St James external conservation works - £770,000	992	5,000	-	800
St Peter Port car parking and quay enhancement - £800,000	-	-	35,000	-
Town Arsenal Fire Station refurbishment - £627,000	109,680	300,000	-	-
Town Arsenal flats refurbishment - £579,007	465	5,500	-	-
<b>Treasury</b>				
Corporate finance and purchasing system - £5,200,000	20,011	50,000	100,000	86,677
IT Projects and equipment	78,807	100,000	120,000	135,860
<b>Courts</b>				
Courts redevelopment				
Courts building annex	-	-	-	125,000
Courts extension and refurbishment - £17,500,000	2,784	-	50,000	1,329,953
Royal Court essential maintenance - £2,850,000	30,588	21,000	100,000	2,522,966
Equipment - replacement / additional	159,121	185,000	145,000	113,511
Miscellaneous capital works	79,142	160,000	200,000	59,744
<b>States of Alderney net Capital Expenditure</b>	<b>(514,570)</b>	<b>721,698</b>	<b>4,438,265</b>	<b>(277,932)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>993,638</b>	<b>2,749,698</b>	<b>7,188,265</b>	<b>5,007,573</b>

## COMMERCE AND EMPLOYMENT DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Equipment - replacement / additional	-	30,000	75,000	38,629
Miscellaneous capital works	90,135	120,000	300,000	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>90,135</b>	<b>150,000</b>	<b>375,000</b>	<b>38,629</b>

## CULTURE AND LEISURE DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Beau Sejour Centre</b>				
Equipment - replacement / additional	58,397	60,000	60,000	(542)
Miscellaneous capital works	-	-	35,000	-
<b>Central Services</b>				
Transfers to Sports Loans Fund	-	65,000	75,000	-
<b>Historic Sites</b>				
Miscellaneous capital works	78,437	125,000	-	-
<b>Museums and Galleries</b>				
Asterix, Gallo-roman wreck preservation treatment work - £159,520	-	-	-	7,500
IT Projects and equipment	18,445	18,000	-	23,164
Miscellaneous capital works	-	-	55,000	3,911
Vehicles - replacement/additional	-	-	-	15,399
<b>Outdoor Sports Facilities</b>				
Equipment - replacement / additional	954	1,000	-	20,443
Miscellaneous capital works	3,550	12,000	55,000	990
Vehicles - replacement/additional	-	-	-	11,613
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>159,783</b>	<b>281,000</b>	<b>280,000</b>	<b>82,478</b>

## EDUCATION DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Education Development Plan</b>				
College of Further Education - Phase A - £8,130,000	259,922	440,000	200,000	4,493,032
Le Rondin Special Needs School - £13,900,000	109,827	375,000	535,000	430,894
Les Nicolles Secondary and Special Needs Schools - £44,395,000	17,909,988	16,650,000	18,650,000	11,163,036
Oakvale School minor alterations	2,055	134,000	-	-
Project execution plan - £6,000,000	816,721	1,065,000	2,150,000	842,486
St Peter Port School minor alterations	23,120	-	-	-
Sixth Form Centre - £5,580,000	124,898	220,000	70,000	69,963
<b>Other projects</b>				
Essential Maintenance Programme - £2,637,000	17,989	13,000	40,000	48,907
Forest Primary School redevelopment - £2,825,297	-	10,000	-	-
Miscellaneous capital works	665,619	885,000	1,650,000	898,648
Vauvert School modernisation - £932,971	-	-	-	12,308
Vehicles - replacement / additional	-	-	70,000	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>19,930,139</b>	<b>19,792,000</b>	<b>23,365,000</b>	<b>17,959,274</b>

## ENVIRONMENT DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Environment Policy and Management</b>				
Miscellaneous capital works	-	-	115,000	18,247
<b>Land Use Planning and Development Regulation</b>				
IT Projects and equipment	1,700	2,000	12,000	4,133
Miscellaneous capital works	-	-	25,000	-
<b>Traffic Policy and Traffic Management</b>				
IT Projects and equipment	182,961	219,000	155,000	10,575
Miscellaneous capital works	65,026	315,000	241,000	1,588
Traffic signal replacement programme - £1,725,000	123,775	350,000	350,000	275,981
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>373,462</b>	<b>886,000</b>	<b>898,000</b>	<b>310,524</b>

## HEALTH AND SOCIAL SERVICES DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Site Development Plan</b>				
Clinical Block - £36,100,000	10,651,495	9,200,000	17,000,000	2,141,023
Fourth Theatre / Critical care facility - £3,466,000	89,876	130,000	-	44,525
La Corbinerie car parking - £800,000	-	-	-	24,096
La Corbinerie continuing care wards - £6,318,928	-	-	-	23,180
Mignot Memorial Hospital extension and redevelopment - £6,186,000	2,204,358	2,200,000	1,950,000	2,841,609
St Martins Community Centre - £1,350,000	-	-	-	19,803
Site Development Planning costs - £3,772,700	45,563	172,000	-	(1,021,984)
States Analysts Laboratory / Environmental Health relocation - £3,350,000	-	-	-	194,087
<b>Other Capital Projects</b>				
Computerised radiology equipment - £1,297,000	8,086	8,000	-	9,854
Equipment - replacement / additional	1,834,663	2,270,000	2,845,000	952,508
Electronic Health and Social Care record - £3,900,000	810,653	1,300,000	-	-
IT Projects and equipment	180,423	180,000	325,000	306,411
Miscellaneous capital works	529,667	720,000	910,000	1,056,476
Vehicles - replacement / additional	101,210	100,000	-	65,376
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>16,455,994</b>	<b>16,280,000</b>	<b>23,030,000</b>	<b>6,656,964</b>

# HOME DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Administration and Central Services</b>				
IT Projects and equipment	95,310	80,000	22,000	-
Miscellaneous capital works	3,295	3,500	53,000	33,201
<b>Customs, Immigration and Nationality Service</b>				
Airport CCTV system replacement - £526,000	16,834	16,000	-	9,033
Equipment - replacement / additional	117,418	175,000	357,000	541,831
IT Projects and equipment	6,109	12,000	235,000	18,512
Miscellaneous capital works	15,503	34,000	10,000	24,343
Vehicles - replacement / additional	-	-	20,000	-
<b>Emergency Planning</b>				
Equipment - replacement / additional	85,852	86,000	-	269,018
<b>Financial Intelligence Service</b>				
IT Projects and equipment	-	-	170,000	8,400
<b>Fire and Rescue Service</b>				
Control room relocation - £212,490	21,448	-	-	-
Equipment - replacement / additional	-	75,000	-	46,288
Fire / Police radio system replacement - £1,625,000	16,715	16,000	-	20,750
IT Projects and equipment	4,615	8,000	-	3,356
Miscellaneous capital works	-	-	155,000	8,031
Vehicles - replacement / additional	138,290	155,000	160,000	31,672
<b>Police Force</b>				
Equipment - replacement / additional	1,309	4,500	80,000	64,166
IT Projects and equipment	20,245	133,000	295,000	11,253
Miscellaneous capital works	121,913	456,000	120,000	104,944
Vehicles - replacement / additional	45,654	53,000	40,000	79,246
<b>Prison Service</b>				
Additional Prisoner accommodation and new visitor facilities - £6,500,000	-	-	-	858
Equipment - replacement / additional	47,802	142,000	127,000	-
Miscellaneous capital works	48,000	59,000	-	12,042
<b>Probation Service</b>				
Equipment - replacement / additional	45,422	49,000	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>851,734</b>	<b>1,557,000</b>	<b>1,844,000</b>	<b>1,286,944</b>

## HOUSING DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Courtil Jacques refurbishment Phase I - £727,018	-	-	-	10,260
IT Projects and equipment	-	-	800,000	-
Miscellaneous capital works	162,188	167,000	-	-
Transfer to Corporate Housing Programme Fund	7,000,000	7,000,000	7,000,000	7,000,000
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,162,188</b>	<b>7,167,000</b>	<b>7,800,000</b>	<b>7,010,260</b>

## PUBLIC SERVICES DEPARTMENT

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Alderney Airport net Capital Expenditure</b>	<b>47,027</b>	<b>93,000</b>	<b>38,000</b>	<b>345,389</b>
<b>Drainage Infrastructure</b>				
Belle Greve Pumping Station refurbishment - £1,470,000	124,966	80,000	-	74,487
Foul water network extension plan	2,482,415	2,825,000	3,000,000	2,772,445
Miscellaneous capital works	118,230	121,000	275,000	144,188
Sewage tankers replacement	146,712	147,000	275,000	1,295
Sewer connection grant scheme	53,603	70,000	190,000	59,629
<b>Waste Service</b>				
Equipment - replacement / additional	-	-	379,000	-
Miscellaneous capital works	-	125,000	20,000	-
Mont Cuet gas extraction system - £830,000	189	-	250,000	(10,286)
Vehicles - replacement / additional	-	-	320,000	11,850
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,973,142</b>	<b>3,461,000</b>	<b>4,747,000</b>	<b>3,398,997</b>

# **MISCELLANEOUS ACCOUNTS**



## SUMMARY OF

	2007 £	2006 £
<b>GENERAL REVENUE BALANCES</b>		
Capital Fund - General	27,776,111	34,496,326
Capital Fund - Reserve	14,457,509	30,143,755
Contingency Reserve Fund	229,552,906	204,164,431
General Revenue Account Reserve	67,324,736	34,548,356
Net Working Capital Reserve	39,493,662	39,493,662
States Trading Entities Reserve	131,598,267	131,598,267
<b>NOTES AND COINS ISSUE</b>		
Notes and coins in circulation	36,779,546	35,572,151
<i>Less</i> face value of precious metal coins	(2,048,627)	(1,934,092)
<b>NOTES AND COINS WITHDRAWN FROM CIRCULATION</b>		
Awaiting re-issue	1,114,000	474,982
Awaiting destruction	219,770	112,137
<b>STATES ENTITIES AND OTHER THIRD PARTY DEPOSITS</b>	98,871,005	79,887,944
<b>VARIOUS CAPITAL ACCOUNTS</b>		
Corporate Housing Programme	53,909,088	45,463,362
Farm Loans Fund	701,066	701,066
Health and Social Services Accommodation Fund	765,585	619,343
Health and Social Services MRI Scanner Fund	38,916	-
Higher Education Loans Fund	696,848	730,166
Restructuring and Reorganisation Fund	2,496,211	2,839,588
Sewers Connection Loans Fund	200,000	200,000
Sports Loans Fund	319,001	319,001
Wilfred Carey Purchase Fund	2,870,546	2,772,864
	<hr/>	<hr/>
	£707,136,146	£642,203,309
	<hr/>	<hr/>

# BALANCES

	2007 £	2006 £
<b>CASH AND FINANCIAL INVESTMENTS</b>		
Bank Deposits and other Financial Investments	323,635,182	249,721,617
Cash in hand	1,435,842	655,387
Contingency Reserve Fund - Investments	229,552,906	204,164,431
<b>INVESTMENT IN STATES TRADING ENTITIES</b>		
Alderney Electricity Limited	3,165	3,165
Cabernet Limited	5,060,288	5,060,288
Guernsey Electricity Limited	109,208,844	109,208,844
Guernsey Post Limited	22,386,258	22,386,258
<b>LOANS OUTSTANDING</b>		
Energy from Waste Facility	241,300	2,283,254
Farm Loans Fund	137,311	166,303
Guernsey Dairy	93,346	-
Health and Social Services Accommodation Fund	2,803,643	2,866,756
Health and Social Services MRI Scanner Fund	797,278	-
Higher Education Loans Fund	586,054	644,968
Housing Development and Loan Fund	15,059,804	19,003,056
Sewers Connection Loans Fund	49,464	67,552
Sports Loans Fund	274,000	259,750
<b>NET CURRENT ASSETS</b>		
Debtors and prepayments	53,865,077	54,466,499
Stocks	4,335,145	4,029,191
Creditors and Accruals	(49,982,276)	(21,112,550)
Housing Development and Loan Fund - Private Sector Borrowing	(5,000,000)	(5,000,000)
	<hr/>	<hr/>
	714,542,631	648,874,769
<i>Less</i> Net Assets held in a fiduciary capacity	(7,406,485)	(6,671,460)
	<hr/>	<hr/>
	£707,136,146	£642,203,309
	<hr/>	<hr/>

## CAPITAL FUND - GENERAL

	2007 £	2006 £
Balance at 1 January	34,496,326	45,784,348
Appropriation from Revenue Account	18,000,000	12,900,000
Transfer from Restructuring and Reorganisation Fund	-	800,000
Transfers from Capital Fund - Reserve	24,270,000	17,238,529
Transfers from General Revenue	-	555,000
Savings on projects returned to Capital Fund - Reserve	-	(1,029,908)
	<hr/>	<hr/>
	76,766,326	76,247,969
<i>Less</i>		
Department capital expenditure	(48,990,215)	(41,751,643)
	<hr/>	<hr/>
Balance at 31 December	£27,776,111	£34,496,326
	<hr/>	<hr/>

## CAPITAL FUND - RESERVE

	2007 £	2006 £
Balance at 1 January	30,143,755	42,439,977
Appropriation from Revenue Account	5,000,000	-
Interest received	3,583,754	3,912,399
Savings on projects returned from Capital Fund - General	-	1,029,908
<i>Less</i>		
Transfers to Capital Fund - General	(24,270,000)	(17,238,529)
	<hr/>	<hr/>
Balance at 31 December	£14,457,509	£30,143,755
	<hr/>	<hr/>

## CONTINGENCY RESERVE FUND

### CAPITAL ACCOUNT

	2007 £	2006 £
Balance at 1 January	204,164,431	205,686,072
Interest	12,366,996	10,544,163
Investment Management Fees	(474,212)	(389,866)
Net depreciation of investments - realised and unrealised profits and losses on investments and foreign exchange contracts	(1,504,309)	(6,675,938)
Transfer from General Revenue	15,000,000	-
Transfer to Restructuring and Reorganisation Fund	-	(5,000,000)
Balance at 31 December	<u>£229,552,906</u>	<u>£204,164,431</u>

At 31 December, the Reserve was held as follows:

	2007 £	2006 £
Government Securities	22,823,648	87,899,872
Other Securities	195,137,288	110,896,702
	<u>217,960,936</u>	<u>198,796,574</u>
Cash Deposits including accrued interest and Investment Management Fees due	11,591,970	5,367,857
	<u>£229,552,906</u>	<u>£204,164,431</u>

## GENERAL REVENUE ACCOUNT RESERVE

	2007 £	2006 £
Balance at 1 January	34,548,356	16,854,610
Appropriation for the year	32,776,380	18,355,508
Guernsey Gambling Control Commission loan - write off	-	(106,762)
Transfers to Capital Fund - General	-	(555,000)
Balance at 31 December	<u>£67,324,736</u>	<u>£34,548,356</u>

## NET WORKING CAPITAL RESERVE

	2007 £	2006 £
Balance at 1 January and balance at 31 December	<u>£39,493,662</u>	<u>£39,493,662</u>

## STATES TRADING ENTITIES RESERVE

	2007 £	2006 £
Balance at 1 January and balance at 31 December	<u>£131,598,267</u>	<u>£131,598,267</u>

Represented by:	2007 £	2006 £
Investment in:		
Alderney Electricity Limited	3,165	3,165
Guernsey Electricity Limited	109,208,844	109,208,844
Guernsey Post Limited	22,386,258	22,386,258
	<u>£131,598,267</u>	<u>£131,598,267</u>

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

	2007 £	2006 £
<b>FORFEITED PRIZES ACCOUNT</b>		
Balance at 1 January	140,412	134,308
Share of forfeited prizes	57,882	31,904
Transfer to Operating Account	(24,600)	(25,800)
Balance at 31 December	£173,694	£140,412
<b>OPERATING ACCOUNT</b>		
Forfeited prizes	24,600	25,800
Sale of tickets	1,422,100	1,522,768
	1,446,700	1,548,568
Agents' commission	(189,441)	(202,752)
Contribution to prize fund including forfeited prizes	(853,260)	(918,480)
Printing and stationery	(68,313)	(64,198)
Promotion	(11,222)	(9,861)
Staff costs	(25,921)	(19,866)
States of Jersey administration charges	(10,000)	(10,521)
Other expenses	(1,194)	(975)
Surplus	287,349	321,915
Chief Pleas of Sark - share of surplus	(2,224)	(2,911)
States of Alderney - share of surplus	(2,926)	(2,910)
States of Guernsey - share of surplus transferred to Appropriation Account	(282,199)	(316,094)
	£ -	£ -
<b>APPROPRIATION ACCOUNT</b>		
Balance at 1 January	16,168	11,671
Share of surplus transferred from Operating Account	282,199	316,094
	298,367	327,765
Donation to Association of Guernsey Charities	(145,262)	(131,597)
Transfers to Beau Sejour Centre	(140,000)	(180,000)
Balance at 31 December	£13,105	£16,168

## 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

	2007 £	2006 £
<b>SUMMARY OF BALANCES AT 31 DECEMBER</b>		
Corporate Housing Programme Fund	7,138,460	3,530,025
Housing Development and Loan Fund	30,395,247	24,659,071
States Houses Fund	6,230,575	3,089,514
States Housing Association Fund	85,002	181,696
	<hr/>	<hr/>
	43,849,284	31,460,306
<i>Less</i> Private Sector Borrowing	(5,000,000)	(5,000,000)
	<hr/>	<hr/>
	£38,849,284	£26,460,306
	<hr/>	<hr/>

## CORPORATE HOUSING PROGRAMME FUND

	2007 £	2006 £
Balance at 1 January	3,530,025	1,039,461
Interest	418,644	184,353
Transfer from General Revenue Account	7,000,000	7,000,000
Administration Costs		
Staff	(384,682)	(337,240)
Supplies and Services	(21,006)	(25,530)
Consultants fees	(4,445)	(78,874)
Document Duty Grant Scheme	(25,806)	(41,286)
Purchase of Land	-	(17,396)
Transfer to States Housing Association Fund	(3,000,000)	(3,000,000)
Transfer to States Houses Fund	(150,000)	(800,000)
Youth Housing Project	(224,270)	(393,463)
	<hr/>	<hr/>
Balance at 31 December	£7,138,460	£3,530,025
	<hr/>	<hr/>

## HOUSING DEVELOPMENT AND LOAN FUND

	2007 £	2006 £
<b>REVENUE ACCOUNT</b>		
Interest receivable		
Borrowers	625,305	859,652
States of Guernsey	1,527,900	923,323
Administration Costs		
Staff	(59,801)	(46,073)
Other expenditure	(389)	(397)
Interest payable on borrowing and other fees		
Private Sector	(300,091)	(246,293)
Surplus on Revenue Account for the year transferred to Capital Account	<hr/>	<hr/>
	£1,792,924	£1,490,212
	<hr/>	<hr/>
<b>CAPITAL ACCOUNT</b>		
Balance at 1 January	38,662,127	37,171,915
Surplus for year on Revenue Account	1,792,924	1,490,212
	<hr/>	<hr/>
Balance at 31 December	£40,455,051	£38,662,127
	<hr/>	<hr/>

# HOUSING DEVELOPMENT AND LOAN FUND (continued)

	2007 £	2006 £
<b>BORROWERS ACCOUNT</b>		
Balance at 1 January	19,003,056	25,784,988
Advances to borrowers	1,135,884	629,543
Repayments receivable from borrowers	(5,079,136)	(7,411,475)
	<hr/>	<hr/>
Balance at 31 December	£15,059,804	£19,003,056
	<hr/>	<hr/>
<b>SUMMARY OF BALANCES AT 31 DECEMBER</b>		
Capital Account	40,455,051	38,662,127
Borrowers Account	(15,059,804)	(19,003,056)
	<hr/>	<hr/>
	£25,395,247	£19,659,071
	<hr/>	<hr/>
Represented by:		
Cash balance with States of Guernsey	30,395,247	24,659,071
Private Sector borrowing	(5,000,000)	(5,000,000)
	<hr/>	<hr/>
	£25,395,247	£19,659,071
	<hr/>	<hr/>

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 2007, the Fund borrowed £5 million (2006: £5 million) from this source.

## STATES HOUSES FUND

	2007 £	2006 £
Balance at 1 January	3,089,514	2,427,035
Income		
Interest	277,459	146,620
Rents	13,548,999	13,445,831
Less Rent rebates	(6,305,178)	(6,384,426)
Sale of Property	3,135,945	707,231
Transfer from Corporate Housing Programme Fund	150,000	800,000
	<hr/>	<hr/>
	13,896,739	11,142,291
Expenditure		
Administration Costs		
Staff	(750,987)	(805,110)
Supplies and Services	(72,981)	(63,156)
Contracted out work	(37,863)	(54,353)
Consultants fees	(3,454)	(2,339)
Housing Information Management System replacement	(11,928)	-
States Houses		
Repairs, maintenance, refurbishment and enhancements	(5,743,126)	(6,202,685)
Insurance, rates and taxes	(969,428)	(845,568)
Other expenditure	(76,397)	(79,566)
	<hr/>	<hr/>
Balance at 31 December	£6,230,575	£3,089,514
	<hr/>	<hr/>

Note :

The Housing Department has responsibility for approximately 1,970 dwellings with an estimated re-instatement value at 2007 prices of £380 million.



# STATES HOUSING ASSOCIATION FUND

	2007 £	2006 £
Balance at 1 January	181,696	231,970
Income		
Interest	145,076	126,398
Sale of lifetime leases at Rosaire Court	113,250	-
Transfer from Corporate Housing Programme Fund	3,000,000	3,000,000
	<hr/> 3,440,022	<hr/> 3,358,368
Expenditure		
Administration Costs		
Staff	(42,824)	(45,435)
Consultants fees	(3,408)	(1,782)
Other expenditure	(1,040)	(412)
Grants to Guernsey Housing Association	(2,711,570)	(2,657,663)
Rent Rebates	(596,178)	(471,380)
	<hr/> £85,002	<hr/> £181,696
Balance at 31 December		

# FARM LOANS FUND

	2007 £	2006 £
<b>CAPITAL ACCOUNT</b>		
Balance at 1 January and balance at 31 December	<hr/> £701,066	<hr/> £701,066
<b>BORROWERS ACCOUNT</b>		
Balance at 1 January	166,303	281,182
Repayments receivable from borrowers	(28,992)	(114,879)
	<hr/> £137,311	<hr/> £166,303
Balance at 31 December		

## HEALTH AND SOCIAL SERVICES DEPARTMENT - ACCOMMODATION FUND

	2007 £	2006 £
Balance at 1 January	619,343	2,179,030
Income		
Interest	52,424	58,749
Rents	820,378	651,644
Transfer from Health and Social Services Department revenue budget	621,000	621,000
	<hr/> 2,113,145	<hr/> 3,510,423
Expenditure		
Administration Costs	(137,738)	(174,933)
John Henry Court - capital project	(77,428)	(1,624,799)
Lease / Rental Payments	(645,715)	(646,655)
Loan from General Revenue		
Capital repayments	(63,113)	(68,343)
Interest payable	(158,036)	(134,587)
Repairs, maintenance, refurbishment and enhancements	(126,333)	(108,734)
Utilities Charges	(139,197)	(133,029)
	<hr/> £765,585	<hr/> £619,343
Balance at 31 December		

## HEALTH AND SOCIAL SERVICES DEPARTMENT - MRI SCANNER FUND

	2007 £	2006 £
Income		
Appeal Donations	854,607	-
Interest	32,528	-
Loan from General Revenue	797,278	-
Private Patient Fees	28,045	-
Transfer from Health and Social Services Department revenue budget	51,355	-
	<hr/> 1,763,813	<hr/> -
Expenditure		
Operating costs	(64,896)	-
Loan from General Revenue		
Interest payable	(8,116)	-
MRI Scanner - capital project	(1,651,885)	-
	<hr/> £38,916	<hr/> £ -
Balance at 31 December		

# NOTES AND COINS ISSUE

	2007 £ Notes	2007 £ Coins	2006 £ Notes	2006 £ Coins
<b>NOTES AND COINS IN CIRCULATION</b>				
In circulation at 1 January	29,200,876	8,605,505	26,632,412	8,174,488
Issued during the year	111,842,752	248,474	108,551,310	432,411
Withdrawn during the year	(110,858,710)	(14,114)	(105,982,846)	(1,394)
In circulation at 31 December	£30,184,918	£8,839,865	£29,200,876	£8,605,505
<b>NOTES AND COINS RESERVE</b>				
In circulation at 31 December	30,184,918	8,839,865	29,200,876	8,605,505
Less release from Reserve	(340,000)	(3,953,864)	(340,000)	(3,828,322)
Balance at 31 December	£29,844,918	£4,886,001	£28,860,876	£4,777,183
<b>NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING RE-ISSUE</b>				
Awaiting re-issue at 1 January	461,600	13,382	629,800	48,848
Withdrawn during the year	108,654,900	11,071	104,319,440	1,195
Re-issued during the year	(108,026,200)	(753)	(104,487,640)	(36,661)
Awaiting re-issue at 31 December	£1,090,300	£23,700	£461,600	£13,382
<b>NOTES AND COINS WITHDRAWN FROM CIRCULATION AWAITING DESTRUCTION</b>				
Awaiting destruction at 1 January	77,895	34,242	360,989	34,043
Withdrawn during the year	2,203,810	3,043	1,663,406	199
Destroyed during the year	(2,099,220)	-	(1,946,500)	-
Awaiting destruction at 31 December	£182,485	£37,285	£77,895	£34,242

# NOTES AND COINS ISSUE (continued)

## NOTES AND COINS TRADING ACCOUNT

	2007 £	2006 £
Interest on balance in circulation	1,618,361	1,293,543
Sundry income	75	132
	<hr/> 1,618,436	<hr/> 1,293,675
Administration		
Premises	(2,860)	(2,586)
Staff	(60,686)	(57,348)
Supplies and services	(25,984)	(24,782)
Note screening	(131,192)	(119,735)
Recoveries	800	1,282
	<hr/> (219,922)	<hr/> (203,169)
Purchase of new notes and coins issued		
Stock at 1 January	(605,492)	(418,049)
Purchases	-	(271,301)
Stock at 31 December	537,137	605,492
	<hr/> (68,355)	<hr/> (83,858)
Surplus for year transferred to General Revenue	<hr/> £1,330,159	<hr/> £1,006,648

## RESTRUCTURING AND REORGANISATION FUND

	2007 £	2006 £
Balance at 1 January	2,839,588	-
Transfer from Contingency Reserve Fund	-	5,000,000
Redundancy payments	(152,431)	(1,242,734)
Judicial Review of redundancy payment - legal costs	-	(112,244)
Electronic Health and Social Care Record capital project - contribution	-	(800,000)
Housing Control IT System	(107,221)	-
Other expenditure	(83,725)	(5,434)
	<hr/> £2,496,211	<hr/> £2,839,588
Balance at 31 December		

## SEWERS CONNECTION LOANS FUND

	2007 £	2006 £
<b>CAPITAL ACCOUNT</b>		
Balance at 1 January and balance at 31 December	<hr/> £200,000	<hr/> £200,000
<b>BORROWERS ACCOUNT</b>		
Balance at 1 January	67,552	79,589
Advances to borrowers	5,464	8,744
Repayments receivable from borrowers	(23,552)	(20,781)
	<hr/> £49,464	<hr/> £67,552
Balance at 31 December		

## SPORTS LOANS FUND

	2007 £	2006 £
<b>CAPITAL ACCOUNT</b>		
Balance at 1 January and balance at 31 December	<u>£319,001</u>	<u>£319,001</u>
<b>BORROWERS ACCOUNT</b>		
Balance at 1 January	259,750	288,250
Advances to borrowers	40,000	-
Repayments receivable from borrowers	<u>(25,750)</u>	<u>(28,500)</u>
Balance at 31 December	<u>£274,000</u>	<u>£259,750</u>

## WILFRED CAREY PURCHASE FUND

	2007 £	2006 £
<b>CAPITAL ACCOUNT</b>		
Balance at 1 January and balance at 31 December	<u>£1,773,000</u>	<u>£1,773,000</u>
<b>REVENUE ACCOUNT</b>		
Balance at 1 January	963,149	898,854
Interest	156,724	126,295
Transferred to Purchase of Exhibits Account	<u>(60,000)</u>	<u>(62,000)</u>
Balance at 31 December	<u>£1,059,873</u>	<u>£963,149</u>
<b>PURCHASE OF EXHIBITS ACCOUNT</b>		
Balance at 1 January	36,715	23,833
Sundry purchases	(59,042)	(49,118)
Transferred from Revenue Account	<u>60,000</u>	<u>62,000</u>
Balance at 31 December	<u>£37,673</u>	<u>£36,715</u>



## SUMMARY OF BALANCES

	2007 £	2006 £
Consolidated Superannuation Fund	896,438,327	846,883,829
H M Receiver General	2,045,915	1,468,908
Various charity, amenity and other fund Capital Accounts etc.	516,105	500,325
Various charity, amenity and other fund Revenue Accounts etc.	2,986,321	2,310,648
	<hr/> £901,986,668	<hr/> £851,163,710

## HELD IN A FIDUCIARY CAPACITY

	2007 £	2006 £
Consolidated Superannuation Fund - Investments	894,448,578	844,312,308
Various charity, amenity and other funds etc.		
Investments and bank deposit accounts	131,605	179,942
Net Assets held by the States of Guernsey	7,406,485	6,671,460
	<hr/>	<hr/>
	£901,986,668	£851,163,710
	<hr/>	<hr/>



# SUPERANNUATION FUND

	2007		2006
	£	£	£
<b>TEACHERS</b>			
Employers' contributions	859,699		963,571
Teachers' contributions	388,001		437,659
Transfer values received from Non-members of the Fund	99,042		78,439
		1,346,742	1,479,669
Pensions	(523,196)		(630,107)
Lump sum payments	(135,611)		(251,485)
Contributions refunded to teachers	-		(4,886)
Transfer values paid to Members of the Fund	(112,936)		(3,002,907)
Transfer values paid to Non-members of the Fund	(720,713)		(286,188)
		(1,492,456)	(4,175,573)
Net (reductions)		(145,714)	(2,695,904)
Returns on Investments:			
Investment management and other fees	(129,850)		(131,513)
Interest, dividends and commission	881,728		1,114,226
Net appreciation of investments - realised and unrealised profits and losses	1,498,146		1,958,563
		2,250,024	2,941,276
Balance at 1 January		36,813,414	36,568,042
Balance at 31 December		£38,917,724	£36,813,414
<b>COMBINED POOL</b>			
Employers' contributions	14,951,935		15,014,504
Employees' contributions	9,189,613		8,868,522
Capital payment	400,000		400,000
Post Office employees' contributions - widows and childrens scheme	355		333
Refunds of contributions repaid	26,633		15,493
Transfer values received from Members of the Fund	112,936		3,002,907
Transfer values received from Non-members of the Fund	2,989,037		1,271,008
		27,670,509	28,572,767
Pensions	(22,596,245)		(20,761,937)
Lump sum payments	(4,640,261)		(4,812,933)
Contributions refunded to employees	(1,139,136)		(840,353)
Transfer values paid to Non-members of the Fund	(1,737,910)		(1,922,924)
		(30,113,552)	(28,338,147)
Net (reductions) / additions		(2,443,043)	234,620
Returns on Investments:			
Investment management and other fees	(2,860,122)		(2,825,367)
Interest, dividends and commission	19,421,205		23,937,532
Net appreciation of investments - realised and unrealised profits and losses	32,998,603		42,076,911
		49,559,686	63,189,076
Balance at 1 January		807,373,793	743,950,097
Balance at 31 December		£854,490,436	£807,373,793

# SUPERANNUATION FUND

	2007		2006
	£	£	£
<b>STATES MEMBERS PENSION FUND</b>			
States contribution	215,414		256,466
Members' contributions	55,222		47,546
Capital payment	35,000		35,000
		305,636	339,012
Pensions	(133,669)		(121,514)
Contributions refunded to Members	(9,663)		-
		(143,332)	
Net additions		162,304	217,498
Returns on Investments:			
Investment management and other fees	(9,882)		(8,673)
Interest, dividends and commission	67,105		73,483
Net appreciation of investments - realised and unrealised profits and losses	114,018		129,168
		171,241	193,978
Balance at 1 January		2,696,622	2,285,146
Balance at 31 December		£3,030,167	£2,696,622
<b>CONSOLIDATED SUPERANNUATION FUND</b>			
Employers' contributions	16,027,048		16,234,541
Teachers' and other employees' contributions	9,632,836		9,353,727
Capital payments	435,000		435,000
Post Office employees' contributions - widows and childrens scheme	355		333
Refunds of contributions repaid	26,633		15,493
Transfer values received from Non-members of the Fund	3,088,079		1,349,447
		29,209,951	27,388,541
Pensions	(23,253,110)		(21,513,558)
Lump sum payments	(4,775,872)		(5,064,418)
Contributions refunded	(1,148,799)		(845,239)
Transfer values paid to Non-members of the Fund	(2,458,623)		(2,209,112)
		(31,636,404)	(29,632,327)
Net (reductions)		(2,426,453)	(2,243,786)
Returns on Investments:			
Investment management and other fees	(2,999,854)		(2,965,553)
Interest, dividends and commission	20,370,038		25,125,241
Net appreciation of investments - realised and unrealised profits and losses	34,610,767		44,164,642
		51,980,951	66,324,330
Balance at 1 January		846,883,829	782,803,285
Balance at 31 December		£896,438,327	£846,883,829

## SUPERANNUATION FUND

Notes :

- a) 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.

- b) The total contributions payable in respect of 2007 amounting to £16,027,048 have been charged as expenses in the revenue accounts for the current year. As the Accounts do not incorporate a Balance Sheet, FRS 17 has not been adopted in full. However, the following disclosures provide certain 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 2007.

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

	31 December 2007 % p.a.	31 December 2006 % p.a.	31 December 2005 % p.a.
Discount rate	5.80%	5.10%	4.70%
Inflation	3.40%	3.10%	2.90%
Increases to deferred benefits during deferment	3.40%	3.10%	2.90%
Increases to pensions in payment	3.40%	3.10%	2.90%
Increases to salaries	4.90%	4.60%	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 2007 £'000	Assumed expected return on assets % p.a.	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.
Equities	668,294	8.00%	671,589	8.50%	616,727	8.00%
Bonds	169,809	4.60%	154,245	4.70%	151,540	4.30%
Cash	58,335	6.00%	21,050	5.00%	14,536	4.50%
	<hr/>		<hr/>		<hr/>	
	896,438		846,884		782,803	
Present value of the schemes liabilities	(1,024,116)		(1,007,347)		(940,281)	
	<hr/>		<hr/>		<hr/>	
Resulting (deficit) and Net pension (liability)	(127,678)		(160,463)		(157,478)	

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 2007. 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 2007. 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 4.087% of the balance of the fund at 1 January 2007 (2006, 5.642%) or 4.095% of the average daily balance of the fund during the year before crediting such net appreciation or interest, etc. (2006, 5.650%).

Interest, dividends and commissions were equal to 2.405% of the balance of the fund at 1 January 2007 (2006, 3.210%) or 2.410% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2006, 3.214%).

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

	2007		2006	
	£'000	£'000	£'000	£'000
Deficit in scheme at 1 January		(160,463)		(157,478)
Movement in the year:				
Cost attributable to current service of staff		(37,853)		(35,351)
Contributions paid in the year		16,462		16,670
Expected return on pension scheme assets		65,086		56,357
Interest on pension scheme liabilities		(50,690)		(43,672)
Actuarial gain / (loss):				
Actual return less expected return on pension scheme assets	(10,106)		12,933	
Experience gains and losses arising on the scheme liabilities	30,447		(47,320)	
Change in assumptions underlying the present value of the scheme liabilities	19,439		37,398	
		<u>39,780</u>		<u>3,011</u>
Deficit in scheme at 31 December		<u>(127,678)</u>		<u>(160,463)</u>

- c ) 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 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. The report was considered by the States in November 2007 (Billet d'Etat XXII, 2007) and the necessary Rule changes were approved.

A full actuarial valuation of the Fund as at 31 December 2007 is in the process of being carried out. The results of this valuation, including any proposed changes to the rates of employers' contributions, will be reported to the States in Autumn 2008.

# CASH FLOW STATEMENT

	Note	2007 £	2006 £
Net cash inflow from operating activities	1	98,004,953	53,530,529
Returns on investments and servicing of finance			
Returns on investments and interest received		26,054,851	14,742,295
Interest paid		(10,399,643)	(7,255,501)
Net cash inflow from returns on investments and servicing of finance		15,655,208	7,486,794
Investing activities			
Payments to acquire capital assets		(48,990,215)	(41,751,643)
Payments (net) to acquire financial investments		(93,916,937)	-
Receipts (net) from sales of financial investments		-	5,753,118
Receipts from sales of capital assets and capital repayments		253,642	769,879
Net cash outflow from investing activities		(142,653,510)	(35,228,646)
Net movement in balances on loans and miscellaneous funds, etc.		35,110,570	(4,101,283)
Increase in cash	2 & 3	£6,117,221	£21,687,394

Notes :

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

	2007 £	2006 £
Operating Surplus	70,522,738	30,485,629
Interest received	(15,666,376)	(11,263,936)
Interest paid	13,983,397	11,167,900
Increase in stocks	(305,954)	(604,903)
Decrease in debtors	601,422	22,192,596
Increase in creditors	28,869,726	1,553,243
Net cash inflow from operating activities	£98,004,953	£53,530,529

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

	2007 £	2006 £
Change in net funds - increase in cash in the year	6,117,221	21,687,394
Net funds at 1 January	34,005,244	12,317,850
Net funds at 31 December	£40,122,465	£34,005,244

## 3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2007 £	Movement in net funds £	At 31 December 2007 £
Cash at banks	33,349,857	5,336,766	38,686,623
Cash in hand	655,387	780,455	1,435,842
Total	£34,005,244	£6,117,221	£40,122,465

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.

## NOTE TO ACCOUNTS

1. 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 Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2007, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of a £4.2million loan facility that Cabernet Limited 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 2007*

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

#### Financial Summary

##### Summary

The Guernsey Dairy made an overall loss of £220,906, which was 24% less than in 2006 and less than predicted in the probable outturn published in Billet D'Etat XXIII 2007. The Dairy finances are predicted to improve in 2008, based on the fact that an increase in the retail price of liquid milk sales was approved, effective from 2 December 2007, in conjunction with increases in other gate prices for by-products and the continuing careful management of expenses.

The following report highlights the reasons for some key variances behind the improvement in the Dairy's position and provides a summary of the year.

##### Sales

Overall sales turnover increased despite the effect of the Commerce & Employment Department's decision to equalise the gate price for direct and non-direct billed sales from 2 December 2007 rather than in 2008 as originally predicted in the budget and probable outturn figures.

##### *Liquid Milk*

The main influence on overall turnover is liquid milk sales. As already stated, there was an increase in the retail price of milk which has contributed to the increase in milk sales revenue of £87,956 (2.4%) compared to 2006. The current volume of milk sales has remained largely the same since the price increases in December.

Organic milk sales equated to 1.7% of the value of liquid milk sales, though overall this product is still loss-making.

##### *By-products*

By-product sales turnover increased by £36,269 (4%) over 2006. Butter remains a strong performer in both the export and local markets and turnover from this product also benefited from price increases late in 2007. Ice cream sales have also increased, but cream and cheese sales figures were lower in 2007 than in 2006.

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Statement of activities and performance

*Year ended 31 December 2007*

#### **Cost of Sales**

The cost of sales increased by £113,402 (3.3%) compared to the 2006 figure. Some of the reduction relates to write off of damaged or obsolete stock during the year.

#### **Milk intake**

##### *Milk Purchases*

In 2007, the overall shortfall in production by Guernsey farmers was 67,095 litres compared to a small surplus of 841 litres in 2006. Production fell from as early as May 2007 necessitating imports of milk during what is normally the peak summer season.

Imports of raw milk were restricted to supplementing core products rather than solely for the production of cheese, as in previous years, due to the increased cost of this milk, which unexpectedly rose by 25% during the year. Consequently, a total of £23,859 was spent on imported raw milk (including freight), compared to £36,700 in 2006.

##### *Milk Wastage*

Milk wastage costs increased in 2007, some of which was due to a number of plant breakdowns involving the loss of a bulk of milk. Encouragingly, 2008 is already showing a reduction in the level of wastage due to more efficient working practices.

##### *Offshore processing & freight*

Costs increased by £3,802 in 2007 compared to 2006, which is a rise of 16.9%.

#### **Gross Surplus**

The gross surplus for 2007 increased by £12,158 (1.1%) on 2006 figures.

#### **Expenses**

##### *Advertising and Promotion*

Advertising and promotion costs were curtailed in 2007 in a bid to conserve dwindling cash reserves. Overall there was a fall in advertising expenditure of 70% compared to 2006. There were also no new products made in 2007, therefore no new advertising campaigns.

##### *Depreciation*

The depreciation charge reduced compared to 2006, and was lower than predicted in the probable outturn. This was due to delays in initiating the capital expenditure programme even though funding (via a loan) had been approved late in the year.

##### *Other Expenses*

Efforts to constrain non-core expenditure were successful in reducing the amount spent by approximately 50% on 2006 levels.

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Statement of activities and performance - continued

*Year ended 31 December 2007*

##### *Professional Fees*

The increase in professional fees on 2006 figures of £8,738 resulted from further work carried out by the consultant to review dairy operations and an increase in the audit fee (which rose to £12,805 from £8,398 in 2006).

##### *Repairs and Maintenance*

Significant amounts still needed to be spent on repairs and maintenance to key systems which have been identified for replacement in the capital programme, but amounts expended on repairs were constrained where possible.

##### *Salaries and Wages*

Costs have risen overall, but the effect of staff vacancies has ensured that this total has increased only marginally over 2006 levels.

#### **Cash**

During the year, the Dairy continued to suffer cash flow problems due to expenses paid exceeding cash receipts. The Dairy also paid a large proportion of its remaining cash balance on essential upgrades to its cleaning systems – this was before other funding had been agreed.

Despite predictions made in the Milk Price Review Panel submission that the cash balance would be virtually exhausted at the end of the year, tight control over expenditure, staff vacancies and the increase in retail prices have ensured that the cash position at the end of the year was better than expected. Overall, the reduction in cash in 2007 was less than in 2006, even taking into account that capital expenditure was twice that of the previous year. Bank interest received fell as a consequence of the reducing cash balance.

#### **Capital Expenditure**

A comprehensive capital expenditure programme was drawn up in 2007. Capital expenditure doubled compared to 2006, but was still below expectations due to delays in starting off the capital programme. It is envisaged that the capital programme will progress in earnest in 2008.

<b>Capital expenditure</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Motor Vehicles</b>		
Alfa Laval Pump	3,793	-
<b>Lab Equipment</b>		
Gerber Centrifuge	-	2,081
<b>Fixtures and Fittings</b>		
HP Laserjet Printer	-	611
DS2 Sales software	-	2,850
Profile Enterprise Payroll Software	-	8,860
Central Heating Boiler	-	2,480
<b>Other Office Equipment</b>		
Additions to Milk payment software	630	-

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Statement of activities and performance - continued

*Year ended 31 December 2007*

<b>Capital Expenditure continued</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Plant &amp; Machinery</b>		
'Cleaning In Place' Upgrades	117,344	-
Puma Pump (milk packaging)	1,330	-
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
	<hr/>	<hr/>
<b>Total Capital expenditure</b>	<b><u>£123,097</u></b>	<b><u>£60,846</u></b>

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Statement of activities and performance - continued

*Year ended 31 December 2007*

#### **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.

#### **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)

##### **Dairy Management Board members**

Deputy C McNulty Bauer
Deputy D Staples
Mr R Nash
Mr C Hall (until April 2007)
Mr A Tabel (from December 2007)

##### **Principal officers:**

Mr ND Lewis	-	Chief Officer (until July 2007)
Mr R Nash	-	Director of Client Services
Mr C Hall	-	General Manager (until April 2007)
Mr A Tabel	-	General Manager (from December 2007)

# 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”) and of the surplus or deficit of the Dairy 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;
- 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.

## **INDEPENDENT AUDITORS' REPORT TO THE STATES OF GUERNSEY COMMERCE AND EMPLOYMENT DEPARTMENT**

We have audited the financial statements of States of Guernsey Commerce and Employment Department – Dairy Trading Account (“the Dairy”) for the year ended 31 December 2007, which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

The report is made solely to the Commerce and Employment Department (“the Department”) as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit has been undertaken so that we might state to the Department those matters we are required to state to them in an auditors’ 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 Department for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Department and auditors**

The Department’s responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 in accordance with United Kingdom Generally Accepted Accounting Practice. We also report to you if, in our opinion, the Dairy 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. We are not required to consider whether the Department’s statements on internal control cover all risks and controls or form part of the effectiveness of the Dairy’s risk and control procedures.

### **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 the Dairy’s circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Dairy’s affairs as at 31 December 2007 and of its loss for the year then ended.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey

18 April 2008

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Revenue account

for the year ended 31 December 2007

	Notes	2007		2006	
		£	£	£	£
<b>Sales</b>	<i>1</i>				
Liquid milk		3,681,149		3,593,193	
By-products		939,577		903,308	
Channel Islands Cream Liquor		-		3,819	
Sundry sales		<u>6,594</u>		<u>1,440</u>	
<b>Total sales</b>		<b>4,627,320</b>		<b>4,501,760</b>	
<b>Cost of sales</b>					
Opening product stock	<i>4</i>	181,754		211,436	
Opening packaging stock	<i>4</i>	<u>253,631</u>	435,385	<u>213,163</u>	424,599
Production wages		664,179		678,077	
Milk		2,054,675		2,074,052	
Milk wastage		178,479		154,012	
By-product ingredients		31,819		30,015	
Packaging materials		441,130		453,908	
Carriage inwards		23,124		25,207	
Offshore processing and freight		26,265		22,463	
Sundries		<u>32</u>	3,419,703	<u>38</u>	3,437,772
Closing product stock	<i>4</i>	(112,383)		(181,754)	
Closing packaging stock	<i>4</i>	<u>(202,317)</u>	(314,700)	<u>(253,631)</u>	(435,385)
<b>Total cost of sales</b>		<b>3,540,388</b>		<b>3,426,986</b>	
Gross surplus		<b>1,086,932</b>		<b>1,074,774</b>	
Other operating income		-		7,133	
Administration expenses	<i>2</i>	<u>(1,317,831)</u>		<u>(1,385,259)</u>	
<b>Operating deficit for the year</b>		<b>(230,899)</b>		<b>(303,352)</b>	
Net interest receivable	<i>1</i>	<u>9,993</u>		<u>12,579</u>	
<b>Retained deficit for the year</b>	<i>7</i>	<b><u>£ (220,906)</u></b>		<b><u>£ (290,773)</u></b>	

All material activities derive from continuing operations.

Notes 1 to 15 form an integral part of these financial statements.



# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

Balance sheet  
at 31 December 2007

	Notes	2007 £	2006 £
<b>Tangible fixed assets</b>	3	<b>1,567,409</b>	1,634,059
<b>Current assets</b>			
Stocks	4	<b>389,564</b>	503,897
Debtors and prepayments	5	<b>657,743</b>	552,270
Balances due from States Treasury		-	182,677
Bank deposit		<b>226,847</b>	171,469
Cash in hand		<b>81</b>	99
		<b>1,274,235</b>	1,410,412
<b>Creditors: amounts falling due within one year</b>	6	<b><u>(464,833)</u></b>	<u>(446,754)</u>
<b>Net current assets</b>		<b><u>809,402</u></b>	<u>963,658</u>
<b>Total net assets</b>		<b><u>£2,376,811</u></b>	<u>£2,597,717</u>
<b>Reserves</b>	7	<b><u>£2,376,811</u></b>	<u>£2,597,717</u>

The financial statements were approved by the States of Guernsey Commerce and Employment Department on 15 April 2008.

Signed on behalf of the Department

**S Falla**  
*Minister*

Notes 1 to 15 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 2007

	Notes	2007 £	£	2006 £	£
<b>Net cash outflow from operating activities</b>	8		(27,599)		(116,512)
<b>Returns on investments and servicing of finance</b>					
Interest received			9,993		12,642
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets	3		(123,097)		(60,846)
Receipts from sales of tangible fixed assets			-		4,200
<b>Decrease in cash</b>	10		<u>£ (140,703)</u>		<u>£ (160,516)</u>

Notes 1 to 15 form an integral part of these financial statements.

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Notes to the financial statements

#### 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.

##### *Debtors*

Trade debtors are stated less a general provision of 0.5% of the trade debtors balance.

##### *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:

	<b>Estimated life In years</b>	<b>Depreciation % per annum</b>
Roads	10	10
Buildings	20 – 50	2 – 5
Plant, machinery and laboratory equipment	5 – 20	5 – 20
Office furniture and fittings	5 – 8	12.5 – 20
Other office equipment	3 – 8	12.5 – 33.3
Motor vehicles (except forklifts)	5	20
Forklift trucks	15-20	5 – 6.7
Computer hardware	3	33.3
Computer software	3 – 5	20-33.3

##### *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

	2007 £	2006 £
Opening non-product stock	68,511	64,293
Advertising and promotion	5,526	18,936
Carriage outwards	7,007	3,440
Cleaning materials	60,299	58,318
Depreciation	189,747	218,707
Fuel, light, power and water	213,688	207,578
General administration costs	30,799	43,989
Laboratory expenses	69,098	61,467
Motor vehicle expenses	25,534	27,171
Other expenses	41,307	82,211
Product research and development	-	122
Professional fees	33,208	24,470
Provision for doubtful debts	1,791	-
R & M and insurance (plant and machinery)	94,034	95,292
R & M and insurance (site and buildings)	21,289	24,842
Rates	2,713	2,713
Salaries and wages	522,554	513,955
Staff training and recruitment	5,590	6,266
Closing non production stock	<u>(74,864)</u>	<u>(68,511)</u>
	<b><u>1,317,831</u></b>	<b><u>£1,385,259</u></b>

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Notes to the financial statements - continued

#### 3. Tangible fixed assets

	1 January 2007 £	Additions £	Disposals £	31 December 2007 £
<i>Cost</i>				
Site and roads	966	-	-	966
Buildings	1,510,823	-	-	1,510,823
Plant and machinery	2,658,007	118,674	(50,794)	2,725,887
Motor vehicles	167,750	3,793	-	171,543
Laboratory equipment	119,111	-	-	119,111
Furniture and fittings	<u>176,331</u>	<u>630</u>	<u>(45,586)</u>	<u>131,375</u>
	<u>4,632,988</u>	<u>123,097</u>	<u>(96,380)</u>	<u>4,659,705</u>
	1 January 2007 £	Charge for the year £	Disposals £	31 December 2007 £
<i>Depreciation</i>				
Site and roads	965	-	-	965
Buildings	538,189	36,649	-	574,838
Plant and machinery	2,079,922	118,572	(50,794)	2,147,700
Motor vehicles	143,303	11,710	-	155,013
Laboratory equipment	105,466	4,769	-	110,235
Furniture and fittings	<u>131,084</u>	<u>18,047</u>	<u>(45,586)</u>	<u>103,545</u>
	<u>2,998,929</u>	<u>189,747</u>	<u>(96,380)</u>	<u>3,092,296</u>
<b>Net book value</b>	<u>1,634,059</u>			<u>£1,567,409</u>

#### 4. Stocks

	2007 £	2006 £
Milk and milk by-products	112,383	181,754
Packaging materials	202,317	253,631
Other stock	<u>74,864</u>	<u>68,511</u>
	<u>£389,564</u>	<u>£503,897</u>

# States of Guernsey

## Commerce and Employment Department

### Dairy Trading Account

#### Notes to the financial statements - continued

#### 5. Debtors and prepayments

	2007 £	2006 £
Trade debtors	626,999	459,859
Prepayments	4,036	7,965
Accrued income	<u>26,708</u>	<u>84,446</u>
	<u><b>£657,743</b></u>	<u><b>£552,270</b></u>

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

	2007 £	2006 £
Bank overdraft	5,108	85,068
States Treasury overdraft	93,346	-
Trade creditors	321,955	278,928
Accruals	<u>44,424</u>	<u>82,758</u>
	<u><b>£464,833</b></u>	<u><b>£446,754</b></u>

#### 7. Reserves

	General Reserve £	Revenue Account £	Total £
Balance 1 January 2007	3,002,491	(404,774)	2,597,717
Loss for the financial year	<u>-</u>	<u>(220,906)</u>	<u>(220,906)</u>
<b>Balance 31 December 2007</b>	<u><b>3,002,491</b></u>	<u><b>(625,680)</b></u>	<u><b>£2,376,811</b></u>

#### 8. Reconciliation of operating deficit to net cash outflow from operating activities

	2007 £	2006 £
Operating deficit for the year	(230,899)	(303,352)
Depreciation	189,747	218,707
Profit on sale of fixed assets	-	(817)
Increase in debtors and prepayments	(105,473)	(49,869)
Decrease / (increase) in stocks	114,333	(15,005)
Increase in creditors and accruals	<u>4,693</u>	<u>33,824</u>
<b>Net cash outflow from operating activities</b>	<u><b>£(27,599)</b></u>	<u><b>£(116,512)</b></u>

# 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

	2007 £	2006 £
Balance at 1 January	269,177	429,693
Net cash outflow during the year	<u>(140,703)</u>	<u>(160,516)</u>
Balance at 31 December	<u>£ 128,474</u>	<u>269,177</u>

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

	At 1 January 2007 £	Cash flows £	At 31 December 2007 £
Bank balances - current	(85,068)	79,960	(5,108)
- deposit	171,469	55,378	226,847
Cash in hand	99	(18)	81
Balances due from States Treasury	<u>182,677</u>	<u>(276,023)</u>	<u>(93,346)</u>
	<u>269,177</u>	<u>(140,703)</u>	<u>128,474</u>

#### 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%.

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 2007 was £90,238 (2006: £79,533), 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. No member of either Board is a supplier or customer of the Dairy.

#### **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.

#### **14. Subsequent Events**

There have been no material subsequent events since the balance sheet date which affect these financial statements.

#### **15. Commitments and Contingent Liabilities**

There are no commitments or contingent liabilities relating to 2007 which would affect these financial statements (2006: None).



# ALDERNEY AIRPORT

## REVENUE ACCOUNT

Year Ended 31 December 2007

	2007		2006
	£	£	£
<b>INCOME</b>			
Traffic receipts, rents, etc.		525,245	502,305
<b>EXPENDITURE</b>			
<b>Administration</b>			
Premises	4,008		4,036
Staff	16,891		20,823
Supplies and services	305,602		302,202
Less recoveries	(128,156)		(123,904)
	198,345		203,157
<b>Aerodrome Fire Service</b>			
Staff	485,690		444,528
Supplies and services	51,772		52,563
	537,462		497,091
<b>Airport Infrastructure</b>			
Premises	87,396		43,628
Supplies and services	2,623		13,086
Consultants fees	4,013		-
	94,032		56,714
<b>Navigational Services</b>			
Staff	207,461		193,104
Supplies and services	28,380		33,181
Less recoveries	(1,371)		-
	234,470		226,285
<b>TOTAL EXPENDITURE</b>		1,064,309	983,247
<b>OPERATING DEFICIT FOR THE FINANCIAL YEAR FUNDED BY THE PUBLIC SERVICES DEPARTMENT</b>		(£539,064)	(£480,942)

## CAPITAL ACCOUNT

Year Ended 31 December 2007

	2007		2006
	£	£	£
<b>EXPENDITURE</b>			
<b>Airport Infrastructure</b>			
Fire Station electrics replacement - £38,500	11,640		-
Hangar steelwork replacement - £31,500	689		22,271
Petrol interceptor - £35,000	25,856		125
		38,185	22,396
<b>Navigational Services</b>			
Airfield lighting upgrade - £370,000	8,842		300,500
		8,842	300,500
Other Capital Expenditure per 2006 accounts		-	22,493
<b>TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PUBLIC SERVICES DEPARTMENT</b>		£47,027	£345,389

# States of Guernsey Public Services Department

## Ports

### Statement of activities and performance

*Year ended 31 December 2007*

#### 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 £16.0m, an increase by £0.7m from 2006. The turnover for 2007 at Guernsey Airport increased by 6.6% and at Guernsey Harbours by 3.3% on 2006.

In terms of expenditure, the Ports had budgeted to spend £12.6m in 2007 (2006: £12.1m) and it had been forecast that the Ports would return a net surplus for the year of £0.7m (2006: £0.7m). The Ports actually incurred costs of £14.4m (2006: £13.5m) and have managed to achieve a surplus of £2.0m (2006: £2.1m).

#### Operational performance

Total passenger movements for the year ended 31 December 2007 were 1,374,681 (Guernsey Airport 892,360, Guernsey Harbours 482,321), which were up 3.7% on the previous year. The movements attributable to Guernsey Airport were 2.7% higher and those for Guernsey Harbours 5.5% higher than the previous year.

There were a total of 5 full emergencies declared at Guernsey Airport during 2007 (2006: 6).

The Ports employed 191 full time equivalents at the end of 2007 (2006: 188).

# States of Guernsey Public Services Department Ports

## Statement of activities and performance - continued

*Year ended 31 December 2007*

### **Board members and principal officers**

The Ports are the responsibility of the Public Services Department.

During 2007:

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 8 June 2007)

Principal officers were:

Mr RT Kirkpatrick, Chief Officer, Public Services Department (resigned February 2007)  
Mr A Lewis, Chief Officer, Public Services Department (appointed February 2007)  
Mr K Frith, Senior Finance Officer, Public Services Department (resigned March 2007)  
Mr J S N Menhenitt, Finance Director, Public Services Department  
Mr CJ Le Ray, Airport Director, Guernsey Airport  
Capt. P Gill, Harbour Master  
Stephen Langlois, Finance and Administration Manager, Guernsey Airport  
Nick de Carteret, Commercial Manager, Guernsey Harbours (resigned October 2007)  
Richard Pinchemain, Commercial Manager, Guernsey Harbours (appointed October 2007)

# 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 and for selecting suitable accounting policies for the Guernsey Airport, the Harbours of St Peter Port and St Sampson (the “Ports”). 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 2007

	Notes	2007 £	2006 £
<b>Income</b>			
Airport Fees, Charges & Other Income	1	8,919,310	8,366,224
Harbour Dues, Charges & Other Income	1	<u>7,141,911</u>	<u>6,911,625</u>
		<b>16,061,221</b>	15,277,849
<b>Expenses</b>			
Airport		6,799,000	6,412,179
Harbours		4,994,228	4,305,348
Loss on disposal of fixed assets	2	231,200	104,770
Depreciation	2	<u>2,423,296</u>	<u>2,650,023</u>
		<b>14,447,724</b>	13,472,320
<b>Operating surplus on ordinary activities</b>		<b>1,613,497</b>	1,805,529
Interest received from States Treasury		<u>344,368</u>	<u>289,230</u>
<b>Surplus for the financial year</b>		<b><u>1,957,865</u></b>	<b><u>2,094,759</u></b>

# States of Guernsey Public Services Department Ports

## Balance sheet *at 31 December 2007*

	<i>Notes</i>	<b>2007</b> £	2006 £
<b>Fixed Assets</b>			
Tangible fixed assets - Airport	2	<b>43,587,818</b>	44,627,550
Tangible fixed assets - Harbours	2	<b>127,447,538</b>	126,758,127
Assets under construction	3	<b><u>86,327</u></b>	<u>86,327</u>
		<b><u>171,121,683</u></b>	<u>171,472,004</u>
<b>Current assets</b>			
Stock	4	<b>504,458</b>	457,856
Debtors and prepayments	5	<b>2,232,369</b>	2,409,650
Balances with States Treasury		<b><u>8,088,651</u></b>	<u>6,450,980</u>
		<b><u>10,825,478</u></b>	<u>9,318,486</u>
<b>Creditors: amounts falling due within one year</b>	6	<b>(948,269)</b>	(1,749,463)
<b>Net current assets</b>		<b><u>9,877,209</u></b>	<u>7,569,023</u>
<b>Total net assets</b>		<b><u>180,998,892</u></b>	<u>179,041,027</u>
<b>Reserves</b>	7	<b><u>180,998,892</u></b>	<u>179,041,027</u>

# States of Guernsey Public Services Department Ports

## Cash flow statement for the year ended 31 December 2007

	<i>Notes</i>	<b>2007</b> £	2006 £
<b>Net cash inflow from operating activities</b>	8	<b><u>3,597,478</u></b>	<u>5,115,014</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>344,368</u>	<u>289,230</u>
<b>Capital expenditure</b>			
Payment to acquire tangible fixed assets		<u>(2,304,175)</u>	<u>(4,447,700)</u>
<b>Management of liquid resources</b>			
Increase in amounts held with States Treasury		<u>(1,637,671)</u>	<u>(956,544)</u>
<b>Movement in cash</b>		<u><u>-</u></u>	<u><u>-</u></u>



# States of Guernsey Public Services Department Ports

## Notes to the financial statements

### 1. Principal accounting policies

The 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 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. All costs associated with capital projects, including professional fees are capitalised.

#### *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.

	<b>Estimated life in years</b>	<b>Depreciation % per annum</b>
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

<i>Cost</i>	1 January 2007 £	Additions £	Written off/ Disposals £	31 December 2007 £
Land	2,158,575	-	-	2,158,575
Buildings	38,113,831	247,647	-	38,361,478
Plant and machinery	4,469,286	23,005	-	4,492,291
Equipment, fixtures and fittings	4,500,333	356,551	(578,000)	4,278,884
Motor vehicles and electrical equipment	1,758,828	29,840	-	1,788,668
Computers and ICT	<u>200,313</u>	<u>452</u>	<u>-</u>	<u>200,765</u>
	<u>51,201,166</u>	<u>657,495</u>	<u>(578,000)</u>	<u>51,280,661</u>
<i>Depreciation</i>	1 January 2007 £	Charge for the year £	Written off/ Disposals £	31 December 2007 £
Land	-	-	-	-
Buildings	1,820,847	634,811	-	2,455,658
Plant and machinery	1,416,340	297,952	-	1,714,292
Equipment, fixtures and fittings	1,584,213	450,033	(346,800)	1,687,446
Motor vehicles and electrical equipment	1,599,189	47,286	-	1,646,475
Computers and ICT	<u>153,027</u>	<u>35,945</u>	<u>-</u>	<u>188,972</u>
	<u>6,573,616</u>	<u>1,466,027</u>	<u>(346,800)</u>	<u>7,692,843</u>
<b>Net book value</b>	<u>44,627,550</u>			<u>43,587,818</u>

# States of Guernsey Public Services Department Ports

## Notes to the financial statements – continued

### Tangible fixed assets - Harbours

<i>Cost</i>	1 January 2007 £	Additions £	Written off/ Disposals £	31 December 2007 £
Land	87,415,051	-	-	87,415,051
Buildings	39,776,589	1,423,413	-	41,200,002
Plant and machinery	2,220,636	73,767	-	2,294,403
Equipment, fixtures and fittings	1,268,152	100,971	-	1,369,123
Motor vehicles and electrical equipment	374,254	48,529	-	422,783
Computers and ICT	<u>63,858</u>	<u>-</u>	<u>-</u>	<u>63,858</u>
	<u>131,118,540</u>	<u>1,646,680</u>	<u>-</u>	<u>132,765,220</u>

	1 January 2007 £	Charge for the year £	Written off/ Disposals £	31 December 2007 £
<i>Depreciation</i>				
Land	-	-	-	-
Buildings	2,723,769	663,057	-	3,386,826
Plant and machinery	669,804	148,042	-	817,846
Equipment, fixtures and fittings	593,295	130,543	-	723,838
Motor vehicles and electrical equipment	309,687	15,627	-	325,314
Computers and ICT	<u>63,858</u>	<u>-</u>	<u>-</u>	<u>63,858</u>
	<u>4,360,413</u>	<u>957,269</u>	<u>-</u>	<u>5,317,682</u>
<b>Net book value</b>	<u>126,758,127</u>			<u>127,447,538</u>

### 3. Assets under construction

	2007 £	2006 £
<b>Airport</b>		
Runway Extension Feasibility Study	<u>86,327</u>	<u>86,327</u>

# States of Guernsey Public Services Department Ports

## Notes to the financial statements – continued

### 4. Stock

	2007 £	2006 £
Airport	64,774	64,774
Harbours	<u>439,684</u>	<u>393,082</u>
	<u>504,458</u>	<u>457,856</u>

### 5. Debtors and prepayments

	2007 £	2006 £
Trade debtors	2,034,612	2,267,956
Prepayments	74,759	35,277
Other debtors	<u>122,998</u>	<u>106,417</u>
	<u>2,232,369</u>	<u>2,409,650</u>

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

	2007 £	2006 £
Trade creditors	577,348	416,474
Accruals	362,470	47,824
Accruals – Airport Terminal Development Settlements	-	1,278,391
Deferred income	7,051	5,374
Other creditors:		
Harbour Operational licence deposits	<u>1,400</u>	<u>1,400</u>
	<u>948,269</u>	<u>1,749,463</u>

### 7. Reserves

	2007 £	2006 £
Balance 1 January	179,041,027	176,946,268
Surplus for financial year	<u>1,957,865</u>	<u>2,094,759</u>
<b>Balance 31 December</b>	<u><b>180,998,892</b></u>	<u><b>179,041,027</b></u>

# 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

	2007 £	2006 £
Operating surplus	<b>1,613,497</b>	1,805,529
Depreciation charges and loss on sale of tangible fixed assets	<b>2,654,496</b>	2,754,793
Increase in stocks	<b>(46,602)</b>	(50,715)
Decrease/(increase) in debtors	<b>177,281</b>	(663,295)
(Decrease)/increase in creditors	<b><u>(801,194)</u></b>	<u>1,268,702</u>
<b>Net cash inflow from operating activities</b>	<b><u>3,597,478</u></b>	<u>5,115,014</u>

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

	2007 £	2006 £
Movement in cash	-	-
Increase in liquid resources	<b><u>1,637,671</u></b>	<u>956,544</u>
	<b>1,637,671</b>	956,544
Net funds at 1 January	<b><u>6,450,980</u></b>	<u>5,494,436</u>
<b>Net funds at 31 December</b>	<b><u>8,088,651</u></b>	<u>6,450,980</u>

### 10. Analysis of changes in net funds

	At 1 January 2007 £	Cash Flows £	At 31 December 2007 £
Balance held with States Treasury	<u>6,450,980</u>	<u>1,637,671</u>	<b><u>8,088,651</u></b>

# 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.

Significant but as yet unquantifiable expenditure is being claimed on the St Sampson's Marina and New Jetty Refurbishment projects.

The New Jetty project is now substantially complete. The original estimate for this work was £3.3 million. As at 31 December 2007, amounts totalling £4.2 million has been paid to the contractor. The contractor has made a claim for a total contract sum of £27.3 million. Costs, which are likely to be significant, are being incurred to defend the claim. A timetable for dealing with the contractor's claim through a formal arbitration process has been agreed.

The St Sampson's Marina project has been completed and the final certificate issued by the Engineer. The St Sampson's Marina project had a contract value of £3.4 million. The amount certified by the Engineer and contractual payments is £4.0 million. The contractor made a claim for a further £3.1 million which has been rejected by the engineer. No formal proceedings have been commenced. The Marina is now producing nearly £300,000 of income per year with further berths being created in 2008 which will again produce additional income.

It is emphasised that contractors' claims values are the amounts that the contractors themselves are seeking to claim and are not an indication of the merit or likelihood of success.

#### 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 2007 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 were 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 2007 were £607,428 (2006: £578,155) 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 2007

	2007		2006	
	£	£	£	£
<b>INCOME</b>				
Advertising, picketing, etc.	322,530		203,899	
Airport development charge	793,971		777,794	
Car parking fees	470,483		397,652	
Rents	1,573,458		1,513,762	
Traffic receipts	5,758,868		5,473,117	
<b>TOTAL INCOME</b>		8,919,310		8,366,224
<b>EXPENDITURE</b>				
<b>Administration</b>				
Premises	51,999		48,838	
Staff	302,810		309,005	
Supplies and services	1,157,568		1,163,405	
Consultants fees	2,698		-	
Contracted-out work	176,578		167,560	
Less recoveries	(983,339)		(955,413)	
	708,314		733,395	
<b>Aerodrome Fire Service</b>				
Staff	1,446,037		1,369,284	
Supplies and services	114,417		120,792	
	1,560,454		1,490,076	
<b>Airport Infrastructure</b>				
Premises	492,187		479,081	
Staff	828,046		767,599	
Supplies and services	133,791		116,924	
Consultants fees	7,000		-	
Contracted-out work	2,929		4,966	
Maintenance of property	166,473		204,790	
Less recoveries	(1,482)		-	
	1,628,944		1,573,360	
<b>Navigational Services</b>				
Premises	35		222	
Staff	2,648,274		2,372,807	
Supplies and services	494,580		478,767	
Less recoveries	(106,101)		(105,468)	
	3,036,788		2,746,328	
<b>Recovery from Alderney Airport</b>				
	(135,500)		(130,980)	
<b>TOTAL EXPENDITURE</b>		6,799,000		6,412,179
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION, LOSS ON DISPOSAL OF FIXED ASSETS</b>		2,120,310		1,954,045
<b>DEPRECIATION</b>		1,466,027		1,649,890
<b>LOSS ON DISPOSAL OF FIXED ASSETS</b>		231,200		104,770
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT</b>		£423,083		£199,385



# GUERNSEY AIRPORT

## CAPITAL ACCOUNT Year Ended 31 December 2007

	2007		2006	
	£	£	£	£
<b>EXPENDITURE</b>				
<b>Airport Infrastructure</b>				
Apron, Taxiway and runway rehabilitation consultants - £390,000	60,000		-	
Car park extension - £150,000	15,533		134,210	
Hangar refurbishment - £13,500	12,263		-	
Runway friction works - £150,000	121,897		-	
Technical block alterations - £134,000	6,510		21,443	
Terminal building air-conditioning - £74,000	29,840		42,738	
Terminal Building redevelopment - £19,529,393	31,444		2,788,258	
		277,487		2,986,649
<b>Navigational Services</b>				
AFTN Software upgrade - £18,000	452		17,014	
Direction finding equipment replacement - £130,500	12,561		28,483	
Flight data handling system replacement - £925,000	85,693		663,306	
Instrument landing system replacement - £527,870	10,839		16,359	
Meteorological system replacement - £92,000	17,380		65,234	
Navigational Aid Test equipment replacement - £12,000	5,618		-	
UPS Batteries replacement - £22,000	19,141		-	
Visual control room windows replacement - £52,000	12,166		24,779	
Voice Communication and Control System replacement - £276,000	216,158		-	
		380,008		815,175
Other Capital Expenditure per 2006 accounts		-		49,783
<b>TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT</b>		<b>£657,495</b>		<b>£3,851,607</b>

# HARBOUR OF ST. PETER PORT

## REVENUE ACCOUNT

Year Ended 31 December 2007

	2007		2006	
	£	£	£	£
<b>INCOME</b>				
Facilities charges	2,921,700		2,853,741	
Marina and Moorings fees:local	1,260,348		1,254,745	
visitors	422,157		438,245	
Pilotage dues	504,348		351,818	
Less payments to pilots	(498,447)		(347,507)	
Rents, etc	638,807		574,255	
Shipping dues	899,840		812,333	
Sundries	101,900		105,829	
<b>TOTAL INCOME</b>		6,250,653		6,043,459
<b>EXPENDITURE</b>				
<b>Administration</b>				
Premises	28,916		20,682	
Staff	1,771,062		1,681,669	
Supplies and services	466,738		364,781	
Contracted-out work	30,954		3,458	
Less recoveries	(34,805)		(33,362)	
	2,262,865		2,037,228	
<b>Harbour Infrastructure</b>				
Premises	567,091		437,917	
Staff	207,818		190,977	
Supplies and services	136,270		80,827	
Less recoveries	(56,367)		(53,156)	
	854,812		656,565	
<b>Marina and Moorings</b>				
Premises	92,474		85,986	
Staff	412,010		401,902	
Supplies and services	351,307		254,451	
Less recoveries	(20,895)		(37,241)	
	834,896		705,098	
<b>Navigational Services</b>				
Staff	393,473		365,695	
Supplies and services	65,267		91,057	
	458,740		456,752	
<b>TOTAL EXPENDITURE</b>		4,411,313		3,855,643
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION</b>		1,839,340		2,187,816
<b>DEPRECIATION</b>		849,423		885,309
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT</b>		£989,917		£1,302,507

# HARBOUR OF ST. PETER PORT

## CAPITAL ACCOUNT

Year Ended 31 December 2007

	2007	2006
	£	£
<b>EXPENDITURE</b>		
<b>Harbour Infrastructure</b>		
Crane Strategy consultants - £60,000	59,750	-
Direction finding equipment replacement - £130,500	12,560	27,264
Dive Team equipment - £14,000	13,689	-
New Jetty cladding replacement	1,385,616	459,557
New Jetty sewer main replacement - £370,000	1,456	-
Vehicles replacement - £40,000	34,779	-
	<hr/>	<hr/>
	1,507,850	486,821
Other Capital Expenditure per 2006 accounts	-	47,572
	<hr/>	<hr/>
<b>TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT</b>	<b>£1,507,850</b>	<b>£534,393</b>
	<hr/> <hr/>	<hr/> <hr/>

# HARBOUR OF ST. SAMPSON

## REVENUE ACCOUNT

Year Ended 31 December 2007

	2007	2006
	£	£
<b>INCOME</b>		
Facilities charges	546,857	529,431
Marina and Moorings fees	293,574	282,167
Rents, etc	36,733	42,498
Sundries	14,094	14,070
<b>TOTAL INCOME</b>	<b>891,258</b>	<b>868,166</b>
<b>EXPENDITURE</b>		
<b>Administration</b>		
Premises	2,768	72
Staff	187,578	177,127
Supplies and services	23,914	27,800
	<b>214,260</b>	<b>204,999</b>
<b>Harbour Infrastructure</b>		
Premises	200,265	109,865
Staff	106,004	98,024
Supplies and services	26,195	22,416
Less recoveries	(718)	(1,685)
	<b>331,746</b>	<b>228,620</b>
<b>Marina and Moorings</b>		
Supplies and services	35,886	16,483
Less recoveries	(3,114)	(4,580)
	<b>32,772</b>	<b>11,903</b>
<b>Navigational Services</b>		
Supplies and services	4,137	4,183
<b>TOTAL EXPENDITURE</b>	<b>582,915</b>	<b>449,705</b>
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR BEFORE DEPRECIATION</b>	<b>308,343</b>	<b>418,461</b>
<b>DEPRECIATION</b>	<b>107,846</b>	<b>114,824</b>
<b>OPERATING SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO THE PORTS HOLDING ACCOUNT</b>	<b>£200,497</b>	<b>£303,637</b>

## CAPITAL ACCOUNT

Year Ended 31 December 2007

	2007	2006
	£	£
<b>EXPENDITURE</b>		
<b>Harbour Infrastructure</b>		
Forklift truck replacement - £14,000	13,750	-
St Sampsons Harbour CCTV replacement - £15,500	15,500	-
<b>Marina and Moorings</b>		
Marina development - £3,442,000	37,798	60,700
Pontoons additional - £75,000	71,782	-
Other Capital Expenditure per 2006 accounts	-	1,000
<b>TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE PORTS HOLDING ACCOUNT</b>	<b>£138,830</b>	<b>£61,700</b>

## PORTS HOLDING ACCOUNT

	2007	2006
	£	£
<b>Balance at 1 January</b>	7,569,023	7,167,171
<b>Revenue Account - Operating Surplus</b>		
Airport	423,083	199,385
Harbour of St. Peter Port	989,917	1,302,507
Harbour of St. Sampson	200,497	303,637
	<hr/>	<hr/>
	1,613,497	1,805,529
<b>Depreciation and Loss on Disposal of Fixed Assets</b>	2,654,496	2,754,793
<b>Investment Interest received</b>	344,368	289,230
<b>Capital Expenditure</b>		
Airport	(657,495)	(3,851,607)
Harbour of St. Peter Port	(1,507,850)	(534,393)
Harbour of St. Sampson	(138,830)	(61,700)
	<hr/>	<hr/>
	(2,304,175)	(4,447,700)
<b>Balance at 31 December</b>	<hr/> <hr/> £9,877,209	<hr/> <hr/> £7,569,023

### 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 2007*

### 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.

### Financial summary

	2007 £'000	2006 £'000	Change %
<b>Income</b>			
Unmeasured	3,580	3,611	- 0.9
Measured	4,705	4,395	+ 7.1
Other trading (net)	<u>343</u>	<u>368</u>	- 6.8
Total operating income	<u>8,628</u>	<u>8,374</u>	+ 3.0
<b>Expenditure</b>			
Operating	2,288	2,239	+ 2.2
Management	<u>1,753</u>	<u>1,535</u>	+ 14.2
Total expenditure	<u>4,041</u>	<u>3,774</u>	+ 7.1
<b>Operating surplus before depreciation</b>	<u>4,587</u>	<u>4,600</u>	- 0.3
Surplus on sale of fixed assets	618	66	
Net interest received	270	61	
Depreciation, transfers and provisions	<u>(1,103)</u>	<u>(1,441)</u>	
<b>Surplus for the year</b>	<u>4,372</u>	<u>3,286</u>	
<b>Fixed Asset Additions</b>	<u>3,752</u>	<u>1,611</u>	

The main focus of capital expenditure was the commencement of the building of the new water treatment plant at Longue Hougue Reservoir and the replacement of part of the Northern Ring Main. Other work included the provision of new water mains, the renewal and replacement of other water mains, quarry stabilisation and site security.

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 2007

### Operational performance

	2007	2006	Change %
<b>Number of supplies</b>			
Paying by rateable value	<b>11,124</b>	11,523	- 3.5
Paying by measure	<b><u>13,129</u></b>	<u>12,597</u>	+ 4.2
Total	<b><u>24,253</u></b>	<u>24,120</u>	+ 0.6

### Volume supplied in million litres

Delivered to customers paying by measure	<b>2,509 ML</b>	2,425 ML	+ 3.5
Delivered to other customers	<b>1,586 ML</b>	1,631 ML	- 2.8
Operational use, fire fighting and losses	<b><u>415 ML</u></b>	<u>749 ML</u>	- 44.6
Total put into supply	<b><u>4,510 ML</u></b>	<u>4,805 ML</u>	- 6.1

### Service

Restrictions on supply	<b>None</b>	None	
Burst mains - trunk mains	<b>8</b>	15	- 46.7
- smaller mains	<b><u>30</u></b>	<u>50</u>	- 40.0
- total	<b><u>38</u></b>	<u>65</u>	- 41.5
Discolouration – claims paid	<b>£ <u>166</u></b>	£ <u>372</u>	- 55.4

### Unit costs (partially weather related)

Water production	<b>£ 351 / ML</b>	£ 294 / ML*	+ 19.4
Water distribution	<b>£ 25 / supply**</b>	£ 29 / supply	- 13.8

Notes: \* In 2006 Water Production included the creation of £100K of maintenance stock.

\*\* From 2007, the Meter Section transferred from Water Distribution to Income Collection.

### Other matters

2007 saw the first year of increases to water charges limited to the annual rate of inflation as at the previous September and, once again, Guernsey Water was able to supply water to the population of Guernsey without any restrictions.

Accelerated Capital investment, as identified in the Business Plan, is now showing benefits in the form of reduced leakage, bursts and discolouration claims.

Further operational and other details can be found in Guernsey Water's 2007 Annual Report.

# Guernsey Water

## Statement of activities and performance - continued

*Year ended 31 December 2007*

### **Board members and principal officers**

During 2007 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

During 2007 Principal Officers were:

R Kirkpatrick, Chief Officer, Public Services Department (retired February 2007)  
A Lewis, Chief Officer, Public Services Department (from February 2007)  
K. Frith, Senior Finance Officer, Public Services Department (until March 2007)  
J. Menhenitt, Finance Director, Public Services Department (from September 2007)  
AA Redhead, Director of Water Services, Guernsey Water  
K Carter, Chief Accounting Officer, Guernsey Water



# 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 at the end of the financial period, and of the surplus or deficit for that period 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.

**INDEPENDENT AUDITORS' REPORT TO GUERNSEY WATER**

We have audited the financial statements of Guernsey Water for the year ended 31 December 2007 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to Guernsey Water's board, as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit work has been undertaken so that we might state to the Board of Guernsey Water those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not except or assume responsibility to anyone other than the Board of Guernsey Water, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditors**

The Board's responsibilities, for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Board's 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 in accordance with United Kingdom Generally Accepted Accounting Practice. We also report to you if, in our opinion, the information given in the Statement of Activities and Performance is not consistent with the Financial Statements, if Guernsey Water 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. We are not required to consider whether the Board's statement on internal control covers all risks and controls or form an opinion on the effectiveness of Guernsey Water's risk and control procedures.

**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 Guernsey Water'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 United Kingdom Generally Accepted Accounting Practice, of the state of Guernsey Water's affairs as at 31 December 2007 and of its surplus for the year then ended.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
10 April 2008

# Guernsey Water

## Revenue account

for the year ended 31 December 2007

		2007 £	2006 £
<b>Income</b>	<i>Notes</i>		
<b>Water supplies</b>	<i>1</i>		
Unmeasured		<b>3,580,430</b>	3,611,192
Measured		<b><u>4,704,925</u></b>	<u>4,395,620</u>
		<b>8,285,355</b>	8,006,812
Surplus on other trading activities before management expenses and depreciation:			
Gross Income		<b>1,396,121</b>	1,083,311
Gross Expense		<b><u>(1,053,137)</u></b>	<u>(715,629)</u>
	<i>2</i>	<b><u>342,984</u></b>	<u>367,682</u>
<b>Total operating income</b>		<b><u>8,628,339</u></b>	<u>8,374,494</u>
<b>Operating expenses</b>			
Water production		<b>1,581,695</b>	1,411,916
Water distribution		<b>596,745</b>	698,730
Property maintenance		<b><u>109,706</u></b>	<u>128,646</u>
		<b><u>2,288,146</u></b>	<u>2,239,292</u>
<b>Management expenses</b>			
General and financial management	<i>14</i>	<b>394,588</b>	406,623
Income collection		<b>517,585</b>	329,677
Technical services		<b>154,152</b>	187,197
Support services		<b><u>687,195</u></b>	<u>611,248</u>
		<b><u>1,753,520</u></b>	<u>1,534,745</u>
<b>Total expenditure</b>		<b>£ <u>4,041,666</u></b>	£ <u>3,774,037</u>
<b>Operating surplus before depreciation and surplus on sale of fixed assets</b>		<b>4,586,673</b>	4,600,457
Depreciation	<i>4 &amp; 5</i>	<b><u>(1,102,624)</u></b>	<u>(1,441,160)</u>
Surplus on disposal of fixed assets	<i>4</i>	<b><u>1,127</u></b>	<u>10,877</u>
<b>Operating surplus for the year</b>		<b>3,485,176</b>	3,170,174
Interest receivable	<i>3</i>	<b>269,680</b>	60,664
Surplus on sale of properties		<b><u>617,078</u></b>	<u>54,769</u>
<b>Surplus for the year</b>	<i>8</i>	<b><u>4,371,934</u></b>	<u>3,285,607</u>

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 2007

	Notes	2007 £	2006 £
<b>Tangible fixed assets</b>	5	<b>33,657,720</b>	31,021,025
<b>Current assets</b>			
Stocks		621,666	640,590
Debtors and prepayments	6	1,552,937	1,232,838
Funds held with States Treasury	11	4,486,601	2,738,244
Cash at bank and in hand	11	<u>164,079</u>	<u>168,530</u>
		<b><u>6,825,283</u></b>	<b><u>4,780,202</u></b>
<b>Current liabilities</b>			
Creditors falling due within one year	7	<u>811,207</u>	<u>501,365</u>
<b>Net current assets</b>		<b><u>6,014,076</u></b>	<b><u>4,278,837</u></b>
<b>Total assets less current liabilities</b>		<b>£ <u>39,671,796</u></b>	<b>£ <u>35,299,862</u></b>
<b>Reserves</b>			
General reserve		8,589,082	8,190,579
Property development fund		5,114,435	3,616,910
Revenue account		<u>25,968,279</u>	<u>23,492,373</u>
<b>Total Reserves</b>	8	<b>£ <u>39,671,796</u></b>	<b>£ <u>35,299,862</u></b>

These financial statements were approved by the States of Guernsey Public Services Department on 10 April 2008.

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 2007

	Notes	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	9	<b>4,595,340</b>	4,304,489
<b>Returns on investments and servicing of finance</b>			
Interest received	3	269,680	60,664
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>269,680</b>	60,664
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(3,859,850)	(1,684,219)
Less: customer contributions to mains		<u>107,931</u>	<u>73,692</u>
Additions to fixed assets		(3,751,919)	(1,610,527)
Receipts from sale of fixed assets		<u>630,805</u>	<u>67,756</u>
<b>Net cash outflow from capital expenditure</b>		<b>(3,121,114)</b>	(1,542,771)
<b>Management of liquid resources</b>			
Increase in amounts held with States Treasury	10 & 11	(1,748,357)	(2,754,167)
<b>Net cash outflow from management of liquid resources</b>		<b>(1,748,357)</b>	(2,754,167)
<b>(Decrease)/increase in cash</b>	10 & 11	£ <u><u>(4,451)</u></u>	£ <u><u>68,215</u></u>

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.

	<b>Estimated life in years</b>	<b>Depreciation % per annum</b>
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 2007, amounted to £591,959 (2006: £557,704) 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

	£	2007	£	£	2006	£
<b>Mains and service laying trading account (a):</b>						
Charges for capital works (b)	<b>303,124</b>				301,157	
Charges for maintenance works	<b>147,777</b>				157,803	
Charges for other works	<b><u>96,504</u></b>				<u>61,535</u>	
	<b>547,405</b>				520,495	
Expenditure	<b><u>(319,056)</u></b>				<u>(341,396)</u>	
Contribution to management expenses and depreciation		<b>228,349</b>				179,099
<b>Miscellaneous income:</b>						
Standard charges for service laying	<b>164,034</b>				178,416	
Charges for work at ascertained cost	<b>35,991</b>				17,966	
Property rental income	<b>52,017</b>				110,538	
Stores issues	<b><u>596,674</u></b>				<u>255,896</u>	
	<b>848,716</b>				562,816	
Expenditure	<b><u>(734,081)</u></b>				<u>(374,233)</u>	
Contribution to management expenses and depreciation		<b><u>114,635</u></b>				<u>188,583</u>
<b>Net surplus on other trading activities before management expenses and depreciation</b>		<b>£ <u>342,984</u></b>				£ <u>367,682</u>

# 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. Interest receivable

	2007 £	2006 £
<b>Interest received:</b>		
Deposit & business accounts	<u>269,680</u>	<u>60,664</u>
	£ <u>269,680</u>	£ <u>60,664</u>

### 4. Depreciation

	2007 £	2006 £
Depreciation charge for the year (note 5)	1,102,624	1,441,160
Surplus on disposal of moveable fixed assets	<u>(1,127)</u>	<u>(10,877)</u>
<b>Charge in revenue account</b>	<b>1,101,497</b>	1,430,283
Transfer to general reserve (note 8)	<u>398,503</u>	<u>69,717</u>
	£ <u>1,500,000</u>	£ <u>1,500,000</u>

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



## Guernsey Water

## Notes to the financial statements - continued

**5. Tangible fixed assets**

	1 January 2007 £	Additions £	Disposals £	31 December 2007 £
<i>Cost</i>				
Dam	309,360	-	-	<b>309,360</b>
Mains	24,159,810	1,228,876	-	<b>25,388,686</b>
Land and quarries	2,782,049	165,881	1,037	<b>2,946,893</b>
Structures and buildings	4,797,059	2,125,110	13,431	<b>6,908,738</b>
Fixed plant	8,146,468	149,829	-	<b>8,296,297</b>
Distribution meters	1,469,744	20,720	-	<b>1,490,464</b>
Office furniture, fittings and equipment	910,552	11,743	-	<b>922,295</b>
Mobile plant and equipment	456,315	22,982	5,874	<b>473,423</b>
Motor vehicles	<u>587,366</u>	<u>26,778</u>	<u>11,446</u>	<b><u>602,698</u></b>
	<b><u>43,618,723</u></b>	<b><u>3,751,919</u></b>	<b><u>31,788</u></b>	<b><u>47,338,854</u></b>
<i>Depreciation</i>				
Dam	165,606	3,343	-	<b>168,949</b>
Mains	5,057,803	425,162	-	<b>5,482,965</b>
Structures and buildings	1,111,340	91,766	(6,447)	<b>1,196,659</b>
Fixed plant	3,485,124	604,902	-	<b>4,090,026</b>
Distribution meters	1,367,459	(224,667)	-	<b>1,142,792</b>
Office furniture, fittings and equipment	666,610	98,836	-	<b>765,446</b>
Mobile plant and equipment	384,316	25,780	(5,874)	<b>404,222</b>
Motor vehicles	<u>359,440</u>	<u>77,502</u>	<u>(6,867)</u>	<b><u>430,075</u></b>
	<b><u>12,597,698</u></b>	<b><u>1,102,624</u></b>	<b><u>(19,188)</u></b>	<b><u>13,681,134</u></b>
<b>Net book value</b>	<b><u>£31,021,025</u></b>			<b><u>£ 33,657,720</u></b>

The depreciation charge for distribution meters includes a prior year adjustment of £347,145, due to an overstatement of depreciation on distribution meters over a number of years. The cumulative effect has been adjusted in the current year's depreciation charge. Although the amount is material it is not considered to be fundamental in nature.

**6. Debtors and prepayments**

	2007 £	2006 £
Estimated value of unbilled supplies	<b>591,959</b>	557,704
Consumers' accounts outstanding	<b>873,341</b>	614,225
Other debtors and prepayments	<b><u>87,637</u></b>	<u>60,909</u>
	<b><u>£ 1,552,937</u></b>	<b><u>£ 1,232,838</u></b>

## Guernsey Water

## Notes to the financial statements - continued

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

	<b>2007</b>	2006
	£	£
General creditors	<b>651,836</b>	335,484
Consumers' accounts outstanding	<b>873,341</b>	614,225
Deferred income	<b><u>159,371</u></b>	<u>165,881</u>
	<b>£ <u>811,207</u></b>	£ <u>501,365</u>

**8. Reserves**

	Property Development Fund £	General Reserve £	Revenue Account £	Total £
Balance 1 January 2007	3,616,910	8,190,579	23,492,373	35,299,862
Surplus for the year	-	-	4,371,934	4,371,934
Transfer to Property Development Fund	1,497,525	-	(1,497,525)	-
Provision for future replacement of assets (note 4)	<u>-</u>	<u>398,503</u>	<u>(398,503)</u>	<u>-</u>
<b>Balance 31 December 2007</b>	<b>£ <u>5,114,435</u></b>	<b><u>8,589,082</u></b>	<b><u>25,968,279</u></b>	<b><u>39,671,796</u></b>

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.

Both reserves are distributable.

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

	<b>2007</b>	2006
	£	£
Operating surplus for the year	<b>3,485,176</b>	3,170,174
Depreciation charges and surplus on disposal of moveable fixed assets (notes 4 and 5)	<b>1,101,497</b>	1,430,283
Decrease/(increase) in stock	<b>18,924</b>	(143,026)
Increase in debtors and prepayments	<b>(320,099)</b>	(169,340)
Increase in creditors due within one year	<b><u>309,842</u></b>	<u>16,398</u>
<b>Net cash inflow from operating activities</b>	<b>£ <u>4,595,340</u></b>	£ <u>4,304,489</u>

# Guernsey Water

## Notes to the financial statements - continued

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

	2007 £
Decrease in cash in the year	(4,451)
Increase in balances with States Treasury	<u>1,748,357</u>
Change in net funds	<u>1,743,906</u>
Net funds at 1 January 2007	<u>2,906,774</u>
<b>Net funds at 31 December 2007</b>	<b>£ <u>4,650,680</u></b>

### 11. Analysis of changes in net funds

	At 1 January 2007 £	Cash flows £	At 31 December 2007 £
Cash at bank and in hand	168,530	(4,451)	<b>164,079</b>
Balance with States Treasury	<u>2,738,244</u>	<u>1,748,357</u>	<u><b>4,486,601</b></u>
	£ <u>2,906,774</u>	£ <u>1,743,906</u>	<b>£ <u>4,650,680</u></b>

### 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 into effect at 1 January 2003. Employees contribute at a rate of 6%. The present arrangements for providing pensions for public sector employees were 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 cannot 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 revenue account. The total amount of superannuation contributions for the year ended 31 December 2007 were £174,434 (2006: £164,371).

# Guernsey Water

## Notes to the financial statements - continued

### 13. Commitments

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

	2007 £	2006 £
Revenue contracted	102,527	61,301
Capital contracted	<u>3,382,901</u>	<u>4,495,571</u>
	<b>£ <u>3,485,428</u></b>	<b>£ <u>4,556,872</u></b>

### 14. General and Financial Management

Included in General and Financial Management is an amount paid for audit fees of £15,805 (2006: £5,497).

### 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 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 2007

<u>Water distribution</u>	£	£
<b>Renewal and replacement of mains</b>		
Renewal of raw water mains		
Northern Ring Main	800,610	
Renewal of mains		
Prince Albert Road, St. Peter Port	165,919	
Perelle Road / Rue des Crabbes, St. Saviour	36,038	
La Lande, Vale	32,722	
Val de Haut, St. Peters	29,756	
Other renewals	4,060	
Replacement of mains by insertion of structural lining		
Jamblin Road, Vale	23,191	
Saints Road, St. Martin	18,811	
La Garenne, Vale	14,412	
Rue des Choffins, St. Saviour	11,752	
Rue de la Creve Cour, St. Saviour	9,113	
Rue des Landes, Vale	9,079	
La Rue des Blanchés Terres, St. Saviour	8,536	
Rue de la Bataille, St. Saviour	6,319	
Track off Jerbourg Road, St. Martin	6,102	
Route de la Rocque, St. Peters	5,808	
Richmond Corner, St. Saviour	5,277	
Rue du Dessous, Vale	5,227	
Other replacements	<u>15,169</u>	
<b>Total renewal and replacement of mains</b>	<u>1,207,901</u>	
<b>Extension of Mains and General Distribution</b>		
Mains requisitioned by customers	122,415	
Purchase and installation of meters	20,720	
Common supply separation	<u>1,710</u>	
<b>Total Extension of Mains and General Distribution</b>	<u>144,845</u>	
<b><u>Total Water Distribution</u></b>		1,352,746
<b><u>Water Resources</u></b>		
Quarry stabilisation works	155,798	
Site security fencing	83,723	
Site security	16,008	
New pump & pipework at Marais Stream	10,560	
Sundry renewals and replacements	<u>51,329</u>	
<b><u>Total Water Resources</u></b>		<u>317,418</u>
<b>Carried forward</b>		1,670,164

# Guernsey Water

## Additional information - continued

	£	£
<b>Brought forward</b>		1,670,164
<b><u>Water Treatment</u></b>		
Treatment works at Longue Hougue Reservoir	2,038,764	
Wash Water Recovery upgrade, St. Saviour water treatment works	8,813	
West tank mixer, Forest Road	7,814	
Forest Road improvement scheme	5,920	
Sundry renewals and other schemes in progress	<u>836</u>	
<b><u>Total water treatment</u></b>		2,062,147
<b><u>Capital expenditure for general purposes</u></b>		
St. Andrew's Reservoir site development	35,356	
Minor building and property work	30,680	
Motor vehicles	26,778	
Mobile plant and equipment	22,982	
Computer projects	7,292	
Office furniture, equipment and refurbishment	<u>4,451</u>	
<b><u>Total General</u></b>		<u>127,539</u>
<b>Gross Total Capital Expenditure</b>		3,859,850
Less: Customers' contributions to capital mains		(107,931)
<b>Fixed Asset Additions</b>		3,751,919
Sale of properties, vehicles and equipment – net proceeds		<u>(630,805)</u>
<b>Net Fixed Asset Additions</b>		£ <u>3,121,114</u>

The States are asked to decide:-

Whether they are of the opinion to approve:-

(1) The following Accounts for the year 2007:-

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. Public Accounts Committee
13. Scrutiny Committee
14. Departments' Capital Income and Expenditure
15. Miscellaneous Accounts
16. States Dairy
17. Alderney Airport
18. Ports
19. Guernsey Water

(2) To appoint the firm of Deloitte and Touche LLP as auditors of all States accounts for the year ending 31 December, 2008.

**(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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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).

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 company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

### **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.

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

**Basis of opinion (continued)**

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 United Kingdom Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 August 2007 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

19 March 2008

**ELIZABETH COLLEGE - GUERNSEY****REVENUE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2007**

	Note		2006
<b>INCOME</b>	2		
States Block Grant		1,932,573	1,852,870
Fees receivable		1,796,853	1,750,085
Sundry income		112,247	122,340
		<hr/>	<hr/>
		3,841,673	3,725,295
<b>EXPENDITURE</b>			
School and departmental expenses	2,701,682	2,614,018	
Youth training expenses	8,716	12,260	
Administrative expenses	590,237	543,110	
Maintenance of buildings and grounds	348,662	388,079	
	<hr/>	<hr/>	
		(3,649,297)	(3,557,467)
<b>OPERATING SURPLUS FOR THE YEAR BEFORE INTEREST</b>		<hr/>	<hr/>
		192,376	167,828
Interest receivable		50,414	30,034
Interest payable		(3,195)	(3,667)
		<hr/>	<hr/>
<b>OPERATING SURPLUS FOR THE YEAR</b>	2	239,595	194,195
Exceptional income from sale of legacy asset		78,504	-
Transfer to Maintenance Reserve		(155,000)	(120,000)
<b>RETAINED SURPLUS FOR THE FINANCIAL YEAR TRANSFERRED TO CAPITAL ACCOUNT</b>	8	<hr/>	<hr/>
		£ 163,099	£ 74,195
		<hr/>	<hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

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

A statement of movements on reserves is included in note 8 to the financial statements.

The notes 1 to 12 form an integral part of these financial statements.

**ELIZABETH COLLEGE – GUERNSEY****BALANCE SHEET****31 AUGUST 2007**

	Note		2006
<b>FIXED ASSETS</b>			
Tangible assets	3	2,383,291	2,383,291
<b>CURRENT ASSETS</b>			
Stock		3,660	4,902
Debtors	4	641,590	383,181
Cash at bank and in hand		563,776	450,835
		<hr/>	<hr/>
		1,209,026	838,918
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Sundry creditors	5	(311,836)	(266,433)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		897,190	572,485
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,280,481	2,955,776
<b>CREDITOR – AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR</b>	6	(66,606)	(60,000)
		<hr/>	<hr/>
		£ 3,213,875	£ 2,895,776
		<hr/>	<hr/>
<b>REPRESENTED BY:-</b>			
<b>RESERVES</b>	8		
Capital account		2,763,875	2,600,776
Maintenance reserve		450,000	295,000
		<hr/>	<hr/>
		£ 3,213,875	£ 2,895,776
		<hr/>	<hr/>

**APPROVED BY THE BOARD OF DIRECTORS**

**K Paul Mellor**  
Chairman

**19 March 2008**  
Date

The notes 1 to 12 form an integral part of these financial statements.

**ELIZABETH COLLEGE – GUERNSEY****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2007**

	Note		2006
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	9	45,756	(18,264)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	39,665		31,011
Interest paid	(5,030)		(4,000)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		34,635	27,011
<b>INVESTING ACTIVITIES</b>			
Amounts repaid by non grant-aided sector	21,494		79,312
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		21,494	79,312
<b>NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		101,885	88,059
<b>FINANCING</b>			
Repayment of loan from States Culture and Leisure Department	(10,000)		(10,000)
Bank loan received	21,056		-
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING</b>		11,056	(10,000)
<b>INCREASE IN CASH FOR THE YEAR</b>		£ 112,941	£ 78,059
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Increase in cash for the year		112,941	78,059
Cash at bank and in hand at 1 September 2006		450,835	372,776
Cash at bank and in hand at 31 August 2007		£ 563,776	£ 450,835

The notes 1 to 12 form an integral part of these financial statements.

**ELIZABETH COLLEGE – GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****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) STOCK**

Stock is stated at the lower of cost and estimated net realisable value after making due provision for damaged, obsolete and slow moving items. The valuation was arrived at after deducting the estimated gross profit from the goods sold at selling price, in a manner consistent with that used in previous years.

**(d) 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.

**(e) 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.

**ELIZABETH COLLEGE – GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****3. TANGIBLE FIXED ASSETS (continued)**

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.

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 estimated 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.

	<i>Cost</i>	<i>Insurance Valuation</i>
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
	<hr/>	<hr/>
	£ 2,383,291	£ 24,190,000
	<hr/>	<hr/>

**4. DEBTORS****2006***Amounts due within one year*

Fee debtors	22,381	1,152
Accrued income	25,357	14,608
Current account – College non-grant aided sector	238,094	244,588
Other debtors and prepayments	332,698	84,773
	<hr/>	<hr/>
	618,530	345,121

*Amounts due after more than one year*

Loan account – College non-grant aided sector	23,060	38,060
	<hr/>	<hr/>
	£ 641,590	£ 383,181
	<hr/>	<hr/>

**ELIZABETH COLLEGE - GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****4. DEBTORS (continued)**

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.

**5. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR****2006**

Trade creditors	153,917	164,924
Loan – States Culture and Leisure Department (note 6)	10,000	10,000
Bank loan (note 7)	4,450	-
Other creditors and accruals	143,469	91,509
	<hr/>	<hr/>
	£ 311,836	£ 266,433
	<hr/>	<hr/>

**6. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR****2006**

Loan – States Culture and Leisure Department

Repayable by instalments:

- Due within five years	40,000	40,000
- Due after more than five years	10,000	20,000

Bank loan (note 7)	16,606	-
	<hr/>	<hr/>
	£ 66,606	£ 60,000
	<hr/>	<hr/>

The States Culture and Leisure Department 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% per annum 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.



**ELIZABETH COLLEGE – GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****7. BANK LOAN** **2006**

Wholly repayable within five years	£ 21,056	£ -
	<hr/>	<hr/>
Aggregate amounts repayable :		
Within one year	4,450	-
Between one and two years	4,450	-
Between two and five years	12,156	-
	<hr/>	<hr/>
	£ 21,056	£ -
	<hr/>	<hr/>

The bank loan, which was taken out to fund the cost of a replacement school minibus, bears interest at 2% above The Royal Bank of Scotland International Limited base rate and is repayable by monthly instalments until 30 April 2012.

<b>8. RESERVES</b>	<u>Capital Account</u>	<u>Maintenance Reserve</u>	<u>Total</u>
Balance at 1 September 2006	2,600,776	295,000	2,895,776
Retained surplus for the year	163,099	155,000	318,099
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2007	£ 2,763,875	£ 450,000	£ 3,213,875
	<hr/>	<hr/>	<hr/>

**9. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES** **2006**

Operating surplus	192,376	167,828
Decrease/(increase) in stock	1,242	(2,910)
Increase in operating debtors	(190,650)	(41,255)
Increase/(decrease) in operating creditors	42,788	(141,927)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£ 45,756	£ (18,264)
	<hr/>	<hr/>

**ELIZABETH COLLEGE – GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****10. 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.

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 was made from the Teachers Scheme to the Combined Pool on 1 November 2005.

The last actuarial valuation of the Scheme was conducted at 31 December 2006. At that date the actuarial value of the assets relating to the "Public servants pool" within the overall Scheme, to which the College's administration and teaching staff belong, represented 84.0% 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 current rate of the employer's contributions in respect of teachers is 13.5% of pensionable salary.

The total amount of superannuation contributions payable by the College to the Scheme for the year ended 31 August 2007 was £405,906 (2006 : £406,763). At 31 August 2007 the amount of outstanding contributions not paid over to the Scheme was £70,980 (2006 : £72,326).

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.

**11. 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.

**12. 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 2007 an amount of £30,000 (2006: £30,000) has been charged from the grant-aided sector of the College to the non grant-aided sector in relation to the employment expenses of administrative and accounting staff, a proportion of whose duties relate to the non grant-aided sector of the College's activities.

**ELIZABETH COLLEGE – GUERNSEY****DETAILED REVENUE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2007****2006****INCOME**

States Block Grant	1,932,573	1,852,870
Fees receivable	1,796,853	1,750,085
Hire of facilities	96,429	108,645
Other income	15,818	13,695

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 3,841,673

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 3,725,295
**EXPENDITURE****SCHOOL AND DEPARTMENTAL EXPENSES**

Teachers' salaries	2,045,692	1,966,844
Teachers' superannuation	245,168	243,888
Teaching ancillary salaries and superannuation	137,793	138,790
Departmental expenses	201,380	213,762
Other school expenses	33,118	13,713
Examination fees	38,531	37,021

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 2,701,682

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 2,614,018
**YOUTH TRAINING EXPENSES**

8,716

12,260

**ADMINISTRATIVE EXPENSES**

Services	204,157	183,431
Administration salaries and superannuation	222,813	204,687
School administration	52,256	48,561
General expenses	43,068	43,177
Rates, insurance and taxes	49,163	54,077
Discounts given	34,549	32,224
Audit and accountancy	7,400	6,953
Bad debts	6,831	-
Recharge to non grant-aided sector	(30,000)	(30,000)

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 590,237

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 543,110
**MAINTENANCE OF BUILDINGS AND GROUNDS**

Maintenance of playing fields	72,809	69,469
Maintenance of other areas	275,853	318,610

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 348,662

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 388,079
**OPERATING SURPLUS BEFORE INTEREST**


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 £ 192,376

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 £ 167,828

# States of Guernsey – Guernsey Insurance Fund

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

## Statement of activities and performance Year ended 31 December 2007

### Financial highlights

#### *Overview*

The States of Guernsey - Guernsey Insurance Fund's ("the Fund") operating surplus increased to £3.23m (2006: £2.85m) with investing activities adding a further £36.42m (2006: £54.48m) to reserves. At the year-end reserves increased to £587m (2006: £547m) with expenditure cover up from 6.7 years to 6.9 years.

#### *Contribution income & states grant*

In 2006 the States resolved as part of its future economic and taxation strategy to increase substantially 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 further 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.

As a result of this strategy, 2007 saw overall contribution income for the contributory funds, which include the Fund, increased significantly by 17.02% to £106.59m (2006: £90.99m). Approximately £10m of the increase was attributable to the increases in the upper earnings limits in order to compensate for the reductions in the general revenue grants.

Contribution income allocated to the Guernsey Health Service Fund increased by 17.6% to £27.04m (2006: £22.99m) with the Long-term Care Insurance Fund's allocation increasing by 18.3% to £14.34m (2006: £12.12m).

After allocations to the Guernsey Health Service Fund and the Long-term Care Insurance Fund, the Guernsey Insurance Fund contribution income increased by 16.3% to £65.25m (2006: £56.08m). This was offset, however, by the reduction in the States' grant, which is based on a fixed percentage of contributions. The grant was reduced from 50% to 36% of contribution receipts; resulting in a 16% reduction in the grant to £23.47m (2006: £27.94m). The overall result was therefore more modest with contributions income combined with the States grant increasing by 5.6% to £88.72m (2006: £84.02m).

The overall number of contributors, at week 36, increased to 37,702 (2006: 36,772).

The number of employed contributors at week 36 increased by 2.04% to 29,540 (2006: 28,949) with the male employed increasing by 2.3% from 15,062 to 15,414 and the female employed increasing from 13,887 to 14,126, a 1.7% increase. Self-employed contributors at week 36 increased by only 0.7% to 3,506 (2006: 3,483) while non-employed contributors increased significantly by 7.3% to 4,656 (2006: 4,340).

The largest economic sector remained the financial sector, which accounted for nearly a quarter of the employed population and represented approximately a third of the total income received from employers and employees.

# States of Guernsey – Guernsey Insurance Fund

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

## Statement of activities and performance (continued) Year ended 31 December 2007

### Financial highlights (continued)

#### *Benefits*

Overall benefit expenditure increased by 4.3% to £80.88m (2006: £77.51m) which included around a 3.4% increase in benefit rates generally. At the year-end there were 15,952 benefit claims in payment (2006: 15,743), of which 86.8% (2007: 86.7%) were to people in receipt of old age pension.

Pension expenditure in 2007 increased by 4.7% to £66.57m (2006: £63.61m) with the single rate of old age pension and the addition in pension in respect of a dependant wife both increasing by 3.4%.

During 2007 the levels of incapacity were high. Sickness benefit increased by 5.8% to £2.77m (2006: £2.62m) with 425 customers claiming benefit at year-end (2006: 381) while invalidity benefit increased by 8.5% to £5.47m (2006: £5.04m) with 787 customers claiming benefit at year-end (2006: 762)

Unemployment benefit decreased by 18.1% to £0.49m (2006: £0.60m) and as at 31 December 2007 there were only 118 individuals claiming benefit, considerably down on the previous year figure of 152.

#### *Administration*

Overall administration expenditure, excluding depreciation, increased by 5.6% to £5.53m (2006: £5.24m).

Staffing costs, which account for 68% of total administration expenditure, increased by only 0.4%, to £3.76m (2006: £3.74m) with computer expenditure increasing to £0.84m (2006: £0.64m). Recoveries for the year at £2.08m were similar to the previous year.

The deprecation charge increased significantly to £1.15m (2006: £0.50m) following the first full year's deprecation charge in respect of computer development costs associated with the new benefit system which went live on 25 September 2006.

#### *Investments*

The investment portfolios of the Guernsey Insurance Fund, Guernsey Health Service Fund and Long-term Care Insurance Fund are combined to form the Common Investment Fund. At 31 December 2007 the Common Investment Fund was valued at £631m (2006: £571m). During the year additions to the Fund included new monies totalling £19.30m, £10.50m of which related to the proceeds of an investment property sale. Investment income of £18.18m was also reinvested.

The Guernsey Insurance Fund's allocation of the Common Investment Fund at the year-end was valued at £564m (2006: £515m) which included £10.50m from the proceeds of an investment property sale, £2.0m of new monies and £16.5m of investment income reinvested.

### Activities during 2007

The policy focus in 2007 remained on the financial sustainability of the Fund, while concluding the phased approach to implementing the requirements of the States as part of the economic and taxation strategy. This saw the Department, in September 2007 (Billet d'Etat XX of 2007) proposing to the States an upper earnings

# States of Guernsey – Guernsey Insurance Fund

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

Statement of activities and performance (continued)  
Year ended 31 December 2007

## **Activities during 2007 (continued)**

limit of £64,896 per year for contributors and £108,108 per year for employers, plus an increase in the employers' contribution rate from 5.5% to 6.5% from earnings, all to take effect from 1 January 2008. In accordance with the strategy, there would be a further reduction in the States grants to the contributory funds in order to produce a saving to general revenue expenditure. The Department proposed a States grant to the Guernsey Insurance Fund equal to 15% of contribution receipts, down from the figure of 50% until 2006 and the figure of 36% that applied in 2007 as a half-way stage to the required 2008 position.

In the course of 2007, the Department was approached by the Policy Council's Fiscal and Economic Policy Steering Group, which explained the Group's wish for certainty over the future sums to be paid by way of States grants to the contributory funds. The Group was therefore wishing to detach the States grants from the formula-led link with contribution income and to switch instead to a fixed level grant uprated in future years by RPI.

These issues were debated by the States in September 2007 and the result was that the Department would continue to receive the formula-led grants for 2008, at the percentage rates recommended by the Department and approved by the States at the same meeting. However the Department was directed to undertake a comprehensive review of the long term future funding of the Guernsey Insurance Fund, the Guernsey Health Service Fund and the Long-term Care Insurance Fund in conjunction with the Treasury and Resources Department. The review was required to encompass all possible options for contribution rates, the level of States grants and retirement age. The results of the review were to be reported to the States as part of the customary benefits and contribution rates uprating report in September 2008.

As at the end of 2007, the Department had embarked on the review, having commissioned a wide range of projections from the Government Actuary's Department.

The technological migration of the computer systems from mainframe to server platforms, having gone live on 25 September 2006 completed its first full yearly cycle in 2007. All systems are working very satisfactorily. In May 2007 the Public Accounts Committee notified the Department that it had commissioned PricewaterhouseCoopers to undertake a review of the implementation of the Guernsey Integrated Social Security Systems. The PricewaterhouseCoopers consultants worked on-site for 3 weeks from 20 August 2007 and released their draft report to the Department on 10 December 2007.

## **Future Developments**

In 2008, the Department will complete its review of the financing options for the contributory funds, as referred to in the previous section, and report to the States in September 2008.

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

Statement of activities and performance (continued)  
Year ended 31 December 2007

Statistics

Benefits	No of claimants as at:	
	31/12/07	31/12/06
Pension	13,845	13,656
Bereavement Benefits	377	410
Invalidity Benefit	787	762
Sickness Benefit	425	381
Unemployment Benefit	118	152
Industrial Injury Benefit	17	18
Industrial Disablement Benefit	257	260
Maternity Allowance	126	104
<b>Total</b>	<b>15,952</b>	<b>15,743</b>

Number of contributors (as at week 36)

	2007	2006	2005	2004	2003
<b>Employers</b>	<b>2,466</b>	2,425	2,490	2,513	2,503
<b>Employed</b>					
Male	15,414	15,062	15,152	15,249	15,283
Female	14,126	13,887	14,040	13,931	13,783
	<b>29,540</b>	28,949	29,192	29,180	29,066
<b>Self-employed</b>	<b>3,506</b>	3,483	3,466	3,493	3,470
<b>Non-employed</b>	<b>4,656</b>	4,340	4,196	4,151	3,982
<b>Total</b>	<b>37,702</b>	36,772	36,854	36,824	36,518

Contribution rates

	2007	2006	2005	2004	2003
<b>Employers</b>	<b>4.1%</b>	4.1%	4.1%	4.1%	4.1%
<b>Employed</b>					
Full rate	3.2%	3.2%	3.2%	3.2%	3.2%
Reduced rate	-	-	-	-	0.5%
<b>Self-employed</b>	<b>6.3%</b>	6.3%	6.3%	6.3%	6.3%
<b>Non-employed</b>	<b>5.7%</b>	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 2007

**Five-year performance**

	2007 £	2006 £	2005 £	2004 £	2003 £
<b>Income</b>	<b>88,719,811</b>	84,021,392	80,338,337	76,009,640	72,936,378
Expenditure	<b>85,486,325</b>	81,172,876	75,503,131	70,019,166	63,498,363
<b>Operating surplus</b>	<b>3,233,486</b>	2,848,516	4,835,206	5,990,474	9,438,015
<b>Investments</b>					
Property	-	10,550,000	7,900,000	7,150,000	7,550,000
Investment portfolio	<b>563,963,613</b>	514,589,931	455,557,854	370,296,852	329,490,265
	<b>563,963,613</b>	525,139,931	463,457,854	377,446,852	337,040,265
<b>Investment performance</b>					
Investment income	<b>15,856,980</b>	16,365,773	12,617,785	10,568,231	9,681,023
Realised gains/(losses)	<b>31,837,712</b>	28,013,104	30,379,317	11,005,263	151,693
Unrealised gains/(losses)	<b>(11,278,566)</b>	10,102,135	35,823,172	13,692,396	44,393,336
<b>Total return on investments</b>	<b>36,416,126</b>	54,481,012	78,820,274	35,265,890	54,226,052
<b>Expenditure cover</b>					
Reserves	<b>586,876,186</b>	547,226,574	489,897,046	405,491,566	364,635,202
Expenditure	<b>85,486,325</b>	81,172,876	75,503,131	70,019,166	63,498,363
Number of years cover	<b>6.9</b>	6.7	6.5	5.8	5.7



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

Statement of activities and performance (continued)  
Year ended 31 December 2007

**Principal officers during 2007**

**Social Security Department**

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF GUERNSEY  
SOCIAL SECURITY DEPARTMENT-Guernsey Insurance Fund**

We have audited the financial statements of The States of Guernsey Social Security Department-Guernsey Insurance Fund ("the Fund") for the year ended 31 December 2007 which comprise the fund account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Department as a body, in accordance with Section 100 (3) of the Social Insurance (Guernsey) Law, 1978. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditors' 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 Department for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Department and auditors**

The Department's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Department's 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 in accordance with United Kingdom Generally Accepted Accounting Practice and with section 100(3) of the Social Insurance (Guernsey) Law, 1978. We also report to you if, in our opinion, the information given in the statement of activities and performance is not consistent with the financial statements, if the Fund 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. We are not required to consider whether the Department's statements on internal control cover all risks and controls or form an opinion of the effectiveness of the Fund's risk and control procedures.

**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 the 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 United Kingdom Generally Accepted Accounting Practice, of the disposition of the net assets of the Fund as at 31 December 2007 and of its surplus for the year then ended and are prepared in accordance with section 100(3) of the Social Insurance (Guernsey) Law, 1978.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
16 April 2008

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

**Fund account**

*for the year ended 31 December 2007*

			2007		2006
	Notes	£	£	£	£
<b>Income</b>					
Contributions	1, 2	65,246,833		56,082,240	
States grant	1	<u>23,472,978</u>		<u>27,939,152</u>	
			<b>88,719,811</b>		84,021,392
<b>Expenditure</b>					
Benefits payable	1,3	80,881,075		77,512,909	
Administration	4	5,533,858		5,240,046	
Recoveries	5	<u>(2,083,164)</u>		<u>(2,079,596)</u>	
			<b><u>84,331,769</u></b>		<u>80,673,359</u>
<b>Operating surplus before depreciation charge</b>			<b>4,388,042</b>		3,348,033
Depreciation charge	7		<u>(1,154,556)</u>		<u>(499,517)</u>
<b>Operating surplus</b>			<b>3,233,486</b>		2,848,516
<b>Investing activities</b>					
Income from invested funds	1,6	15,856,980		16,365,773	
Realised profit on disposal	9	31,837,712		28,013,104	
Movement in unrealised (loss)/gain on investment	9	(11,278,566)		7,452,135	
Movement in realised gain on investment property					
		<u>-</u>		<u>2,650,000</u>	
			<b><u>36,416,126</u></b>		<u>54,481,012</u>
<b>Net surplus in the Fund during the year</b>			<b>39,649,612</b>		57,329,528
Net assets of the Fund at 1 January			<b><u>547,226,574</u></b>		<u>489,897,046</u>
<b>Net assets of the Fund at 31 December</b>			<b>£ <u>586,876,186</u></b>		£ <u>547,226,574</u>

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

Balance sheet  
at 31 December 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	7	8,560,653	9,481,813
Investment property	8	-	10,550,000
Common investment fund	9	<u>563,963,613</u>	<u>514,589,931</u>
		<b>572,524,266</b>	<b>534,621,744</b>
<b>Current assets</b>			
Debtors due within one year	10	18,747,895	16,973,663
Balances with States Treasury		3,397,221	5,205,069
Cash at bank and in hand		<u>1,877,038</u>	<u>729,301</u>
		<b>24,022,154</b>	<b>22,908,033</b>
<b>Creditors: amounts falling due within one year</b>	11	<u>(9,670,234)</u>	<u>(10,303,203)</u>
<b>Net current assets</b>		<b><u>14,351,920</u></b>	<b><u>12,604,830</u></b>
<b>Total net assets</b>		<b>£ <u>586,876,186</u></b>	<b>£ <u>547,226,574</u></b>
<b>Reserves</b>		<b>£ <u>586,876,186</u></b>	<b>£ <u>547,226,574</u></b>

The financial statements were approved by the Social Security Department on 16 April 2008.

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 United Kingdom accounting standards.

The Fund has decided not to adopt Financial Reporting Standard ("FRS") 23 "The Effects of Changes in Foreign Exchange Rates", FRS 25 "Financial Instruments: Disclosure and Presentation" FRS 26 "Financial Instruments: Measurement and Recognition" and FRS 29 "Financial Instruments: Disclosures" other than the mandatory presentational requirements of FRS 25.

No cash flow Statement has been prepared as such a statement would add little to the information already available from the fund account.

#### *Contributions & States grant*

Contributions represent the amount of cash received before 1 February 2008 in respect of the financial year ended 31 December 2007 and amounts received relating to prior financial periods not accounted for in those prior periods.

The grant received from the States of Guernsey is based on a fixed percentage of contributions, accounted for in the relevant period and for 2007 was reduced to 36% (2006: 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:

	<b>Estimated life in years</b>	<b>Depreciation % per annum</b>
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*

The investment portfolio of the Guernsey Insurance Fund is 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 have been translated into sterling at rates of exchange ruling at the balance sheet date.

*Investment property*

The investment property was 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 fund 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**

	<b>2007</b>	2006
	£	£
Employer contributions	<b>43,432,207</b>	37,731,875
Employee contributions	<b><u>47,333,321</u></b>	<u>40,635,979</u>
	<b>90,765,528</b>	78,367,854
Self-employed contributions	<b>10,480,433</b>	8,366,572
Non-employed contributions	<b><u>5,341,595</u></b>	<u>4,251,124</u>
	<b>106,587,556</b>	90,985,550
Contributions allocated to:		
Guernsey Health Service Fund	<b>(27,040,234)</b>	(22,985,900)
Long-term Care Insurance Fund	<b><u>(14,344,604)</u></b>	<u>(12,121,348)</u>
	<b>65,202,718</b>	55,878,302
Employer surcharge and penalty	<b>54,776</b>	41,690
Movement in contributions unallocated	<b>(10,661)</b>	162,248
	<hr/>	<hr/>
	<b>£ <u>65,246,833</u></b>	£ <u>56,082,240</u>

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

Notes to the financial statements (continued)

**3. Benefits payable**

	2007 £	2006 £
Pension	66,570,497	63,612,104
Invalidity	5,469,994	5,043,338
Sickness	2,768,893	2,616,665
Bereavement	2,134,430	2,266,734
Travel allowance grant	1,453,146	1,363,355
Maternity benefit	809,394	839,855
Industrial disablement	589,894	568,045
Unemployment	488,700	597,051
Industrial injury	253,794	242,176
Death grant	179,299	182,983
Industrial medical	163,034	180,503
Child's special allowance	-	100
	<u>£ 80,881,075</u>	<u>£ 77,512,909</u>

**4. Administration**

	2007 £	2006 £
Salaries and pension costs	3,758,673	3,742,752
Administration expenses	589,301	577,634
Computer expenses	840,515	644,655
Property expenses	239,058	209,808
Legal and professional expenses	73,493	48,840
Actuarial expenses	19,791	6,457
Audit fee	13,027	9,900
	<u>£ 5,533,858</u>	<u>£ 5,240,046</u>

**5. Recoveries**

	2007 £	2006 £
Amounts received from:		
Non Contributory Services	1,517,870	1,480,493
Guernsey Health Service Fund	444,258	405,589
Long-term Care Insurance Fund	118,269	102,567
Other States of Guernsey entities	2,767	90,947
	<u>£ 2,083,164</u>	<u>£ 2,079,596</u>



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

	2007 £	2006 £
<b>Income</b>		
UK dividends from equities	10,223,158	8,793,031
Overseas dividends from equities	4,735,423	6,389,275
Interest on short term deposits	2,047,575	1,396,464
Interest from fixed interest securities	1,902,418	1,953,856
Less: withholding tax suffered	(1,003,062)	(1,097,415)
Securities lending fees net of expenses	359,328	234,406
Brokers' commission recaptured	633	3,485
Underwriting commission	-	31,052
Miscellaneous income	-	3,131
	<u>18,265,473</u>	<u>17,707,285</u>
<b>Expenditure</b>		
Investment manager's fees	(910,974)	(579,691)
Custody fees	<u>(78,258)</u>	<u>(78,549)</u>
<b>Net income of the Common Investment Fund</b>	<b>£ 17,276,241</b>	<b>£ 17,049,045</b>
<b>Net income allocated to:</b>		
Guernsey Health Services Fund	(1,151,652)	(1,071,821)
Long-term Care Insurance Fund	<u>(594,607)</u>	<u>(482,673)</u>
<b>Net income of the Common Investment Fund allocated to the Guernsey Insurance Fund</b>	<b>£ 15,529,982</b>	<b>£ 15,494,551</b>
<b>Other income</b>		
Interest on call and treasury deposits	387,871	332,245
Property rental	27,650	553,000
Property expenses	<u>(88,523)</u>	<u>(14,023)</u>
	<u><b>£ 15,856,980</b></u>	<u><b>£ 16,365,773</b></u>

**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 2007 £	Additions £	31 December 2007 £
<i>Cost</i>			
Freehold land and buildings	3,633,979	-	<b>3,633,979</b>
Furniture, fittings and office equipment	916,334	18,662	<b>934,996</b>
Computer equipment and software	2,206,912	50,614	<b>2,257,526</b>
Computer development – Technological migration	6,375,301	150,000	<b>6,525,301</b>
Computer development	<u>2,953,883</u>	<u>14,120</u>	<b><u>2,968,003</u></b>
	<b>£ <u>16,086,409</u></b>	<b>£ <u>233,396</u></b>	<b>£ <u>16,319,805</u></b>
	1 January 2007 £	Charge for the year £	31 December 2007 £
<i>Accumulated Depreciation</i>			
Freehold land and buildings	894,781	45,425	<b>940,206</b>
Furniture, fittings and office equipment	724,046	47,802	<b>771,848</b>
Computer equipment and software	2,188,745	119,287	<b>2,308,032</b>
Computer development – Technological migration	204,218	921,062	<b>1,125,280</b>
Computer development	<u>2,592,806</u>	<u>20,980</u>	<b><u>2,613,786</u></b>
	<b>£ <u>6,604,596</u></b>	<b>£ <u>1,154,556</u></b>	<b>£ <u>7,759,152</u></b>
<b>Net book value</b>	<b>£ <u>9,481,813</u></b>		<b>£ <u>8,560,653</u></b>

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, is carried at cost.

Depreciation commenced being charged on computer development costs associated with the technological migration project 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**

	<b>2007</b>	2006
	£	£
At valuation	<u>£ -</u>	<u>£ 10,550,000</u>
At historic cost	<u>£ -</u>	<u>£ 3,146,034</u>

The investment 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.

**9. Common Investment Fund**

	<b>2007</b>	2006
	£	£
United Kingdom equities	<b>274,642,168</b>	267,408,812
Overseas equities	<b>238,960,907</b>	238,898,303
Fixed income securities	<b>44,478,422</b>	38,549,053
Cash and cash equivalents	<b>35,447,515</b>	18,577,515
Alternative investments and hedge funds	<b>25,312,569</b>	7,804,813
Property funds	<u><b>12,622,889</b></u>	<u>-</u>
	<b>631,464,470</b>	571,238,496
Investments allocated to:		
Guernsey Health Service Fund	<b>(43,600,707)</b>	(37,903,511)
Long-term Care Insurance Fund	<u><b>(23,900,150)</b></u>	<u>(18,745,054)</u>
	<b>£ 563,963,613</b>	<b>£ 514,589,931</b>

Common Investment Fund movements during the year	<b>2007</b>	2006
	£	£
Market value 1 January	<b>571,238,496</b>	494,623,422
Proceeds of property sale invested - Guernsey Insurance Fund	<b>10,470,875</b>	-
New monies invested - Guernsey Insurance Fund	<b>2,000,000</b>	7,500,000
New monies invested - Guernsey Health Service Fund	<b>3,000,000</b>	5,500,000
New monies invested – Long-term Care Insurance Fund	<b>3,800,000</b>	7,000,000
Investment income reinvested	<b>18,180,600</b>	17,682,616
Realised profit on disposals reinvested	<b>42,772,785</b>	30,885,162
Movement on unrealised gain on investments	<u><b>(19,998,286)</b></u>	<u>8,047,296</u>
Market value 31 December	<b>£ 631,464,470</b>	<b>£ 571,238,496</b>

The realised profit allocated to the Guernsey Insurance Fund for the year is £31,837,712 (2006: £28,013,104) with an unrealised loss of £11,278,566 compared with an unrealised gain in 2006 of £7,452,135. The unrealised gain on investment property was nil (2006: £2,650,000).

During 2007 the Common Investment Fund was managed by Schroder Investment Management Limited.

**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**

	2007 £	2006 £
Contributions receivable	16,300,025	14,057,541
Recoveries due from Guernsey Health Service Fund	-	993,480
Recoveries due from Non Contributory Services	196,889	-
Benefits prepaid	1,091,847	1,265,744
Benefits and allowances recoverable	394,032	140,470
Trade debtors	488,658	298,683
Administration expenses prepaid	112,466	118,593
States grant	<u>163,978</u>	<u>99,152</u>
	<u>18,747,895</u>	<u>16,973,663</u>

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

	2007 £	2006 £
Contribution payable to Guernsey Health Service Fund	263,234	3,646,900
Contributions payable to Long-term Care Insurance Fund	97,605	2,031,348
Trade creditors	1,928,348	1,745,367
Recoveries due to Non Contributory Services	-	165,917
Recoveries due to Long-term Care Insurance Fund	2,336,887	941,805
Recoveries due to Guernsey Health Service Fund	3,766,654	-
Bank overdraft	996,176	1,134,816
Other creditors and accruals	<u>281,330</u>	<u>637,050</u>
	<u>9,670,234</u>	<u>10,303,203</u>

**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 2007 were £236,250 (2006: £237,382) of which Guernsey Insurance Fund contributed £145,242 (2006: £149,741) 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 (2006: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2007 and 2006 is due to transactions with other States entities, except as disclosed in notes 1, 2, 5, 6, 9, 10, 11, 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 2007

## Financial highlights

### *Overview*

The overall grant from the States of Guernsey increased by 4.95% to £26.04m (2006: £24.81m). Benefit expenditure increased by 5.01% to £24.41m (2006: £23.25m) which included a 3.4% rise in the general rate of benefit. Administration costs increasing by 4.1% to £1.63m (2006: £1.56m).

### *Benefit*

Overall supplementary benefit expenditure increased by 7.1% to £12.97m (2006: £12.11m) being mainly attributable to the rising benefit costs associated with single parents, the incapacitated and individuals over pension age, although the latter has seen a fall in the number of claimants during 2007.

Special grants expenditure only increased by 2.8% to £1.89m (2006: £1.84m). The modest rise in expenditure is mainly attributable to a fall in medical costs which fell by 1.4% to £1.47m (2006: £1.50m) and significantly down on the annual increases experienced in recent years.

In 2007, family allowance expenditure increased by 2.2% to £8.23m (2006: £8.06m) with the allowance increasing by 3.5% to £13.20 per child per week, with the number of children for whom the benefit was paid marginally down at the year-end to 6,720 (2006: 6,822).

Combined expenditure of attendance allowance and invalid care allowance increased by 7% to £2.19m (2006: £2.05m). The significant rise was mainly attributable to the increase in attendance allowance expenditure increasing by 8% to £1.48m (2006: £1.38m) with the number of claimants at the year-end up 2.8% to 373 (2006: 363). Invalid care allowance expenditure increased by 4.8% to £0.71m (2007: £0.68m) with the number of claimants at the end of December 2007 up 1.8% to 225 (2006: 221).

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 2007, due to budgetary constraints, of the eight charities to which the Department makes a grant, seven were given below RPI increases resulting in grant expenditure increasing from 3.8% to £193,000 (2006: £185,935).

Expenditure relating to the Community and Environmental Projects Scheme decreased to £0.20m (2006: £0.22m) and is attributable to a fall in the average number of participants on the scheme each week during the year.

### **Activities during 2007**

Protecting the welfare of individuals and, in particular, families on low income is an integral part of the future economic and taxation strategy and, consequently, is included in the Government Business Plan.

During 2007, the Department investigated a system of income-related family allowances, on the basis that overall expenditure should remain broadly similar, but that there should be a redistribution with low income families receiving higher family allowances and high income families receiving lower family allowances or no family allowance at all. The Department went out to consultation, including a questionnaire delivered to all households. The Department concluded that there was not a viable system of redistribution within the existing family allowances expenditure, taking account of a significantly

# States of Guernsey – Non Contributory Services

## Controlled and managed by the Social Security Department

Statement of activities and performance (continued)  
Year ended 31 December 2007

### Activities during 2007 (continued)

increased administration, including overpayment and underpayment adjustments, and also taking account of feedback from families on the levels of family income at which they considered it reasonable to start clawing back family allowance. Having consulted with the Treasury and Resources Department, the Department is supporting a review of tax allowances for low income households as an alternative to income-related family allowances.

In 2007, as directed by the States, the Department devised a non-statutory scheme of assistance for people who would have real difficulty in paying the Tax on Real Property when the new system of property taxes took effect from 2008. It was subsequently revealed, in the 2008 budget of the States, that there would be no increase in the overall amount of property taxes levied on domestic properties, although some property owners would see their taxes rise and others would see their taxes fall through the revised system of assessment. This meant, however, that the Department did not expect to receive many claims for assistance in 2008 and the expenditure would be minimal for the first year at least.

In 2007, the Department merged the claims, payment and Job Centre functions of contributory unemployment benefit and non-contributory supplementary benefit for jobseekers. This created a one-stop-shop for unemployment-related benefits.

### Future developments

The Department will continue to work with other States Departments, in particular the Treasury and Resources Department, the Health and Social Services Department and the Housing Department on policies under priority 4 of the Government Business Plan, which is to '*redistribute wealth wisely in the community*'. This will include investigating a more integrated tax and benefits system, which targets those who are vulnerable to relative poverty. It will also include ensuring that residents are not denied healthcare or social services through lack of financial resources.

The Department will be reviewing the adequacy of the attendance and invalid care allowances, with particular reference to the rules governing the payment of the carer's allowance which may be too restrictive.

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

Statement of activities and performance (continued)  
Year ended 31 December 2007

**Statistics**

	<b>No. of claimants as at:</b>	
	<b>31.12.07</b>	31.12.06
Family Allowances	<b>6,720</b>	6,822
Supplementary Benefit	<b>2,034</b>	2,062
Attendance Allowance	<b>373</b>	363
Invalid Care Allowance	<b>225</b>	221

**Five-year performance**

	<b>2007 £</b>	2006 £	2005 £	2004 £	2003 £
Supplementary Benefit	<b>12,966,023</b>	12,108,032	10,614,263	9,756,652	8,998,630
Family Allowance	<b>8,232,609</b>	8,055,230	7,753,729	7,407,343	7,111,995
Attendance Allowance	<b>1,486,307</b>	1,375,705	1,296,960	1,266,670	1,164,446
Invalid Care Allowance	<b>707,063</b>	674,546	619,956	610,495	562,044
Concessionary television licences	<b>463,788</b>	482,912	453,060	425,983	402,370
Charitable grants	<b>193,000</b>	185,935	182,288	173,890	161,745
Community & Environmental Projects	<b>200,626</b>	218,494	162,275	102,695	-
Medical expenses assistance scheme	<b>119,225</b>	111,232	107,501	120,448	77,112
Travel expenses assistance scheme	<b>41,505</b>	34,053	46,319	48,391	44,738



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

Statement of activities and performance (continued)  
Year ended 31 December 2007

**Principal officers**

**Social Security Department**

Minister	Deputy Diane Lewis	(elected 7 March 2007)
	Deputy Mary Lowe	(resigned 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.

# States of Guernsey – Non Contributory Services

## Controlled and managed by the Social Security Department

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF GUERNSEY SOCIAL SECURITY DEPARTMENT - NON CONTRIBUTORY SERVICES**

We have audited the financial statements of The States of Guernsey Social Security Department- Non Contributory Services ("the Fund") for the year ended 31 December 2007 which comprise the income and expenditure account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Department as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditors' 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 Department for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Department and auditors**

The Department's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Department's 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 in accordance with United Kingdom Generally Accepted Accounting Practice. We also report to you if, in our opinion, the information given in the statement of activities and performance is not consistent with the financial statements, if the Fund 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. We are not required to consider whether the Department's statements on internal control cover all risks and controls or form an opinion of the effectiveness of the Fund's risk and control procedures.

#### **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 the 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 United Kingdom Generally Accepted Accounting Practice, of the disposition of the net assets of the Fund as at 31 December 2007 and of its result for the year then ended.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
16 April 2008

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

**Income and expenditure account**  
*for the year ended 31 December 2007*

			<b>2007</b>		<b>2006</b>
	<i>Note</i>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>					
States of Guernsey Grant	1 & 2		<b>26,035,190</b>		24,807,265
<b>Expenditure</b>					
Supplementary benefit	3	<b>12,966,023</b>		12,108,032	
Family allowance		<b>8,232,609</b>		8,055,230	
Attendance & invalid care allowance		<b>2,193,370</b>		2,050,251	
Concessionary television licences		<b>463,788</b>		482,912	
Community & environmental projects		<b>200,626</b>		218,494	
Charitable grants	5	<b>193,000</b>		185,935	
Medical expenses assistance scheme		<b>119,225</b>		111,232	
Travel expenses assistance scheme		<b>41,505</b>		34,053	
Special Christmas payment		<b>-</b>		25	
		<b><u>24,410,146</u></b>		<b><u>23,246,164</u></b>	
Administration	6	<b>1,736,791</b>		1,672,848	
Recoveries	7	<b><u>(111,747)</u></b>		<b><u>(111,747)</u></b>	
		<b><u>1,625,044</u></b>		<b><u>1,561,101</u></b>	
<b>Total expenditure</b>			<b><u>£26,035,190</u></b>		<b><u>24,807,265</u></b>
<b>Operating result for the financial year</b>			<b>£ <u><u>-</u></u></b>		<b>£ <u><u>-</u></u></b>

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

Balance sheet  
at 31 December 2007

	<i>Note</i>	<b>2007</b> £	2006 £
<b>Current assets</b>			
Debtors and prepayments	8	<b>508,247</b>	834,311
<b>Creditors: amounts falling due within one year</b>	9	<b><u>(508,247)</u></b>	<b><u>834,311</u></b>
<b>Net current assets</b>		<b>£ <u>          -</u></b>	<b>£ <u>          -</u></b>
<b>Revenue account</b>		<b>£ <u>          -</u></b>	<b>£ <u>          -</u></b>

These financial statements were approved by the Social Security Department on 16 April 2008.

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 United Kingdom accounting standards.

No cash flow Statement has been prepared as such a statement would add little to the information already available from the income and expenditure account.

#### *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 income and expenditure 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 £35,589 at 31 December 2007 (2006: £33,653).

### 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**

	2007 £	2006 £
Benefit and fuel allowance	11,146,696	10,350,193
Special grants (note 4)	1,889,254	1,837,512
Emergency payments under Public Assistance Law	989	210
Maintenance recoveries	<u>(70,916)</u>	<u>(79,883)</u>
	<b>£ 12,966,023</b>	<b>£ 12,108,032</b>

**4. Special Grants**

	2007 £	2006 £
Medical - Treatment	957,904	957,645
- Dental	216,171	235,342
- Ophthalmic	75,852	75,044
- Chiropody	75,232	70,741
- Physiotherapy	52,884	67,309
- Medical sundries	55,912	56,522
- Hearing aids	<u>40,863</u>	<u>33,254</u>
	<b>1,474,818</b>	<b>1,495,857</b>
Handicapped persons	276,410	225,642
Surgical and medical requisites	59,735	51,130
Funeral	56,851	41,673
Exceptional needs	9,612	13,663
Sundries (not medical)	7,014	8,069
Travelling expenses	<u>4,814</u>	<u>1,478</u>
	<b>£ 1,889,254</b>	<b>£ 1,837,512</b>

**5. Charitable grants**

	2007 £	2006 £
Guernsey Welfare Service Limited (Playgroup)	48,385	46,614
Women's Royal Voluntary Service	28,032	27,006
The Methodist Church (Wesley playgroup)	28,783	26,520
Guernsey Citizens Advice Bureau	25,000	24,868
Relate	20,214	19,818
Guernsey Women's Refuge Limited	19,339	18,631
The Salvation Army (Clifton Community Centre)	18,416	17,742
The Samaritans	<u>4,831</u>	<u>4,736</u>
	<b>£ 193,000</b>	<b>£ 185,935</b>

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

Notes to the financial statements (continued)

**6. Administration**

	2007 £	2006 £
Recharged from Guernsey Insurance Fund:		
Salaries and pension costs	1,022,089	1,024,964
Computer expenses	248,552	208,194
Property expenses and sundries	162,446	162,710
Bank charges	<u>84,783</u>	<u>84,625</u>
	1,517,870	1,480,493
Management and training costs – Community & environmental projects	156,321	139,685
Administration expenses	40,159	29,847
Medical reports	14,477	15,023
Audit fee	6,500	4,500
Repatriation	1,347	3,150
Legal and professional fees	<u>117</u>	<u>150</u>
	<b>£ 1,736,791</b>	<b>£ 1,672,848</b>

The Guernsey Insurance Fund charged rental on office space of £111,747 (2006: £111,747) to Non Contributory Services, the expenditure being included in property expenses. This rental is paid by the States Property Services, Treasury and Resources Department as detailed in note 7.

**7. Recoveries**

	2007 £	2006 £
Rent received from the States Property Services, Treasury and Resources Department	<u>111,747</u>	<u>111,747</u>

**8. Debtors and Prepayments**

	2007 £	2006 £
Benefits and allowances paid in advance	508,247	668,394
Guernsey Insurance Fund recharges receivable	<u>-</u>	<u>165,917</u>
	<b>£508,247</b>	<b>£ 834,311</b>



**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**

	<b>2007</b>	2006
	£	£
States grant	<b>284,806</b>	533,085
Benefits and allowances payable	-	290,736
Other creditors and accruals	<b>26,552</b>	10,490
Guernsey Insurance Fund recharges payable	<b><u>196,889</u></b>	<u>-</u>
	<b><u>£508,247</u></b>	£ <u>834,311</u>

**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 (2006: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2007 and 2006 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 2007**

**Financial highlights**

*Overview*

The States of Guernsey – Guernsey Health Service Fund's (the Fund) operating surplus increased to £4.43m (2006: £3.17m) with investing activities adding a further £2.65m (2006: £3.53m) to reserves. At the year-end reserves increased to £47.71m (2006: £40.62m) with expenditure cover up from 16.8 months to 19.2 months.

*Contribution income & states grant*

In 2006 the States resolved as part of its future economic and taxation strategy to increase substantially 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 Long-term Care Insurance Fund. The States further 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.

As a result of this strategy, contribution income during 2007 increased significantly by 17.6% to £27.04m (2006: £22.99m) but was offset by the states' grant, which is based on a fixed percentage of contributions, reducing from 40% to 27% resulting in a 20.6% reduction in the grant to £7.30m (2006: £9.19m). The overall result was to see contributions income including the states grant increase by 6.7% to £34.34m (2006: £32.18m).

*Benefits*

Overall benefit expenditure increased by 3% to £29.05m (2006: £28.20m).

Consultation Grant expenditure remained static at £3.40m (2006: £3.40m) with the doctor and nurse consultation grant rates having been fixed at £12 and £6 respectively since 2004.

The Specialist Health Insurance Scheme saw expenditure rise by 4.1% to £11.84m (2006: £11.38m). Medical specialist costs rose by 4.3% to £10.53m (2006: £10.10m). An additional £42,123 (2006: £48,361) was incurred by the Health Fund 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 2006 RPI of 3.5%. The average number of whole-time-equivalent consultants employed over the year remained at 37 the same as the previous year and the maximum permissible under the contract until the end of 2007.

Physiotherapy expenditure increased by 2.3% to £1.35m (2006: £1.32m) and is attributable to a 3.5% increase in the contract price together with a slight decrease in average staffing levels to around 25 whole-time-equivalents which is well below the 31.48 whole-time-equivalents permissible under the contract.

The Alderney contract increased by 3.5% to £54,873 (2006: £53,017) in line with the increase in the contract price based on the September 2006 RPI.

Total drug and medicine expenditure increased by 3.2% to £13.85m (2006: £13.42m). Although the number of items prescribed during the year increased by 5% to 1.26m (2006: 1.2m), a fall in the average net ingredient cost of drugs during the year helped to contain costs as did the continuation of initiatives

**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 2007**

**Financial highlights (continued)**

introduced by the prescribing support unit, including the strict control of new entries to the white-list, increased generic prescribing and reduced wastage.

*Administration*

Overall administration expenditure increased by 5.3% to £0.85m (2006: £0.81m).

*Investments*

The investment portfolios of the Guernsey Health Service Fund, Guernsey Insurance Fund and Long-term Care Insurance Fund are combined to form the Common Investment Fund.

The Guernsey Health Service Fund's allocation of the Common Investment Fund at the year-end was valued at £43.60m (2006: £37.90m) which included £3.0m of new monies and £1.1m of investment income reinvested.

**Activities during the Year**

The specialist health insurance scheme is mainly given effect through contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group, both contracts having a 15 year term. Under both contracts there is provision, within a defined scope, for a fee review at the 5 and 10 year points.

The two sets of fee reviews formed the main activity on the Guernsey Health Service Fund in 2007. Negotiations were successfully concluded before the end of the year.

The contract for services in the Mignot Memorial Hospital Alderney was due to terminate on 31 December 2007. In October 2007, tenders were invited for this service and the Social Security Department and the Health and Social Services Department selected a preferred supplier, being the Island Medial Centre. However, late in the year the Department was advised that an amendment to the Health Service (Alderney Hospital Benefit) Ordinance was required in order to allow payments from the Fund to a single supplier of services in Alderney instead of the two named practices that were jointly providing the services. As a report to the States of Deliberation was required in order for the Ordinance to be amended, a 2 month extension of the existing contract, to 29 February 2008, was agreed.

**Future Activities**

With the fees for the health insurance scheme contracts agreed for the next 5 years, activities on the specialist health insurance scheme will return to normal maintenance of the contracts and performance monitoring.

The Department will review the performance of the contract for Alderney Hospital Benefit under the new arrangements with a single medial practice supplier of services.

The Department will remain active, through the Prescribing Support Unit in keeping pharmaceutical costs as well controlled and cost effective as possible.

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 2007

**Statistics**

**Drugs and medicines**

	<b>Ordinary Prescriptions</b>	<b>Exempt prescriptions</b>	<b>Total prescriptions</b>	<b>Average basic cost (£)</b>
<b>Drugs &amp; Medicines</b>				
<b>2007</b>	559,939	690,105	1,250,044	10.00
<b>2006</b>	537,139	651,644	1,188,783	10.25
% Change	4.20%	5.90%	5.15%	(2.47%)
<b>Appliances</b>				
<b>2007</b>	1,493	4,726	6,219	62.04
<b>2006</b>	1,385	4,699	6,084	57.30
% Change	7.80%	0.57%	2.22%	8.27%

**Specialist Health Insurance Scheme**

<b>Medical Specialist Group</b>	<b>Inpatient &amp; Day Case episodes</b>	<b>Outpatient Appointments</b>		
		<b>New</b>	<b>Follow-up</b>	<b>Total</b>
<b>2007</b>	11,381	15,372	23,304	38,676
<b>2006</b>	11,423	15,457	23,272	38,729
% increase/(decrease)	-0.37%	-0.55%	-0.14%	-0.14%

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 2007

Statistics (continued)

Consultation grants

	Guernsey	Alderney	Total
<b>2007</b>			
Doctor	234,477	11,338	<b>245,815</b>
Nurse	71,602	2,568	<b>74,170</b>
Total	306,079	13,906	<b>319,985</b>
<b>2006</b>			
Doctor	232,661	11,822	<b>244,483</b>
Nurse	72,000	3,156	<b>75,156</b>
Total	304,661	14,978	<b>319,639</b>
% increase / (decrease)	0.47%	-7.16%	<b>0.11%</b>

Contribution rates

	2007	2006	2005	2004	2003
<b>Employers</b>	<b>1.4%</b>	1.4%	1.4%	1.4%	1.4%
<b>Employed</b>					
Full rate	<b>1.4%</b>	1.4%	1.4%	1.4%	1.4%
Reduced rate	-	-	-	-	1.4%
<b>Self-employed</b>	<b>2.8%</b>	2.8%	2.8%	2.8%	2.8%
<b>Non-employed</b>					
Full rate	<b>2.8%</b>	2.8%	2.8%	2.8%	2.8%
Over 65s	<b>1.2%</b>	1.2%	1.2%	1.2%	1.2%

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 2007

Five-year performance

	2007 £	2006 £	2005 £	2004 £	2003 £
<b>Benefits</b>					
Drugs and medicines	13,854,544	13,418,056	13,154,360	13,599,307	12,725,944
% annual increase	3.25%	2.00%	-3.3%	6.9%	7.3%
<b>Income &amp; Expenditure</b>					
Income	34,341,097	32,180,259	30,738,191	29,215,520	27,619,661
Expenditure	29,906,321	29,012,807	28,041,806	27,431,214	24,971,938
Operating surplus	4,434,776	3,167,452	2,696,385	1,784,306	2,647,723
<b>Investment Performance</b>					
Investment Income	1,166,186	1,123,751	928,165	779,065	673,286
Realised gains/(losses)	2,340,792	1,966,512	649,817	-	-
Unrealised gains/(losses)	(855,765)	442,063	2,399,124	784,129	536,760
Total Return on investments	2,651,213	3,532,326	3,977,106	1,563,194	1,210,046
<b>Common Investment Fund</b>					
Allocation at market value	43,600,707	37,903,511	28,880,933	20,189,824	15,146,121
<b>Expenditure cover</b>					
Reserves	47,707,132	40,621,143	33,921,365	27,247,874	23,900,374
Expenditure	29,906,321	29,012,807	28,041,806	27,431,214	24,971,938
Number of months cover	19.2	16.8	14.5	11.9	11.5

**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 2007

**Principal officers during 2007**

**Social Security Department**

Minister	Deputy Diane Lewis Deputy Mary Lowe	(elected 7 March 2007) (resigned 7 March 2007)
Deputy Minister	Deputy Daniel Le Cheminant	(reappointed 14 March 2007)
Members	Deputy Geoff Mahy Deputy Scott Ogier Deputy Bernard Flouquet Deputy Mark Dorey	(resigned 9 March 2007)  (elected 9 March 2007) (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 100(3) of The Social Insurance (Guernsey) Law, 1978 and Section 1(4) of The Health Service (Benefit) (Guernsey) Law, 1990. It is also responsible for safeguarding the assets of the Guernsey Health Service Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of internal financial controls

It is the responsibility of the 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.



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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF GUERNSEY  
SOCIAL SECURITY DEPARTMENT-Guernsey Health Service Fund**

We have audited the financial statements of The States of Guernsey Social Security Department- Guernsey Health Service Fund ("the Fund") for the year ended 31 December 2007 which comprise the fund account, the balance sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Department as a body, in accordance with Section 100(3) of the Social Insurance (Guernsey) Law, 1978 and Section 1(4) of the Health Service (Benefit) (Guernsey) Law, 1990. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditors' 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 Department for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Department and auditors**

The Department's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Department's 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 in accordance with United Kingdom Generally Accepted Accounting Practice, section 100(3) of the Social Insurance (Guernsey) Law, 1978 and section 1(4) of the Health Service (Benefit) (Guernsey) Law, 1990. We also report to you if, in our opinion, the information given in the statement of activities and performance is not consistent with the financial statements, if the Fund 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. We are not required to consider whether the Department's statements on internal control cover all risks and controls or form an opinion of the effectiveness of the Fund's risk and control procedures.

**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 the 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 United Kingdom Generally Accepted Accounting Practice, of the disposition of the net assets of the Fund as at 31 December 2007 and of its surplus for the year then ended and are prepared in accordance with section 100(3) of the Social Insurance (Guernsey) Law, 1978 and section 1(4) of the Health Service (Benefit) (Guernsey) Law, 1990.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
16 April 2008

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

Fund account  
for the year ended 31 December 2007

			2007		2006
	Note	£	£	£	£
<b>Income</b>					
Contributions allocated	1	27,040,234		22,985,900	
States grant	1	<u>7,300,863</u>		<u>9,194,359</u>	
			<b>34,341,097</b>		32,180,259
<b>Expenditure</b>					
Drugs and medicines	2	13,812,514		13,418,056	
Specialist Health Insurance Scheme	3	11,842,604		11,380,612	
Consultation grants		3,396,270		3,402,544	
Administration	4	<u>854,933</u>		<u>811,595</u>	
			<b><u>29,906,321</u></b>		<u>29,012,807</u>
<b>Operating surplus for the year</b>			<b>4,434,776</b>		3,167,452
<b>Investing activities</b>					
Income from Common Investment Fund	1	1,151,652		1,071,821	
Interest on Short term deposits		14,534		51,930	
Realised profit on disposal	5	2,340,792		1,966,512	
Movement in unrealised (loss)/gain on investment	5	<u>(855,765)</u>		<u>442,063</u>	
			<b><u>2,651,213</u></b>		<u>3,532,326</u>
<b>Net surplus in the Fund during the year</b>			<b>7,085,989</b>		6,699,778
Net assets of the Fund at 1 January			<b><u>40,621,143</u></b>		<u>33,921,365</u>
<b>Net assets of the Fund at 31 December</b>			<b>£ <u>47,707,132</u></b>		£ <u>40,621,143</u>

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

Balance sheet  
at 31 December 2007

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Common Investment Fund allocation	1,5		<b>43,600,707</b>		37,903,511
<b>Current assets</b>					
Debtors and prepayments	6	<b>4,105,226</b>		3,691,688	
Balances with States Treasury		<u><b>52,299</b></u>		<u>50,553</u>	
		<b>4,157,525</b>		3,742,241	
<b>Creditors: amounts falling due within one year</b>	7	<u><b>51,100</b></u>		<u>1,024,609</u>	
<b>Net current assets</b>			<u><b>4,106,425</b></u>		<u>2,717,632</u>
<b>Total net assets</b>			<b>£ <u>47,707,132</u></b>		<b>£ <u>40,621,143</u></b>
<b>Reserves</b>			<b>£ <u>47,707,132</u></b>		<b>£ <u>40,621,143</u></b>

The financial statements were approved by the Social Security Department on 16 April 2008.

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 United Kingdom accounting standards.

The Fund has decided not to adopt Financial Reporting Standard ("FRS") 23 "The Effects of Changes in Foreign Exchange Rates", FRS 25 "Financial Instruments: Disclosure and Presentation" FRS 26 "Financial Instruments: Measurement and Recognition" and FRS 29 "Financial Instruments: Disclosures" other than the mandatory presentational requirements of FRS 25.

No cash flow Statement has been prepared as such a statement would add little to the information already available from the fund account.

*Contributions allocated & States grant*

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 2008 in respect of the financial year ended 31 December 2007 and amounts received relating to prior financial periods not accounted for in those prior periods.

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 27% (2006: 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*

The investment portfolio of the Guernsey Health Service Fund is 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 fund 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**

	2007 £	2006 £
Drugs and medicines	14,515,814	14,081,433
Appliances	477,659	430,596
Oxygen service	<u>246,092</u>	<u>228,394</u>
	15,239,565	14,740,423
Prescription charges receivable	(1,418,780)	(1,313,751)
Health and Social Services Department- reciprocal treatment	<u>(8,271)</u>	<u>(8,616)</u>
	£ <u>13,812,514</u>	£ <u>13,418,056</u>

**3. Specialist Health Insurance Scheme**

	2007 £	2006 £
Specialist medical benefit	10,534,318	10,100,823
Physiotherapy benefit	1,352,417	1,321,604
Alderney hospital benefit	54,873	53,017
Health and Social Security Department recoveries	<u>(99,004)</u>	<u>(94,832)</u>
	£ <u>11,842,604</u>	£ <u>11,380,612</u>

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 two sets of fee reviews took place in 2007 and negotiations successfully concluded before the year-end.

The contract with the Medical Specialist Group, which includes ophthalmology, is based on a per-consultant contracted price adjusted annually on 1 January each year taking account of any increase or decrease in the Guernsey RPI. The contract price for 2007 was increased by 3.5% to £281,201 per consultant (2006: £271,692) excluding medical defence union costs.

The contract with the Guernsey Physiotherapy Group is 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 Services Department physiotherapy services. The contract price was increased by 3.5% in 2007.

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 2007 was increased by 3.5% to £54,872 (2006: £53,017). Contract negotiations took place in 2007 and were successfully concluded in early 2008 with the new contract commencing 1 March 2008.

**4. Administration**

	<b>2007</b>	2006
	<b>£</b>	£
Recharged from Guernsey Insurance Fund:		
Salaries and pension costs	<b>246,006</b>	247,421
Computer expenses	<b>156,303</b>	115,175
Property expenses and sundries	<b><u>41,949</u></b>	<u>42,993</u>
	<b>444,258</b>	405,589
Health and Social Services Department charges	<b>182,895</b>	167,314
Prescription pricing fees	<b>177,175</b>	168,765
Administration expenses	<b>44,505</b>	47,849
Audit fee	<b>6,100</b>	4,200
Actuarial fees	<b><u>-</u></b>	<u>17,878</u>
	<b>£ <u>854,933</u></b>	£ <u>811,595</u>

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

**Notes to the financial statements (continued)**

**5. Common Investment Fund**

	2007 £	2006 £
United Kingdom equities	274,642,168	267,408,812
Overseas equities	238,960,907	238,898,303
Fixed income securities	44,478,422	38,549,053
Cash and cash equivalents	35,447,515	18,577,515
Alternative investments and hedge funds	25,312,569	7,804,813
Property funds	<u>12,622,889</u>	-
	<b>631,464,470</b>	<b>571,238,496</b>
Investments allocated to:		
Guernsey Insurance Fund	(563,963,613)	(514,589,931)
Long-term Care Insurance Fund	<u>(23,900,150)</u>	<u>(18,745,054)</u>
	<b>£ 43,600,707</b>	<b>£ 37,903,511</b>

Common Investment Fund movements during the year	2007 £	2006 £
Market value 1 January	571,238,496	494,623,422
Proceeds of property sale invested - Guernsey Insurance Fund	10,470,875	-
New monies invested - Guernsey Insurance Fund	2,000,000	7,500,000
New monies invested - Guernsey Health Service Fund	3,000,000	5,500,000
New monies invested – Long-term Care Insurance Fund	3,800,000	7,000,000
Investment income reinvested	18,180,600	17,682,616
Realised profit on disposals reinvested	42,772,785	30,885,162
Movement on unrealised gain on investments	<u>(19,998,286)</u>	<u>8,047,296</u>
Market value 31 December	<b>£ 631,464,470</b>	<b>£ 571,238,496</b>

The realised profit allocated to the Guernsey Health Service Fund for the year is £2,340,792 (2006: £1,966,512) and an unrealised loss of £855,765 compared with an unrealised gain in 2006 of £442,063.

During 2007 the Common Investment Fund was managed by Schroder Investment Management Limited.

**6. Debtors and prepayments**

	2007 £	2006 £
Recharge due from the Guernsey Insurance Fund	3,766,654	-
Contributions due from the Guernsey Insurance Fund	263,234	3,646,899
States grant	70,863	44,360
Other debtors and prepayments	<u>4,475</u>	<u>429</u>
	<b>£ 4,105,226</b>	<b>£ 3,691,688</b>

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

Notes to the financial statements (continued)

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

	<b>2007</b>	2006
	<b>£</b>	£
Guernsey Insurance Fund recharges payable	-	993,480
Other creditors and accruals	<u><b>51,100</b></u>	<u>31,129</u>
	<b>£ 51,100</b>	£ 1,024,609

**8. 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 (2006: none).

Of the Department's annual income and expenditure, less than 20% of their respective value for both 2007 and 2006 is due to transactions with other States entities, except as disclosed in notes 1, 2, 3, 4, 5, 6 and 7.

**9. Statement of control**

The Guernsey Health Service Fund is controlled and managed by the Social Security Department, as required by Section 21 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 2007

### **Financial highlights**

#### *Overview*

The Long-term Care Insurance Fund (“the Fund”) recorded an operating surplus of £3.25m (2006: £3.53m) with investing activities adding a further £0.60m (2006: £0.55m) to reserves. At the year-end total reserves increased to £26.32m (2006: £21.74m) with expenditure cover up from 2.2 years to 2.4 years.

#### *Contribution income & states grant*

In 2006 the States resolved as part of its future economic and taxation strategy to substantially increase 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 Long-term Care Insurance Fund. The States further 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.

As a result of this strategy, contribution income during 2007 increased significantly by 18.3% to £14.34m (2006: £12.12m) but was offset by the withdrawal of the states’ grant which amounted to £1.45m in 2006 and so total income increased by a more modest 5.7% to £14.34m (2006: £13.58m).

#### *Benefits*

Overall benefit expenditure increased by 10.6% to £10.97m (2006: £9.92m).

Increased numbers of nursing care beds attributed mainly to the overall increase in expenditure, with a 17.8% increase in costs to £5.71m (2006: £4.85m). 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 3.2% to £5.00m (2006: £4.84m).

#### *Administration*

Overall administration expenditure decreased slightly to £0.12m (2006: £0.13m).

#### *Investments*

The investment portfolios of the Long-term Care Insurance Fund, Guernsey Insurance Fund and Guernsey Health Service Fund are combined to form the Common Investment Fund.

The Long-term Care Insurance Fund’s allocation of the Common Investment Fund was valued at the year-end at £23.90m (2006: £18.75m) which included £3.8m of new monies and £0.60m of investment income reinvested.

### **Activities during 2007**

The first actuarial review of the Long-term Care Insurance scheme was published as an Appendix to Billet d’Etat VI of 2007. 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.

**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 2007**

**Future developments**

The Department is assisting the Health and Social Services Department, the Housing Department and the Treasury and Resources Department with the research and development of a revised older person's strategy for Guernsey and Alderney. The aims of the strategy, when finalised, will inevitably impact on the finances of the Long-term Care Insurance Fund.

In 2008, the Department will be examining whether the current two levels of benefit, one for residential care the other for nursing care, are adequate or whether these should be extended to include supplements for specialised care or exceptionally high dependency.

**Statistics**

<b>No. of Claimants</b>	<b>As at 31.12.07</b>	As at 31.12.06	As at 31.12.05	As at 31.12.04
Residential grant-permanent	<b>296</b>	297	300	301
Nursing grant-permanent	<b>185</b>	176	138	126
<b>TOTAL</b>	<b>481</b>	473	438	427

**Contribution rates**

<b>Contribution Classification</b>	<b>2007</b>	2006	2005	2004
Employed - Full rate	<b>1.4%</b>	1.4%	1.4%	1.4%
Self-employed	<b>1.4%</b>	1.4%	1.4%	1.4%
Non-employed	<b>1.4%</b>	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 2007

**Five-year performance**

	2007 £	2006 £	2005 £	2004 £	* 2003 £
<b>Benefit (permanent care)</b>					
Residential home	4,996,742	4,840,833	4,719,150	4,496,722	2,958,814
Nursing home	5,713,650	4,849,826	3,938,414	3,525,821	2,247,309
<b>Benefit (respite care)</b>					
Residential home	85,076	134,924	136,533	95,180	62,455
Nursing home	171,331	92,810	80,338	120,633	58,532
<b>Income &amp; Expenditure</b>					
Income	14,344,604	13,575,910	12,912,536	12,388,232	11,428,417
Expenditure	11,091,168	10,044,592	8,984,263	8,346,657	5,432,915
Operating surplus	3,253,436	3,531,318	3,928,273	4,041,575	5,995,502
<b>Investment performance</b>					
Investment income	599,733	549,660	314,263	142,637	87,797
Realised gains	1,190,316	905,546	397,153	-	-
Unrealised (losses)/gains	(461,087)	153,099	1,079,485	612,227	(1,747)
Total return on investments	1,328,962	1,608,305	1,790,901	754,864	86,050
<b>Common Investment Fund</b>					
Allocation at market value	23,900,150	18,745,054	10,184,635	5,610,481	1,748,253
<b>Expenditure cover</b>					
Reserves	26,319,186	21,736,788	16,597,165	10,877,991	6,081,552
Expenditure	11,091,168	10,044,592	8,984,263	8,346,657	5,432,915
Number of years cover	2.4	2.2	1.9	1.3	1.1

\* Contribution income was collected for the whole of 2003, whereas benefit was only paid from 4 April 2003 onwards.

**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 2007

**Principal officers**

**Social Security Department**

Minister	Deputy Diane Lewis	(elected 7 March 2007)
	Deputy Mary Lowe	(resigned 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 100(3) of The Social Insurance (Guernsey) Law, 1978 and Section 1(4) of The Long-term Care Insurance (Guernsey) Law, 2002. It is also responsible for safeguarding the assets of the Long-term Care Insurance Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of internal financial controls

It is the responsibility of the 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.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE STATES OF GUERNSEY  
SOCIAL SECURITY DEPARTMENT-LONG-TERM CARE INSURANCE FUND**

We have audited the financial statements of The States of Guernsey Social Security Department- Long-term Care Insurance Fund ("the Fund") for the year ended 31 December 2007 which comprise the fund account, the balance sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Department as a body, in accordance with Section 100(3) of the Social Insurance (Guernsey) Law, 1978 and Section 1 (4) of the Long Term Care Insurance (Guernsey) Law, 2002. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditors' 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 Department for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Department and auditors**

The Department's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Department's 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 in accordance with United Kingdom Generally Accepted Accounting Practice, section 100(3) of the Social Insurance (Guernsey) Law, 1978 and section 1(4) of the Long Term Care Insurance (Guernsey) Law, 2002. We also report to you if, in our opinion, the information given in the statement of activities and performance is not consistent with the financial statements, if the Fund 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. We are not required to consider whether the Department's statements on internal control cover all risks and controls or form an opinion of the effectiveness of the Fund's risk and control procedures.

**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 the 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 United Kingdom Generally Accepted Accounting Practice, of the disposition of the net assets of the Fund as at 31 December 2007 and of its surplus for the year then ended and section 100(3) of the Social Insurance (Guernsey) Law, 1978 and section 1(4) of the Long-term Care Insurance (Guernsey) Law, 2002.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
16 April 2008

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

Fund account

for the year ended 31 December 2007

	Note	£	2007 £	£	2006 £
<b>Income</b>					
Contributions allocated	1	14,344,604		12,121,348	
States grant	1	<u>-</u>		<u>1,454,562</u>	
			<b>14,344,604</b>		13,575,910
<b>Expenditure</b>					
Benefits payable	1,2	10,966,799		9,918,393	
Administration expenses	3	<u>124,369</u>		<u>126,199</u>	
			<b><u>11,091,168</u></b>		<u>10,044,592</u>
<b>Operating surplus for the year</b>			<b>3,253,436</b>		3,531,318
<b>Investing activities</b>					
Income from Common Investment Fund	1	594,607		482,673	
Interest on short term deposits		5,126		64,888	
Rebate from fund managers		-		2,099	
Realised profit on disposal	4	1,190,316		905,546	
Movement in unrealised (loss)/gain on investments	4	<u>(461,087)</u>		<u>153,099</u>	
			<b><u>1,328,962</u></b>		<u>1,608,305</u>
<b>Net surplus in the Fund during the year</b>			<b>4,582,398</b>		5,139,623
Net assets of the Fund at 1 January			<b><u>21,736,788</u></b>		<u>16,597,165</u>
<b>Net assets of the Fund at 31 December</b>			<b><u>£26,319,186</u></b>		<u>£21,736,788</u>

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

Balance sheet  
 at 31 December 2007

			2007		2006
	Note	£	£	£	£
<b>Fixed assets</b>					
Common Investment Fund allocation	1,4		23,900,150		18,745,054
<b>Current assets</b>					
Debtors and prepayments	5	2,434,492		2,973,153	
Balances with States Treasury		<u>24,987</u>		<u>41,993</u>	
		2,459,479		3,015,146	
<b>Creditors: amounts falling due within one year</b>	6	<u>(40,443)</u>		<u>(23,412)</u>	
<b>Net current assets</b>			<u>2,419,036</u>		<u>2,991,734</u>
<b>Total net assets</b>			<u>£26,319,186</u>		<u>£21,736,788</u>
<b>Reserves</b>			<u>£26,319,186</u>		<u>£21,736,788</u>

The financial statements were approved by the Social Security Department on 16 April 2008.

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 United Kingdom accounting standards.

The Fund has decided not to adopt Financial Reporting Standard ("FRS") 23 "The Effects of Changes in Foreign Exchange Rates", FRS 25 "Financial Instruments: Disclosure and Presentation" FRS 26 "Financial Instruments: Measurement and Recognition" and FRS 29 "Financial Instruments: Disclosures" other than the mandatory presentational requirements of FRS 25.

No cash flow Statement has been prepared as such a statement would add little to the information already available from the fund account.

*Contributions allocated & States grant*

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 2008 in respect of the financial year ended 31 December 2007 and amounts received relating to prior financial periods not accounted for in those prior periods.

Prior to 2007, the grant received from the States of Guernsey was based on a fixed percentage of contributions, accounted for in the relevant period, the rate being set at 12%. The grant was withdrawn in 2007.

*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.

*Pension costs*

The costs of the defined benefit scheme are charged to the fund 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.

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)**

*Common Investment Fund*

The investment portfolio of the Long-term Care Insurance Fund is combined with other Funds of the Department to form the Common Investment Fund.

*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**

	<b>2007</b>		<b>2006</b>
	£	£	£
Residential home care benefit			
Permanent	<b>4,996,742</b>	4,840,833	
Respite care	<b><u>85,076</u></b>	<u>134,924</u>	
	<b>5,081,818</b>		4,975,757
Nursing home care benefit			
Permanent	<b>5,713,650</b>	4,849,826	
Respite care	<b><u>171,331</u></b>	<u>92,810</u>	
	<b><u>5,884,981</u></b>		<u>4,942,636</u>
	<b>£ <u>10,966,799</u></b>		£ <u>9,918,393</u>

**3. Administration expenses**

	<b>2007</b>	<b>2006</b>
	£	£
Recharged from Guernsey Insurance Fund:		
Salaries and pension costs	<b>99,232</b>	87,095
Computer expenses	<b>12,497</b>	7,678
Property expenses and sundries	<b><u>6,540</u></b>	<u>7,794</u>
	<b>118,269</b>	102,567
Audit fee	<b>6,100</b>	4,200
Actuarial fees	<b><u>-</u></b>	<u>19,432</u>
	<b>£ <u>124,369</u></b>	£ <u>126,199</u>

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

**Notes to the financial statements (continued)**

**4. Common Investment Fund**

	<b>2007</b>	2006
	£	£
United Kingdom equities	<b>274,642,168</b>	267,408,812
Overseas equities	<b>238,960,907</b>	238,898,303
Fixed income securities	<b>44,478,422</b>	38,549,053
Cash and cash equivalents	<b>35,447,515</b>	18,577,515
Alternative investments and hedge funds	<b>25,312,569</b>	7,804,813
Property funds	<b><u>12,622,889</u></b>	<u>-</u>
	<b>631,464,470</b>	571,238,496
Investments allocated to:		
Guernsey Insurance Fund	<b>(563,963,613)</b>	(514,589,931)
Guernsey Health Service Fund	<b><u>(43,600,707)</u></b>	<u>(37,903,511)</u>
	<b>£ <u>23,900,150</u></b>	£ <u>18,745,054</u>

Common Investment Fund movements during the year	<b>2007</b>	2006
	£	£
Market value 1 January	<b>571,238,496</b>	494,623,422
Proceeds of property sale invested - Guernsey Insurance Fund	<b>10,470,875</b>	-
New monies invested - Guernsey Insurance Fund	<b>2,000,000</b>	7,500,000
New monies invested - Guernsey Health Service Fund	<b>3,000,000</b>	5,500,000
New monies invested – Long-term Care Insurance Fund	<b>3,800,000</b>	7,000,000
Investment income reinvested	<b>18,180,600</b>	17,682,616
Realised profit on disposals reinvested	<b>42,772,785</b>	30,885,162
Movement on unrealised gain on investments	<b><u>(19,998,286)</u></b>	<u>8,047,296</u>
Market value 31 December	<b>£<u>631,464,470</u></b>	£ <u>571,238,496</u>

The realised profit allocated to the Long-term Care Insurance Fund for the year is £1,190,316 (2006: £905,546) with an unrealised loss of £461,087 compared with an unrealised gain in 2006 of £153,099.

During 2007 the Common Investment Fund was managed by Schroder Investment Management Limited.

**5. Debtors and prepayments**

	<b>2007</b>	2006
	£	£
Share of contributions due from Guernsey Insurance Fund	<b>97,605</b>	2,031,348
Recharge due from Guernsey Insurance Fund	<b><u>2,336,887</u></b>	<u>941,805</u>
	<b>£ <u>2,434,492</u></b>	£ <u>2,973,153</u>

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

Notes to the financial statements (continued)

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

	<b>2007</b>	2006
	<b>£</b>	£
Other creditors and accruals	<b>40,443</b>	3,944
States grant	<u>-</u>	<u>19,468</u>
	<b><u>£ 40,443</u></b>	<b><u>£ 23,412</u></b>

**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.

Of the Department's annual income and expenditure, less than 20% of their respective value for 2007 and 2006 is due to transactions with other States entities, except as disclosed in notes 1, 3, 4 and 5.

**8. Statement of control**

The Long-term Care Insurance Fund is controlled and managed by the Social Security Department, as required by Section 1(1) and Section 27(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 LADIES' COLLEGE - GUERNSEY**

We have audited the financial statement of The Ladies' College for the year ended 31 August 2007. 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 2007 and of its surplus for the year then ended.

**BDO NOVUS LIMITED**

**CHARTERED ACCOUNTANTS**

Elizabeth House, Ruelle Braye, St Peter Port, Guernsey

20 NOVEMBER 2007

**LADIES' COLLEGE - GUERNSEY****INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2007**

	Note		2006
<b>INCOME</b>	3		
States grant		858,572	679,300
States contribution to staff superannuation		-	199,723
Fees receivable :			
- special place holders	748,650		612,560
- fee payers	1,192,107		1,062,445
		<hr/>	<hr/>
		1,940,757	1,675,005
Bank interest received		56,418	25,907
Student registration fees		4,825	3,542
Miscellaneous income		20,723	10,903
		<hr/>	<hr/>
		2,881,295	2,594,380
<b>EXPENDITURE</b>			
School expenditure		(2,457,261)	(2,379,133)
		<hr/>	<hr/>
<b>OPERATING SURPLUS FOR THE YEAR</b>	3	424,034	215,247
<b>TRANSFER TO MAINTENANCE RESERVE</b>	4/7	(400,000)	(215,247)
		<hr/>	<hr/>
<b>RETAINED SURPLUS FOR THE YEAR</b>	7	£ 24,034	£ -
		<hr/>	<hr/>

**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.

**LADIES' COLLEGE - GUERNSEY****BALANCE SHEET****31 AUGUST 2007**

	Note		2006
<b>CURRENT ASSETS</b>			
Stock of uniforms and student equipment		15,641	15,009
Debtors	5	-	5,523
Bank balances		1,059,634	378,991
Cash in hand		372	135
		<hr/>	<hr/>
		1,075,647	399,658
<b>CURRENT LIABILITIES</b>			
Creditors	6	269,367	67,884
Fees re Autumn Term received in advance		166,999	116,527
		<hr/>	<hr/>
		(436,366)	(184,411)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		£ 639,281	£ 215,247
		<hr/>	<hr/>
<b>REPRESENTED BY:-</b>			
Reserves	7	£ 639,281	£ 215,247
		<hr/>	<hr/>

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

WILLIAM M BELL

.....  
Chairman

20 NOVEMBER 2007

Date .....

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

**LADIES' COLLEGE - GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007****1. ACCOUNTING POLICIES****(a) CONVENTION**

These financial statements have been prepared under the historical cost convention and in accordance with 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 2007;
- ii) maintenance needs which have been deferred; and
- iii) anticipated future maintenance needs.



**LADIES' COLLEGE - GUERNSEY****NOTES TO THE FINANCIAL STATEMENTS****31 AUGUST 2007**

<b>5. DEBTORS</b>		<b>2006</b>
Fees receivable	-	1,613
Other debtors	-	-
Accrued income	-	3,910
	<hr/>	<hr/>
	£ -	£ 5,523
	<hr/>	<hr/>

<b>6. CREDITORS</b>		
School and administrative expenses	£ 269,367	£ 67,884
	<hr/>	<hr/>

**7. RESERVES**

	Income & Expenditure <u>Account</u>	Maintenance <u>Reserve</u>	<u>Total</u>
Balance at 1 September 2006	-	215,247	215,247
Retained surplus for the year	24,034	-	24,034
Transfer from income and expenditure account	-	400,000	400,000
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2007	£ 24,034	£ 615,247	£ 639,281
	<hr/>	<hr/>	<hr/>

**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.

**LADIES' COLLEGE - GUERNSEY****DETAILED INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2007**

		<b>2006</b>
<b>INCOME</b>		
States grant	858,572	679,300
States contribution to staff superannuation	-	199,723
Fees receivable	1,940,757	1,675,005
Student registration fees	4,825	3,542
Bank interest received	56,418	25,907
Miscellaneous income	20,723	10,903
	<hr/>	<hr/>
	2,881,295	2,594,380
<b>EXPENDITURE</b>		
Teachers' salaries	1,851,267	1,630,860
Staff training	7,487	3,976
Staff recruitment and relocation	8,426	11,273
Staff superannuation	-	199,723
Office and administration salaries	97,832	85,294
Maintenance salaries	104,299	96,288
Books, stationery and other teaching materials	72,931	67,872
Laboratory and design and technology	18,347	20,623
Sports and expedition	24,922	19,098
Examination fees	41,951	42,908
Electricity, oil, gas, water and telephone	32,682	39,274
Rates, taxes and insurance	13,868	15,569
Routine maintenance of buildings, grounds and equipment	123,022	87,233
Fixed asset acquisition costs	42,661	41,449
General administrative expenses	13,816	14,698
Audit fee	3,750	2,995
	<hr/>	<hr/>
	2,457,261	2,379,133
<b>OPERATING SURPLUS FOR THE YEAR</b>	<hr/>	<hr/>
	£ 424,034	£ 215,247
	<hr/>	<hr/>

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Statement of activities and performance

*Year ended 31 December 2007*

#### Principal purpose

Beau Sejour Leisure 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 sauna and steam room. The Centre provides leisure facilities such as live theatre, light entertainment and a café and bar. In addition the centre is, by virtue of the scope of its facilities, a venue for conferences, exhibitions and dinner dances.

#### Financial summary

	<b>2007</b>	2006
	<b>£'000</b>	£'000
<b>Operating income</b>		
Sports	<b>882</b>	849
Health and fitness	<b>1,051</b>	1,034
Entertainment	<b>485</b>	507
Trading areas	<b><u>442</u></b>	<u>446</u>
<b>Total operating income</b>	<b><u>2,860</u></b>	<u>2,836</u>
Total operating expenditure (excluding depreciation)	<b><u>3,732</u></b>	<u>3,587</u>
<b>Operating deficit on ordinary activities (excluding depreciation)</b>	<b><u>(872)</u></b>	<u>(751)</u>

#### Operational performance

The operating deficit for 2007 increased by £121,000 to £872,000. 2006 saw a reduction of £37,000 in the operating deficit, achieved by significant cost cutbacks that were always going to be difficult to sustain for a second year running. In spite of the increase in the deficit figure, cost control against budget was very good in 2007.

Operating income increased by £24,000 in 2007. Highlights were increases in the areas of Swim School, junior activities and keep fit classes.

Direct costs increased by 6% in 2007, compared with a 3.1% (£64,000) increase in 2006. Main factors contributing to this increase were the 4.8% annual pay award for civil servants and an increase in investment in Trading Areas to address shortfalls in staffing levels and quality standards.

To offset the above-RPI increase in direct costs, Central Services expenses increased by just £10,000 (0.7%) in 2007. Costs were well controlled or reduced in most areas. A proportion of the 2006 maintenance budget was carried over to address major works, including repairs to the Concourse roof (2007 expenditure £107,000). Expenditure on roofs was £27,000 higher than in 2006. Maintenance costs in other areas were up by £40,000 on 2006, although still well within budget.

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Statement of activities and performance - continued

*Year ended 31 December 2007*

#### **Other matters**

Beau Sejour remains committed to the Quest quality scheme. The Quest Facility Management Scheme is supported by Sport England, with 916 sites in the UK accredited out of a total of around 3,000. The bi-annual Quest assessment took place in March and was conducted by one of Quest's senior inspectors. The continued effort and commitment of the staff saw the Centre achieve a score of 76%, thus retaining its "Highly Commended" status. This result placed the Centre in equal 10<sup>th</sup> place in the Quest "league standings" at that time.

In January, and in conjunction with the Health and Social Services Department, the Healthy Lifestyle Centre (HLC) was opened in space that had been previously used as office accommodation. The HLC works as part of the rehabilitation process for people (many of them elderly) who have suffered serious health problems.

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.

#### **Board members and principal officers**

Board Members as at 31<sup>st</sup> December 2007 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<sup>st</sup> December 2007 were:

D Chilton – Chief Officer, Culture & Leisure Department  
 K Gallienne – Director of Leisure Services  
 M Bourgaize – Centre Manager  
 A Baudains – Technical Services Manager  
 P Weaver – Events Manager  
 G Merrien – Health & Fitness Manager  
 N Dicker – 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 States of Guernsey 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 the Centre as at the end of the financial period and of the surplus or deficit of the Centre for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the 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 the each States Department to identify and install a system of internal controls, including financial control, which is adequate for its own purposes and to safeguard the assets of the States of Guernsey (including those of the Centre) in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Department and specifically the Centre’s internal financial controls include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- 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.

## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF 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 2007 which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board as a body, in accordance with the terms of our engagement letter dated 26 November 2007. 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 auditors' 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 and auditors**

The Board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the board's 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 in accordance with United Kingdom Generally Accepted Accounting Practice. We also report to you if, in our opinion, the information given in the statement of activities and performance is not consistent with the financial statements, if the Centre 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. We are not required to consider whether the Board's statements on internal control cover all risks and controls or form an opinion of the effectiveness of the Centre's risk and control procedures.

### **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 United Kingdom Generally Accepted Accounting Practice, of the state of the Centre's affairs as at 31 December 2007 and of its loss for the year then ended.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
9 April 2008

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Revenue account

for the year ended 31 December 2007

		2007	2006
		£	£
	Note		
<b>Operating income</b>	2	<b>2,860,286</b>	2,836,128
<b>Operating expenses</b>			
Direct costs	3	(2,277,924)	(2,142,449)
Central services expenses	4	(1,454,536)	(1,444,597)
Depreciation	1 & 5	<u>(662,598)</u>	<u>(660,884)</u>
		<b>(4,395,058)</b>	(4,247,930)
<b>Operating deficit on ordinary activities</b>		<b>(1,534,772)</b>	(1,411,802)
<b>Other income / (expense)</b>			
Advertising and rentals		<b>5,689</b>	4,445
Net deficit on disposal of fixed assets		<u><b>(9,495)</b></u>	<u>(6,894)</u>
<b>Deficit for the year</b>	9	<b>£ (1,538,578)</b>	£ (1,414,251)

All material activities derive from continuing operations.

The 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 2007*

	<i>Notes</i>	2007 £	2006 £
<b>Tangible fixed assets</b>	<i>1 &amp; 5</i>	<b><u>10,649,886</u></b>	<b><u>11,206,562</u></b>
<b>Current assets</b>			
Stocks	<i>1 &amp; 6</i>	<b>41,465</b>	43,561
Debtors and prepayments	<i>7</i>	<b>122,779</b>	72,000
Cash at bank and in hand		<b><u>7,560</u></b>	<b><u>7,550</u></b>
		<b><u>171,804</u></b>	<b><u>123,111</u></b>
<b>Creditors: amounts falling due within one year</b>	<i>8</i>	<b><u>(290,575)</u></b>	<b><u>(299,198)</u></b>
<b>Net current liabilities</b>		<b><u>(118,771)</u></b>	<b><u>(176,087)</u></b>
<b>Total net assets</b>		£ <b><u>10,531,115</u></b>	£ <b><u>11,030,475</u></b>
<b>Reserves</b>	<i>9</i>	£ <b><u>10,531,115</u></b>	£ <b><u>11,030,475</u></b>

These financial statements were approved by the Culture and Leisure Department on 9 April 2008.

Signed on behalf of the Department

**P Sirett**  
*Minister*

The 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 2007

		2007		2006	
	Notes	£	£	£	£
<b>Net cash outflow from operating activities</b>	10		<b>(923,791)</b>		<b>(652,468)</b>
<b>Capital expenditure</b>					
Purchase of tangible fixed assets		<b>(115,417)</b>		(74,947)	
Disposal of tangible fixed assets		<u>-</u>		<u>1,500</u>	
<b>Net cash outflow from investing activities</b>			<b><u>(115,417)</u></b>		<b><u>(73,447)</u></b>
<b>Net cash outflow before financing</b>			<b>(1,039,208)</b>		<b>(725,915)</b>
<b>Financing</b>					
Capital funding		<b>58,397</b>		(542)	
Revenue funding		<b><u>980,821</u></b>		<u>727,517</u>	
<b>Net cash inflow from financing</b>			<b><u>1,039,218</u></b>		<b><u>726,975</u></b>
<b>Increase in cash funding</b>			<b><u><u>10</u></u></b>		<b><u><u>1,060</u></u></b>

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Notes to the financial statements

*year ended 31 December 2007*

#### 1. Accounting policies

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

##### *Accounting convention*

The financial statements are prepared under the historical cost convention.

##### *Stock*

Stock is valued at the lower of cost and net realisable value.

##### *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:

	<b>Estimated life In years</b>	<b>Depreciation % per annum</b>
Freehold land and buildings	35	2.86
Plant, equipment, furniture, fixtures and fittings and catering equipment	10 - 5	10 - 20
Office equipment	5 - 3	20 - 33.33
Motor vehicles	5	20
Weight Training	5 - 3	20 - 33.33
Water flumes	20	5
Soft play equipment	3	33.33
Outdoor facilities	25	4
Sports equipment	5 - 3	20 - 33.33
Maintenance equipment	10 - 5	10 - 20

##### *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.

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Notes to the financial statements - continued

year ended 31 December 2007

#### 1. Accounting policies - continued

##### *Pension costs*

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

	2007 £	2006 £
Sports	882,277	849,599
Health and fitness	1,051,386	1,033,778
Entertainment	484,639	506,636
Trading areas	<u>441,984</u>	<u>446,115</u>
	£ <u>2,860,286</u>	£ <u>2,836,128</u>

#### 3. Direct costs

	2006 £	2005 £
<b>Sports</b>		
Salaries, wages and superannuation	953,786	901,323
Maintenance and general expenses	<u>74,496</u>	<u>90,784</u>
	<u>1,028,282</u>	<u>992,107</u>
<b>Health and fitness</b>		
Salaries, wages and superannuation	306,194	280,741
Maintenance and general expenses	<u>26,133</u>	<u>26,490</u>
	<u>332,327</u>	<u>307,231</u>
<b>Entertainment</b>		
Salaries, wages and superannuation	264,817	248,705
Theatre and concert costs	187,897	162,467
Maintenance and general expenses	<u>11,403</u>	<u>16,314</u>
	<u>464,117</u>	<u>427,486</u>
<b>Trading areas</b>		
Cost of sales – bar, catering and shop	249,262	241,857
Salaries, wages and superannuation	180,512	148,075
Maintenance and general expenses	<u>23,424</u>	<u>25,693</u>
	<u>453,198</u>	<u>415,625</u>
	£ <u>2,277,924</u>	£ <u>2,142,449</u>

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

### Notes to the financial statements - continued

*year ended 31 December 2007*

#### 4. Central services expenses

	2007 £	2006 £
<b>Business development</b>		
Salaries, wages and superannuation	157,213	156,709
Advertising and general expenses	<u>17,512</u>	<u>33,062</u>
	<u>174,725</u>	<u>189,771</u>
<b>Repairs and maintenance</b>		
Salaries, wages and superannuation	363,691	360,436
Fuel, light and power	278,972	287,024
General expenses	<u>279,355</u>	<u>212,449</u>
	<u>922,018</u>	<u>859,909</u>
Salaries, wages and superannuation	164,632	189,211
Insurance	52,484	55,591
Rates	18,518	18,386
Postage, printing, telephone and stationery	44,545	37,926
Training, travel and entertainment	15,709	12,697
Computer charges	36,222	54,150
Consultancy charges	9,658	1,534
Audit fee	8,400	8,398
General expenses	<u>7,625</u>	<u>17,024</u>
	<u>357,793</u>	<u>394,917</u>
	£ <u>1,454,536</u>	£ <u>1,444,597</u>

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

Notes to the financial statements - continued  
year ended 31 December 2007

### 5. Tangible fixed assets

	1 January 2007 £	Additions £	Disposals £	31 December 2007 £
<i>Cost</i>				
Freehold land and buildings	13,366,040	-	-	<b>13,366,040</b>
Plant and equipment	1,869,362	48,137	349,365	<b>1,568,134</b>
Furniture, fixtures and fittings	889,959	-	102,310	<b>787,649</b>
Office equipment	398,667	2,240	2,272	<b>398,635</b>
Catering equipment	158,856	6,600	36,742	<b>128,714</b>
Weight training equipment	286,131	58,440	78,900	<b>265,671</b>
Outdoor facilities	2,502	-	-	<b>2,502</b>
Water flumes	359,068	-	-	<b>359,068</b>
Soft play equipment	19,421	-	-	<b>19,421</b>
Sports equipment	37,698	-	6,304	<b>31,394</b>
Maintenance equipment	<u>44,265</u>	<u>-</u>	<u>499</u>	<b><u>43,766</u></b>
	<u>17,431,969</u>	<u>115,417</u>	<u>576,392</u>	<b><u>16,970,994</u></b>
<i>Depreciation</i>				
Freehold land and buildings	2,647,698	491,576	-	<b>3,139,274</b>
Plant and equipment	1,731,537	33,945	346,020	<b>1,419,462</b>
Furniture, fixtures and fittings	729,896	33,484	96,690	<b>666,690</b>
Office equipment	379,935	17,677	2,272	<b>395,340</b>
Catering equipment	147,057	4,424	36,356	<b>115,125</b>
Weight training equipment	257,458	41,135	78,900	<b>219,693</b>
Outdoor facilities	2,501	-	-	<b>2,501</b>
Water flumes	261,160	32,128	-	<b>293,288</b>
Soft play equipment	19,421	-	-	<b>19,421</b>
Sports equipment	33,892	3,806	6,304	<b>31,394</b>
Maintenance equipment	<u>14,852</u>	<u>4,423</u>	<u>355</u>	<b><u>18,920</u></b>
	<u>6,225,407</u>	<u>662,598</u>	<u>566,897</u>	<b><u>6,321,108</u></b>
<b>Net book value</b>	<u>11,206,562</u>			<b><u>10,649,886</u></b>

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

Notes to the financial statements - continued  
year ended 31 December 2007

### 6. Stocks

	2007 £	2006 £
Consumables	24,552	32,416
Goods for resale	<u>16,913</u>	<u>11,145</u>
	£ <u>41,465</u>	£ <u>43,561</u>

### 7. Debtors and prepayments

	2007 £	2006 £
Trade debtors	85,063	51,085
Other debtors and prepayments	<u>37,716</u>	<u>20,915</u>
	£ <u>122,779</u>	£ <u>72,000</u>

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

	2007 £	2006 £
Accruals	38,788	47,476
Deferred income	<u>251,787</u>	<u>251,722</u>
	£ <u>290,575</u>	£ <u>299,198</u>

### 9. Reserves

	General reserve £	Revenue Account £	Total £
Balance 1 January 2007	15,489,222	(4,458,747)	11,030,475
Capital funding	58,397	-	58,397
Deficit for year	-	(1,538,578)	(1,538,578)
Revenue funding (see note 10)	<u>          </u>	<u>980,821</u>	<u>980,821</u>
<b>Balance 31 December 2007</b>	<b><u>15,547,619</u></b>	<b><u>(5,016,504)</u></b>	<b><u>10,531,115</u></b>

The general reserve is a separate reserve which was established to fund the asset base of the Centre.

The capital and revenue funds were provided by the States of Guernsey on a non-recourse basis.

# States of Guernsey Culture and Leisure Department

## - Beau Sejour Centre

Notes to the financial statements - continued  
year ended 31 December 2007

### 10. Cash flow statement

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

	2007 £	2006 £
Operating deficit	(1,538,578)	(1,414,251)
Depreciation charge	662,598	660,884
Net deficit on disposal of fixed assets	9,495	6,894
Increase in stocks	2,096	9,338
(Increase)/decrease in debtors	(50,779)	55,358
(Decrease)/increase in creditors	<u>(8,623)</u>	<u>29,309</u>
<b>Net cash outflow from operating activities</b>	<b>£ <u>(923,791)</u></b>	<b>£ <u>(652,468)</u></b>

The figures for Revenue funding comprise the following: -

	2007 £	2006 £
Net expenditure shown in States Revenue Expenditure accounts	916,114	811,463
Funding movements	<u>64,707</u>	<u>(83,946)</u>
<b>Net cash outflow from operating activities</b>	<b>£ <u>980,821</u></b>	<b>£ <u>727,517</u></b>

### 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%.

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 2007 were £104,656 (2006: £100,668) 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 2007*

### **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 material 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.



# ROYAL COURT FUND

## STATEMENT OF RESPONSIBILITIES

The Chief Accountant of the States of Guernsey (“the Chief Accountant”) is responsible for the preparation of an income and expenditure account for each financial year which fairly summarises the transactions made during the year and for selecting suitable accounting policies. In preparing that account the Chief Accountant is expected to:

- select and 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 Chief Accountant acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial result 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.

## **INDEPENDENT AUDITORS' REPORT TO THE BAILIFF AND JURATS OF THE ROYAL COURT - ROYAL COURT FUND**

We have audited the income and expenditure account of The Royal Court Fund for the year ended 31 December 2007 which comprise the income and expenditure account and the related note 1. The income and expenditure account has been prepared under the accounting policy set out therein.

This report is made solely to the Fund, as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit work has been undertaken so that we might state to the Royal Court Fund those matters we are required to state to it in an auditors' 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 company and the Royal Court Fund as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of department and auditors**

The Chief Accountant of the States of Guernsey ("the Chief Accountant") is responsible for preparing the income and expenditure account as set out in the Statement of Responsibilities.

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 report to you if, in our opinion, the Royal Court Fund has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 income and expenditure account. It also includes an assessment of the significant estimates and judgments made by the Chief Accountant in the preparation of the income and 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 income and expenditure account 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 income and expenditure account.

### **Opinion**

In our opinion the income and expenditure account for the year ended 31 December 2007 has been properly prepared in accordance with the stated accounting policy.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
30 April 2008

# ROYAL COURT FUND

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2007

	Note	2007 £	2006 £
<b>INCOME</b>	1		
Grant from States General Revenue Account		10,000	10,000
<b>EXPENDITURE</b>			
Court Attire		2,473	1,290
External Audit Fee		2,000	-
Grants - Chief Pleas		1,280	1,165
- Remembrance Day service		673	427
- Wreaths		158	159
Sundries		39	331
Write-off of copies of "The Charters of Guernsey" publication		1,025	2,000
Less surplus on sale of "The Charters of Guernsey" publication		(10)	(28)
		<u>7,638</u>	<u>5,344</u>
<b>SURPLUS FOR THE FINANCIAL YEAR, TRANSFERRED TO THE STATES GENERAL REVENUE ACCOUNT</b>		<u>2,362</u>	<u>4,656</u>

This income and expenditure account was approved on 30 April 2008 by:

B HAINES

Chief Accountant

# ROYAL COURT FUND

## NOTES TO THE INCOME AND EXPENDITURE ACCOUNT Year ended 31 December 2007

### 1. ACCOUNTING POLICY

#### **Income and expenditure**

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 2007 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 2007; and
- have been properly prepared in accordance with the accounting policies set out in note 1.

**KPMG Channel Islands Limited**

*Chartered Accountants*

27 March 2008

# STATES OF ALDERNEY

## SUMMARY OF GENERAL REVENUE INCOME AND EXPENDITURE

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
<b>INCOME ON REVENUE ACCOUNT</b>	£	£	£	£
Building and Development Control Committee	14,173	15,000	15,000	13,227
General Services Committee	432,771	420,600	391,300	382,574
Policy and Finance Committee	781,323	785,300	756,300	763,080
<b>TOTAL INCOME ON REVENUE ACCOUNT</b>	<b>1,228,267</b>	<b>1,220,900</b>	<b>1,162,600</b>	<b>1,158,881</b>
Net revenue cash allocation from States of Guernsey	1,610,263	1,450,000	1,450,000	1,397,420
	<b>2,838,530</b>	<b>2,670,900</b>	<b>2,612,600</b>	<b>2,556,301</b>

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
<b>EXPENDITURE ON REVENUE ACCOUNT</b>	£	£	£	£
Building and Development Control Committee	33,949	44,200	29,300	41,120
General Services Committee	1,768,856	1,801,300	1,778,500	1,625,648
Policy and Finance Committee	1,035,725	1,032,500	1,036,800	889,533
<b>TOTAL EXPENDITURE ON REVENUE ACCOUNT</b>	<b>2,838,530</b>	<b>2,878,000</b>	<b>2,844,600</b>	<b>2,556,301</b>
Use of Accumulated Unspent Balances	-	(207,100)	(232,000)	-
	<b>2,838,530</b>	<b>2,670,900</b>	<b>2,612,600</b>	<b>2,556,301</b>

**BUILDING AND DEVELOPMENT CONTROL COMMITTEE**

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Planning fees	14,173	15,000	15,000	13,227
<b>TOTAL REVENUE INCOME</b>	<b>14,173</b>	<b>15,000</b>	<b>15,000</b>	<b>13,227</b>

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Administration</b>				
Staff, supplies and services	31,652	42,000	26,100	31,274
Planning inquiry	-	-	-	7,725
Planning records system	2,297	2,200	3,200	2,121
<b>TOTAL REVENUE EXPENDITURE</b>	<b>33,949</b>	<b>44,200</b>	<b>29,300</b>	<b>41,120</b>



## GENERAL SERVICES COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Agriculture</b>								
Fees and charges	2,992		4,200		2,000		4,107	
Rents	3,314		4,200		4,200		3,694	
Slaughterhouse fees	4,467		4,000		3,700		3,889	
		10,773		12,400		9,900		11,690
<b>Gardens, Cemetery and Church</b>								
Burial plots		1,037		1,000		1,000		881
<b>Public Services</b>								
<b>Administration</b>								
Hire vehicle fees	2,067		2,500		3,000		1,060	
Vehicle import licence fees	33,170		34,000		34,000		31,740	
		35,237		36,500		37,000		32,800
<b>Properties - General</b>								
Rent	82,557		65,000		43,000		44,549	
<b>Properties - Housing</b>								
Rent	268,370		270,000		264,700		259,438	
<b>Sewage, Sanitation and Refuse</b>								
Cesspit emptying fees	7,643		7,500		7,500		7,147	
Refuse charges	11,555		11,000		10,000		10,725	
		19,198		18,500		17,500		17,872
		405,362		390,000		362,200		354,659
<b>Recreation</b>								
<b>Campsite</b>								
Campsite fees (net)	5,811		6,000		6,000		5,419	
Rent of showers/shop	200		200		200		200	
		6,011		6,200		6,200		5,619
<b>Island Hall</b>								
Island Hall charges	9,588		11,000		12,000		9,725	
		15,599		17,200		18,200		15,344
<b>TOTAL REVENUE INCOME</b>		432,771		420,600		391,300		382,574

## GENERAL SERVICES COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Alderney Harbour trading loss</b>		<b>131,891</b>		<b>80,600</b>		<b>58,500</b>		<b>40,474</b>
<b>Agriculture</b>								
Staff	110,710		110,500		108,700		101,917	
Supplies and services	16,391		18,000		20,000		21,247	
Bovine Spongiform Encephalopathy -								
Compensation	1,800		1,500		1,500		2,100	
Disposal costs	-		600		600		-	
Burhou & Ramsar site expenses	6,388		6,000		-		-	
Dairy and land management compensation	65,000		65,000		65,000		65,092	
Foot and mouth insurance	1,154		1,300		1,300		1,201	
Slaughterhouse	5,547		5,000		5,000		3,374	
Veterinary services	6,749		5,000		3,500		4,746	
		<b>213,739</b>		<b>212,900</b>		<b>205,600</b>		<b>199,677</b>
<b>Civil Emergency</b>								
Premises	2,738		2,000		2,000		1,320	
Supplies and services	2,803		3,500		3,500		4,196	
Environmental monitoring	17,082		17,500		17,500		16,366	
Responses to major incidents	-		2,500		2,500		-	
		<b>22,623</b>		<b>25,500</b>		<b>25,500</b>		<b>21,882</b>
<b>Fieldwork Scheme</b>								
Staff	2,625		8,000		8,000		-	
Supplies and services	8		500		500		72	
		<b>2,633</b>		<b>8,500</b>		<b>8,500</b>		<b>72</b>
<b>Gardens, Cemetery and Church</b>								
Staff	25,107		24,700		25,000		24,114	
Supplies and services	2,594		3,500		3,000		3,774	
	27,701		28,200		28,000		27,888	
<i>Less recoveries</i>	(1,744)		(2,200)		(2,200)		(2,152)	
		<b>25,957</b>		<b>26,000</b>		<b>25,800</b>		<b>25,736</b>
<b>Health and Welfare</b>								
<b>Administration</b>								
Supplies and services	545		500		500		283	
<b>Education and Health</b>								
Grant to Alderney playschools	350		500		500		350	
School bus subsidy	14,122		14,600		14,000		13,240	
Youth employment scheme	1,755		3,000		3,000		3,311	
	16,227		18,100		17,500		16,901	
<b>Home Carers Service</b>								
Staff	660		1,000		2,000		992	
<i>Less recoveries</i>	-		(500)		(1,000)		(111)	
	660		500		1,000		881	
<b>Welfare Services</b>								
Out-relief and welfare support	1,067		1,500		4,000		1,509	
<i>Less recoveries</i>	-		(200)		(200)		-	
	1,067		1,300		3,800		1,509	
		<b>18,499</b>		<b>20,400</b>		<b>22,800</b>		<b>19,574</b>

## GENERAL SERVICES COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Public Services</b>								
<b>Administration</b>								
Staff	93,346		108,700		103,100		106,714	
Supplies and services	14,588		14,000		17,000		13,321	
Training - Health and Safety	10,640		-		-		-	
	<u>118,574</u>		<u>122,700</u>		<u>120,100</u>		<u>120,035</u>	
<b>Fire Brigade and Cliff Rescue</b>								
Staff	12,714		22,000		24,000		17,941	
Supplies and services	9,736		10,000		10,000		6,650	
Administration of Law	-		1,000		1,000		-	
	<u>22,450</u>		<u>33,000</u>		<u>35,000</u>		<u>24,591</u>	
<b>Properties - General</b>								
Staff	153,248		138,400		128,700		157,419	
Supplies and services	190,598		90,000		90,000		112,236	
	<u>343,846</u>		<u>228,400</u>		<u>218,700</u>		<u>269,655</u>	
<i>Less recoveries</i>	(108,063)		(30,000)		(15,000)		(51,043)	
	<u>235,783</u>		<u>198,400</u>		<u>203,700</u>		<u>218,612</u>	
<b>Properties - Housing</b>								
Staff	51,554		84,000		110,000		47,440	
Supplies and services	35,108		55,000		54,000		28,343	
	<u>86,662</u>		<u>139,000</u>		<u>164,000</u>		<u>75,783</u>	
<b>Refuse Collection and Disposal</b>								
Staff	128,870		118,200		120,900		138,393	
Supplies and services	192,389		202,500		246,700		184,372	
Refuse separation / recycling - staff	107,463		102,800		80,700		86,816	
Refuse separation / recycling - supplies and services	78,475		75,000		52,000		74,122	
	<u>507,197</u>		<u>498,500</u>		<u>500,300</u>		<u>483,703</u>	
<i>Less recoveries</i>	(8,862)		(8,000)		(8,000)		(6,083)	
	<u>498,335</u>		<u>490,500</u>		<u>492,300</u>		<u>477,620</u>	
<b>Roads, Coasts and Beaches</b>								
Staff	43,972		67,900		59,700		45,422	
Supplies and services	186,854		170,000		170,000		177,798	
Pavement renovations	107,296		140,000		140,000		100,929	
	<u>338,122</u>		<u>377,900</u>		<u>369,700</u>		<u>324,149</u>	
<i>Less recoveries</i>	(10,217)		(5,000)		(5,000)		(13,832)	
<i>Less Transfer from AGCC re pavements</i>	(140,000)		(140,000)		(140,000)		(100,000)	
	<u>187,905</u>		<u>232,900</u>		<u>224,700</u>		<u>210,317</u>	
<b>Sewage and Sanitation</b>								
Staff	69,713		84,000		72,700		77,527	
Supplies and services	39,107		37,000		33,000		36,771	
	<u>108,820</u>		<u>121,000</u>		<u>105,700</u>		<u>114,298</u>	
<i>Less recoveries</i>	(4,706)		(5,000)		(5,000)		(3,267)	
	<u>104,114</u>		<u>116,000</u>		<u>100,700</u>		<u>111,031</u>	
<b>Vehicle Fleet</b>								
Staff	19,727		16,100		13,500		17,145	
Supplies and services	33,649		25,000		27,000		22,589	
	<u>53,376</u>		<u>41,100</u>		<u>40,500</u>		<u>39,734</u>	
<i>Less recoveries</i>	(4,342)		(6,000)		(4,500)		(5,905)	
	<u>49,034</u>		<u>35,100</u>		<u>36,000</u>		<u>33,829</u>	
	<u>1,302,857</u>		<u>1,367,600</u>		<u>1,376,500</u>		<u>1,271,818</u>	

## GENERAL SERVICES COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Recreation</b>								
<b>Administration</b>								
Grants - sporting and cultural activities	1,066		3,200		3,200		2,253	
Official entertainments and presentations	3,676		6,000		6,000		3,592	
	<u>4,742</u>		<u>9,200</u>		<u>9,200</u>		<u>5,845</u>	
<b>Camp Site</b>								
Camp site expenses	5,681		8,000		4,000		5,149	
	<u>5,681</u>		<u>8,000</u>		<u>4,000</u>		<u>5,149</u>	
<b>Children's Playground</b>								
Supplies and services	4,296		3,500		3,000		3,949	
	<u>4,296</u>		<u>3,500</u>		<u>3,000</u>		<u>3,949</u>	
<b>Island Hall</b>								
Premises	4,175		6,000		6,000		4,434	
Staff	9,876		9,800		9,800		8,205	
Supplies and services	2,339		3,500		3,500		1,778	
	<u>16,390</u>		<u>19,300</u>		<u>19,300</u>		<u>14,417</u>	
		<b>31,109</b>		<b>40,000</b>		<b>35,500</b>		<b>29,360</b>
<b>Sea Fisheries</b>								
Staff	16,500		16,500		16,500		15,650	
Supplies and services	3,048		3,300		3,300		1,405	
	<u>19,548</u>		<u>19,800</u>		<u>19,800</u>		<u>17,055</u>	
		<b>19,548</b>		<b>19,800</b>		<b>19,800</b>		<b>17,055</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>1,768,856</b>		<b>1,801,300</b>		<b>1,778,500</b>		<b>1,625,648</b>

## POLICY AND FINANCE COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration</b>								
Company registrations	13,653		10,000		10,000		9,805	
Court receipts	54,885		48,000		44,000		46,268	
Duty free concession	28,146		35,000		35,000		34,968	
Housing loan interest	-		-		500		121	
Interest receivable	42,051		34,000		33,000		34,004	
Numismatic revenues	146,868		160,000		160,000		183,039	
Occupiers rates	380,009		381,000		370,000		351,230	
Permits and licences	14,781		17,000		13,000		14,665	
Post Office - share of philatelic profits	42,060		35,000		35,000		25,008	
Rents	28,795		28,800		28,800		28,795	
Royalties and fees	4,785		5,000		5,000		3,690	
Sundry sales and charges	12,887		16,000		15,000		15,939	
Television tender payments	167		500		500		503	
	769,087		770,300		749,800		748,035	
<i>Less</i> transfer to currency reserve	(11,950)		(10,000)		(16,000)		(4,192)	
		<b>757,137</b>		<b>760,300</b>		<b>733,800</b>		<b>743,843</b>
<b>Grants</b>								
Lottery profits		<b>2,909</b>		<b>4,000</b>		<b>4,000</b>		<b>2,237</b>
<b>Promotion and Marketing</b>								
Accommodation permits	4,280		4,000		3,500		3,570	
Sale of advertising space	16,997		17,000		15,000		13,430	
		<b>21,277</b>		<b>21,000</b>		<b>18,500</b>		<b>17,000</b>
<b>TOTAL REVENUE INCOME</b>		<b>781,323</b>		<b>785,300</b>		<b>756,300</b>		<b>763,080</b>

## POLICY AND FINANCE COMMITTEE

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>Administration</b>								
Premises	19,765		18,000		18,000		16,726	
Staff	529,030		511,000		527,100		446,574	
Supplies and services	88,516		80,000		82,500		73,522	
Alderney Commission for Renewable Energy	49,570		50,000		50,000		21,048	
Audit fees and expenses	16,384		16,000		15,000		15,614	
Breakwater maintenance contribution	15,000		15,000		15,000		15,000	
Health and safety regulation	6,234		5,000		6,000		2,401	
Insurance	16,294		17,000		17,000		16,035	
Meteorological station	24		300		300		-	
States Members allowances	54,319		47,000		44,000		45,700	
Supplementary pensions	800		800		800		739	
Unforeseen expenditure -	-		12,000		20,000		13,539	
Housing Needs Survey	8,000		8,000		-		-	
	803,936		780,100		795,700		666,898	
<i>Less recoveries</i>	(15,094)		(15,000)		(15,000)		(14,306)	
		<b>788,842</b>		<b>765,100</b>		<b>780,700</b>		<b>652,592</b>
<b>Administration of Justice</b>								
Supplies and services		<b>13,505</b>		<b>30,000</b>		<b>30,000</b>		<b>24,018</b>
<b>Grants</b>								
Alderney Island Games Association	7,000		7,000		-		-	
Alderney Library	3,500		3,500		3,000		3,000	
Alderney Week	4,000		4,000		4,000		4,000	
Alderney Wildlife Trust	15,000		15,000		12,000		15,000	
Minor grants	5,221		6,000		6,000		3,453	
St. John Ambulance Brigade	31,125		30,000		30,000		30,000	
		<b>65,846</b>		<b>65,500</b>		<b>55,000</b>		<b>55,453</b>
<b>Promotion and Marketing</b>								
<b>Administration</b>								
Premises	5,361		6,500		6,500		5,181	
Staff	39,130		39,900		39,100		34,761	
Supplies and services	13,977		14,500		14,500		13,020	
	58,468		60,900		60,100		52,962	
<b>Promotions</b>								
Supplies and services	88,676		83,000		83,000		87,993	
Events services	1,797		10,000		10,000		3,014	
Promotion of local trade and industry	12,436		18,000		18,000		15,167	
Promotion of Gambling industry	78,499		113,500		106,000		43,375	
	181,408		224,500		217,000		149,549	
<i>Less Contribution from AGCC</i>	(72,344)		(113,500)		(106,000)		(45,041)	
	109,064		111,000		111,000		104,508	
		<b>167,532</b>		<b>171,900</b>		<b>171,100</b>		<b>157,470</b>
<b>TOTAL REVENUE EXPENDITURE</b>		<b>1,035,725</b>		<b>1,032,500</b>		<b>1,036,800</b>		<b>889,533</b>

## STATES OF ALDERNEY CAPITAL ACCOUNT SUMMARY

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
<b>INCOME ON CAPITAL ACCOUNT</b>	£	£	£	£
General Services Committee	506,636	805,000	805,000	8,880
Policy and Finance Committee	731,070	469,342	489,735	542,078
<b>TOTAL INCOME ON CAPITAL ACCOUNT</b>	1,237,706	1,274,342	1,294,735	550,958
Excess of Expenditure over Income on Capital Account recovered from the States of Guernsey	(514,570)	721,698	4,438,265	(277,932)
	723,136	1,996,040	5,733,000	273,026

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
<b>EXPENDITURE ON CAPITAL ACCOUNT</b>	£	£	£	£
General Services Committee	718,332	1,994,040	5,733,000	272,951
Policy and Finance Committee	4,804	2,000	-	75
<b>TOTAL EXPENDITURE ON CAPITAL ACCOUNT</b>	723,136	1,996,040	5,733,000	273,026

## GENERAL SERVICES COMMITTEE

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Sewerage Law contributions	6,636	6,000	6,000	8,880
Transfer from AGCC Reserve (re La Vallee Sewer)	500,000	500,000	500,000	-
Transfer from Housing Loans fund (re Housing project)	-	299,000	299,000	-
<b>TOTAL CAPITAL INCOME</b>	506,636	805,000	805,000	8,880

## GENERAL SERVICES COMMITTEE

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Alderney Harbour capital expenditure</b>	<b>74,773</b>	<b>75,000</b>	<b>4,278,000</b>	<b>110,176</b>
<b>Health and Welfare</b>				
Royal Connaught Residential Home				
Convert Old Fire Station to accommodation	<b>808</b>	<b>1,000</b>	<b>100,000</b>	<b>8,819</b>
Provision of additional accommodation	-	<b>300,000</b>	-	-
<b>Public Services</b>				
<b>Land and Property</b>				
Airport				
Acquisition of land for runway safety area - £50,000	-	<b>28,983</b>	-	<b>21,017</b>
Courthouse renovations - £539,678	<b>129,084</b>	<b>439,678</b>	-	-
Court Digital Audio Recording System - £30,000	-	<b>25,000</b>	-	-
Crusher site infrastructure - £89,590	-	<b>25,383</b>	-	<b>733</b>
Island Hall Annexe reconstruction	<b>6,791</b>	<b>100,000</b>	<b>100,000</b>	<b>6,354</b>
St Anne's Church roof repairs	<b>6,750</b>	<b>20,000</b>	<b>140,000</b>	-
Val Field - purchase and car park construction - £125,000	<b>21,075</b>	<b>38,450</b>	-	<b>6,327</b>
Whitegates - repairs and renovation	<b>9,756</b>	-	<b>550,000</b>	<b>7,087</b>
<b>Sewage, Sanitation and Refuse</b>				
Replacement sewage pumps - Braye station - £8,500	-	<b>546</b>	-	<b>7,954</b>
Upgrade foul water sewer - La Vallee - £1,258,805	<b>469,295</b>	<b>900,000</b>	<b>550,000</b>	-
<b>Vehicles and Plant</b>				
Tractor/mower - replacement	-	<b>25,000</b>	-	-
Vehicles - replacements	-	<b>15,000</b>	<b>15,000</b>	-
Per published accounts 2006	-	-	-	<b>104,484</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>718,332</b>	<b>1,994,040</b>	<b>5,733,000</b>	<b>272,951</b>



## POLICY AND FINANCE COMMITTEE

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>Loan repayments -</b>				
Alderney Football Association	22	22	415	416
Alderney Snooker Club	3,322	3,320	3,320	3,322
<b>Property Transfer Duties</b>				
Congé	526,297	401,000	415,000	395,259
Leasehold Duty	41,564	36,000	30,000	39,226
Transfer Duty	37,365	9,000	1,000	2,783
	<u>605,226</u>	<u>446,000</u>	<u>446,000</u>	<u>437,268</u>
Sale of States Properties	122,500	20,000	40,000	101,072
<b>TOTAL CAPITAL INCOME</b>	<b>731,070</b>	<b>469,342</b>	<b>489,735</b>	<b>542,078</b>

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
Fort Tourgis - consultancy and marketing costs - £58,000	4,804	2,000	-	75
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,804</b>	<b>2,000</b>	<b>-</b>	<b>75</b>

**GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR (Note 5)**

	Accounts 2007		Probable Outturn 2007		Budget 2007		Accounts 2006	
	£	£	£	£	£	£	£	£
<b>REVENUE ACCOUNT</b>								
<b>INCOME</b>								
<b>Administration</b>								
Facilities charges	39,079		48,000		44,000		46,897	
Sundries	5,537		7,000		7,000		5,826	
	44,616		55,000		51,000		52,723	
<i>Less concessions on charges</i>	(899)		(1,500)		(1,300)		(1,581)	
	43,717		53,500		49,700		51,142	
<b>Crane dues and boat lifts</b>	48,134		56,000		56,000		53,443	
<b>Moorings and Navigation</b>								
Fees	95,824		120,000		120,000		117,455	
Pilotage fees	24,402		30,500		28,000		29,550	
	120,226		150,500		148,000		147,005	
<i>Less pilots remuneration</i>	(6,656)		(10,000)		(7,500)		(9,523)	
<i>concessions on charges</i>	(1,593)		(3,000)		(4,000)		(2,827)	
	111,977		137,500		136,500		134,655	
<b>Quays and Buildings rent</b>	15,571		16,500		16,000		16,389	
<b>TOTAL INCOME</b>		<b>219,399</b>		<b>263,500</b>		<b>258,200</b>		<b>255,629</b>
<b>EXPENDITURE</b>								
<b>Administration</b>								
Staff	216,753		236,600		216,500		212,222	
Supplies and services	23,263		20,000		32,000		33,333	
Training costs	11,513		15,000		-		-	
Insurance	6,522		7,000		7,200		6,737	
Port security expenses	1,152		2,000		2,000		1,297	
	259,203		280,600		257,700		253,589	
<i>Less recoveries</i>	(38,393)		(39,000)		(39,000)		(37,444)	
	220,810		241,600		218,700		216,145	
<b>Cranes</b>								
Staff	28,861		29,500		33,000		28,786	
Supplies and services	45,205		25,000		12,000		15,296	
	74,066		54,500		45,000		44,082	
<i>Less recoveries</i>	(756)		(5,000)		(5,000)		(3,043)	
	73,310		49,500		40,000		41,039	
<b>Moorings and Navigation</b>								
Supplies and services	20,330		30,000		30,000		23,594	
Wrecks and salvage	2,120		3,000		3,000		2,050	
	22,450		33,000		33,000		25,644	
<b>Quays and Buildings</b>								
Premises	34,720		20,000		25,000		13,275	
<b>TOTAL EXPENDITURE</b>		<b>351,290</b>		<b>344,100</b>		<b>316,700</b>		<b>296,103</b>
<b>TRADING (LOSS) FOR THE FINANCIAL YEAR FUNDED BY THE GENERAL SERVICES COMMITTEE</b>		<b>(£131,891)</b>		<b>(£80,600)</b>		<b>(£58,500)</b>		<b>(£40,474)</b>

**GENERAL SERVICES COMMITTEE - ALDERNEY HARBOUR (Note 5)**

	Accounts 2007	Probable Outturn 2007	Budget 2007	Accounts 2006
	£	£	£	£
<b>CAPITAL ACCOUNT - EXPENDITURE</b>				
Commercial Quay renovation and survey costs - £4,050,000	71,589	-	3,900,000	104,041
Fuelling pontoon	-	-	18,000	-
Glacis Boat Park	-	50,000	-	-
Harbour Office reconstruction	3,184	-	240,000	-
Office / freight shed - reconstruction	-	-	120,000	-
Tractor replacement	-	25,000	-	-
Per published accounts 2006	-	-	-	6,135
<b>TOTAL CAPITAL EXPENDITURE FOR THE FINANCIAL YEAR FUNDED BY THE GENERAL SERVICES COMMITTEE</b>	<b>£74,773</b>	<b>£75,000</b>	<b>£4,278,000</b>	<b>£110,176</b>

## 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 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 have used actuarial calculations provided by the actuary to identify the implications of any surplus/(deficit) to the States as at 31 December 2007.

The calculations have been carried out by a qualified independent actuary based on the results of the last full actuarial valuation, updated to 31<sup>st</sup> December 2007.

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

	Valuation at 31 December 2007	Valuation at 31 December 2006
Pensionable salary growth	4.90% pa	4.70% pa
Pension escalation in payment	4.00% pa	4.00% pa
Discount rate	5.90% pa	5.10% pa
Inflation assumption	3.65% pa	3.70% pa

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

	Value at 31 December 2007 (£)	Expected return for 2008 (%)	Value at 31 December 2006 (£)	Expected return for 2007 (%)
Unitised with-profits policy	£3,009,000	5.75 %	£2,396,000	5.50%

## STATES OF ALDERNEY

### PENSION COSTS (Continued)

	2007	2006
Total market value of assets	£3,009,000	£2,396,000
Present value of scheme liabilities	(£3,181,000)	(£3,249,000)
Deficit in the scheme	(£172,000)	(£853,000)
<b>Net pension liability</b>	<b>(£172,000)</b>	<b>(£853,000)</b>

Over the year to 31<sup>st</sup> December 2007 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.

The Actuary has based the above calculations on the assumption that 50% of scheme members will retire at age 60 and 50% at age 65. If this basis were to change to 25% retiring at 60 and the remainder at 65 the net pension liability would reduce to £25,000.

In 2007 Employer premiums amounted to £221,540 and Employee premiums were £66,865. At the end of the year the total annual value of pensions paid to 28 pensioners and spouses was £148,187.

### 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 2007 the value of these purchases was £104,441 (2006: £76,801). The States has provided goods and services to the Company during 2007 to the value of £5,509 (2006: £6,370).

### 4 ALDERNEY GAMBLING CONTROL COMMISSION

During the year the States of Alderney received a total of £2,545,650 (2006: £1,885,650) 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 2007**

<u>Loans made and not repaid</u>	Balance of Loans 01.01.07	Repayments 2007	Balance 31.12.07
	£	£	£
Alderney Football Association (Vote 05.06.91)	<u>22</u>	<u>(22)</u>	<u>-</u>

	Balance of Loans 01.01.07	Repayments 2007	Balance 31.12.07
	£	£	£
New Alderney Snooker Club (Vote 16.07.01)	<u>14,947</u>	<u>(3,322)</u>	<u>11,625</u>

### **LE BANQUAGE HOUSING LOANS SCHEME**

#### **CAPITAL ACCOUNT**

Balance of funds at 01.01.07 and at 31.12.07	<b>2007</b>
	£
	<u>299,099</u>
	<u>299,099</u>

#### **COINS IN CIRCULATION ACCOUNT**

Value of coins in circulation at 01.01.07	1,968,230
Value of coins issued in 2007	<u>210,255</u>
Value of coins in circulation at 31.12.07	<u>2,178,485</u>

#### **CURRENCY RESERVE FUND**

Balance at 01.01.07	226,573
Reserve for base metal coins issued in 2007	<u>11,984</u>
Balance at 31.12.07	<u>238,557</u>

#### **INVESTMENTS**

<b><u>2006</u></b>			<b><u>2007</u></b>		
SHARES	£	<u>Alderney Electricity Ltd.</u>	SHARES	£	
		Ordinary Shares at £1 each fully paid at cost			
34,730	39,860	Balance at 01.01.07 and 31.12.07	34,730	39,860	

<b><u>2006</u></b>			<b><u>2007</u></b>		
SHARES	£	<u>Alderney Electricity Ltd.</u>	SHARES	£	
		7% Cumulative Preference shares			
		at £1 each fully paid at cost			
10,950	5,499	Balance at 01.01.07	10,950	5,499	
-	-	Shares purchased 2007	200	160	
10,950	5,499	Balance at 31.12.07	11,150	5,659	

<b><u>2006</u></b>			<b><u>2007</u></b>		
SHARES	£	<u>Alderney Golf Club</u>	SHARES	£	
		Shares at £1 each fully paid at cost			
650	650	Balance at 01.01.07 and 31.12.07	650	650	

<b><u>2006</u></b>			<b><u>2007</u></b>		
SHARES	£	<u>Royal Connaught Residential Home Ltd</u>	SHARES	£	
		Shares at £1 each fully paid at cost			
2	2	Balance at 01.01.07 and 31.12.07	2	2	

## **SUMMARY OF BALANCES AT 31 DECEMBER 2007 (continued)**

<b><u>2006</u></b>	BANK ACCOUNTS	<b><u>2007</u></b>
£		£
	<u>Daisy Hansen St Anne's School Trust</u>	
962	Balance at 01.01.07	967
5	Interest received	5
<u>967</u>	Balance at 31.12.07	<u>972</u>
	<u>The Anne French Hospital Annexe Fund</u>	
11,275	Balance at 01.01.07	11,453
178	Interest received	250
<u>11,453</u>	Balance at 31.12.07	<u>11,703</u>
	<u>States of Alderney Education Committee</u>	
	<u>(ex - Tostevin Trust)</u>	
4,761	Balance at 01.01.07	3,281
20	Interest received	13
4,781		3,294
(1,500)	Educational grants	(1,764)
-	Educational grants repaid	500
<u>3,281</u>	Balance at 31.12.07	<u>2,030</u>
	<u>States of Alderney Interest on Investments Account (Educational Bequests)</u>	
12,787	Balance at 01.01.07	13,009
422	Interest received	499
13,209		13,508
(200)	Grants	(600)
<u>13,009</u>	Balance at 31.12.07	<u>12,908</u>
	<u>The Packe History Trust</u>	
1,548	Balance at 01.01.07	1,564
16	Interest received	28
1,564		1,592
-	School History Prize	(25)
<u>1,564</u>	Balance at 31.12.07	<u>1,567</u>
	<u>Alderney Pilotage Board</u>	
<u>200</u>	Balance at 01.01.07 and 31.12.07	<u>200</u>
	<u>The Mary Roylance Jubilee Home Fund</u>	
15,812	Balance at 01.01.07	16,253
525	Interest received	650
16,337		16,903
(84)	Residents' amenities	-
<u>16,253</u>	Balance at 31.12.07	<u>16,903</u>
	<u>The Mary Roylance Mignot Memorial Hospital Fund</u>	
18,342	Balance at 01.01.07	19,210
868	Interest received	1,098
<u>19,210</u>	Balance at 31.12.07	<u>20,308</u>
	<u>St Anne's Trust</u>	
34,793	Balance at 01.01.07	36,390
1,597	Interest received	1,960
<u>36,390</u>	Balance at 31.12.07	<u>38,350</u>
	<u>The New Parsonage House Trust</u>	
64,990	Balance at 01.01.07	62,183
2,856	Interest received	5,320
67,846		67,503
(5,663)	Maintenance costs	(1,036)
<u>62,183</u>	Balance at 31.12.07	<u>66,467</u>

## **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 2007 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 2007 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*

25 March 2008

## STATES OF ALDERNEY WATER BOARD

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2007

	Notes	2007	2006
		£	£
REVENUE	1		
Unmetered Supplies		252,782	231,058
Metered Supplies		39,770	40,468
Service Charges		<u>1,525</u>	<u>1,200</u>
		294,077	272,726
EXPENSES	1		
OPERATING AND MAINTENANCE EXPENSES			
Salaries and Wages		163,903	155,904
Water Treatment Charges		30,640	29,943
Fuel and Electricity		51,834	52,308
Maintenance		27,129	39,078
Pension Costs	2	25,425	24,553
Depreciation	1 and 5	<u>20,721</u>	<u>15,490</u>
		319,652	317,276
ADMINISTRATION AND GENERAL EXPENSES			
Wages and Administration Charge		13,127	12,864
Rents, Rates and Taxes		3,848	3,726
Insurance		4,031	4,723
Motor Vehicle Expenses		4,428	3,634
Postage and Telephone		2,250	2,165
Printing and Stationery		621	1,620
Accountancy and Audit		2,740	2,535
Bank Charges		693	561
Travelling and General Expenses		1,130	2,293
Consultancy Fees and Expenses		14,824	42,789
Bad Debts written off		162	692
Fixed Asset written off		<u>1,051</u>	<u>-</u>
		48,905	77,602
		(368,557)	(394,878)
OPERATING DEFICIT		(74,480)	(122,152)
OTHER INCOME			
Interest Receivable		8,465	14,857
Sale of fixed asset		<u>-</u>	<u>2,110</u>
DEFICIT FOR THE YEAR		(66,015)	(105,185)
BALANCE BROUGHT FORWARD		509,686	614,871
BALANCE CARRIED FORWARD		<u>£ 443,671</u>	<u>£ 509,686</u>

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 2007

	Notes	2007	2006
		£	£
ASSETS EMPLOYED			
FIXED ASSETS	1 & 5	340,648	274,915
CURRENT ASSETS			
Stock	1	26,863	29,750
Debtors		63,077	53,434
Bank balances - deposit		112,423	283,958
Bank balances - current		23,462	14,552
		<u>225,825</u>	<u>381,694</u>
LIABILITIES FALLING DUE WITHIN ONE YEAR			
Creditors		36,516	60,637
NET CURRENT ASSETS		<u>189,309</u>	<u>321,057</u>
NET ASSETS		<u>£ 529,957</u>	<u>£ 595,972</u>
FINANCED BY			
RESERVES			
General	3	86,286	86,286
Revenue Account		443,671	509,686
		<u>£ 529,957</u>	<u>£ 595,972</u>

Notes 1 to 5 form part of these financial statements.

The financial statements were approved by the States of Alderney Water Board on 13th March 2008 and are signed on its behalf by:

B Benfield  
Deputy Chairman

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### 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 2007 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 £25,425 (2006: £24,553).

### 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**4 RELATED PARTY TRANSACTIONS**

In 2007 Mr W Walden 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 2007.

The Water Board purchases electricity, oil and specialist electrical services from Alderney Electricity Ltd. In 2007 the value of these purchases was £51,860.81

The General Services Committee is appointed by the States of Alderney to act as the Water Board.

**5 FIXED ASSETS**

	At 1st January 2007	Additions/ Charge	Disposals and amounts written off	At 31st December 2007
	£	£	£	£
<b>COST</b>				
Land	10	-	-	10
Mains and Services	251,504	-	-	251,504
Buildings	19,863	-	-	19,863
Machinery	102,417	99,140	(9,027)	192,530
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)	0
	<u>414,587</u>	<u>99,140</u>	<u>(20,664)</u>	<u>493,063</u>
<b>DEPRECIATION</b>				
Mains and Services	99,164	6,036	-	105,200
Buildings	8,841	496	-	9,337
Machinery	24,216	7,669	(7,976)	23,909
Tools and Equipment	4,743	1,160	-	5,903
Motor Vehicle	1,269	5,076	-	6,345
Consumer Meters	1,439	282	-	1,721
	<u>139,672</u>	<u>20,719</u>	<u>(7,976)</u>	<u>152,415</u>
<b>NET BOOK AMOUNT</b>	<u>£ 274,915</u>		<u>£</u>	<u>340,648</u>

# States of Guernsey Public Services Department

## States Works

Statement of activities and performance  
Year ended 31 December 2007

### 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

	<b>Actual 2007</b>	<b>Budget 2007</b>	<b>Actual 2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>	<b>9,962</b>	<b>9,276</b>	<b>9,602</b>
<b>Surplus</b>	<b>227</b>	<b>235</b>	<b>408</b>
<b>Capital expenditure</b>	<b>1,208</b>	<b>1,035</b>	<b>288</b>

Operating turnover for the year ended 31 December 2007 exceeded the revised budget estimate by 7.4% and the equivalent 2006 turnover by 3.75%. This was despite the increasing challenge of finding new income streams to replace former sources of income.

However, whilst salary and wage costs have been kept close to the budget figure, external costs of materials have exceeded predictions by 36%. A significant amount of this is due to purchasing for the tips, solid waste and recycling sites for the first time, but many materials prices have risen steeply, causing some business units to be adversely affected. In addition the continuing difficulty of recruiting in skilled trades has led to an inability to tender for work in some sections. Despite these difficulties, property maintenance and mechanical work income has increased throughout the year, managing to exceed budgetary targets and improving from 2006.

Seeking alternative sources of income continues to be a high priority and with successful projects nearing completion, this drive has to be even more focused. Flygt pump sales continue to grow as does the hiring of plant displays and garden maintenance work. Future possibilities include the development of recycling, waste management, composting and vehicle leasing. It is envisaged that these and other innovations will be needed to provide continuing support for essential services.

The surplus before bank interest is down from 2006 by £190,312 to £107,447. This means that the 2007 surplus before bank interest is now less than 1.1% of turnover. As a result, charges for 2008 will need to be carefully examined.

Control over administration expenses enabled the budget to be achieved despite a small overspend on building maintenance and stores costs. The division has performed very successfully in 2007, and has a growing reputation for providing a quality service.

# States of Guernsey Public Services Department

## States Works

Statement of activities and performance (continued)  
Year ended 31 December 2007

### Operational Performance

#### Overheads

	2007	2006
Numeric ratio: Support staff/Operational staff	11%	13.8%
Cost ratio: Support staff/Operational staff	19.7%	19.8%
Staff members at year end	228	231

#### Effort

Income/Employee	£43,127	£53,943
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#### Emergency Call-Out

Number of calls	389	396
Man hours worked	1,331	1,420

#### Non Scheduled Work

New jobs raised	4,687	5,057
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#### Developments in 2007

2007 proved to be every bit as difficult as predicted, with cutbacks in clients' budgets continuing to affect the real value of contracts. To overcome this potential shortfall in income, management have actively sought to increase our client base and establish new contracts. To date this strategy has been successful and will be continued into the future.

2007 also saw our capital expenditure on vehicles rise above our budget. This was required to purchase new equipment, specifically for use on the landfill sites. This equipment is owned by States Works and leased to the client on long term lease contracts.

The decrease in staff productivity is the result of taking over the management of tip staff with no increased income at this time. It is anticipated that a Service Level Agreement will shortly be agreed to give States Works more control over costs.

# States of Guernsey Public Services Department States Works

Statement of activities and performance (continued)  
Year ended 31 December 2007

## **Board Members and Principal Officers**

Deputy W M Bell, Minister  
Deputy T M Le Pelley, Deputy Minister  
Deputy A H Brouard  
Deputy R J Le Moignan  
Deputy S Ogier

Principal Officers were:

Mr R T Kirkpatrick, Chief Officer, Public Services Department (to February)  
Mr A Lewis, Chief Officer, Public Services Department (from February)  
Mr K Frith, Senior Finance Officer, Public Services Department (to May)  
Mr N de Carteret, Acting Finance Director (from May to September)  
Mr J S N Menhenitt, Finance Director (from September)  
Mr N J Dorey, General Manager, States Works  
Mr B G Langlois, Senior Manager, Finance and Support Services, States Works (to October)  
Mr K J Stevens, Senior Manager, Finance and Support Services (from October)



# 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 and of the surplus or deficit of States Works for that period. In preparing those financial statements, the Board is required to:

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

The Board is responsible for keeping 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 Public Services Department 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 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 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 Public Services Department 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 dispatch, in order to ensure accuracy.

## States of Guernsey Public Services Department States Works

### Statement of internal financial controls - continued

- The control of materials and stores purchases are managed using a computerised job-costing programme with specific authorisation limits for purchases and segregated areas of responsibility for processing of payments, all of which maintain detailed audit trails.
- Manpower expenditure is monitored and controlled at source via time sheets, which are authorised, and the computerised job costing and financial accounts packages, which check validity, and permits reconciliation with the wage bill.
- 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 States Works 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.

## **INDEPENDENT AUDITORS' REPORT TO THE STATES OF GUERNSEY PUBLIC SERVICES DEPARTMENT – STATES WORKS**

We have audited the financial statements of States of Guernsey Public Services Department – States Works (“the Division”) for the year ended 31 December 2007, which comprise the revenue account, the balance sheet, the cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

The report is made solely to the Public Services Department (“the Department”) as a body, in accordance with the terms of our engagement letter dated 26 November 2007. Our audit has been undertaken so that we might state to the Division those matters we are required to state to them in an auditors’ 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 Department for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Department and auditors**

The Department’s responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 in accordance with United Kingdom Generally Accepted Accounting Practice. We also report to you if, in our opinion, the Division 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. We are not required to consider whether the Department’s statements on internal control cover all risks and controls or form part of the effectiveness of the Division’s risk and control procedures.

### **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 the Division’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 United Kingdom Generally Accepted Accounting Practice, of the state of the Division’s affairs as at 31 December 2007 and of its surplus for the year then ended.

***Deloitte & Touche LLP***

Chartered Accountants  
Guernsey  
29 April, 2008

# States of Guernsey Public Services Department

## States Works

### Revenue account

for the year ending 31 December 2007

	Notes	2007 £	2006 £
<b>Income</b>	2	<b>9,962,389</b>	9,602,320
<b>Expenses</b>			
Labour and direct materials	3	7,554,570	6,851,624
Transport, plant and equipment maintenance	4	723,563	757,860
Building maintenance and charges	5	353,638	484,941
Administration and general	6	1,223,171	1,210,136
		<b>9,854,942</b>	9,304,561
<b>Operating surplus</b>		<b>107,447</b>	297,759
Interest received from States Treasury		<b>119,389</b>	110,393
<b>Surplus for the financial year</b>	11	<b>226,836</b>	408,152

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 19 form an integral part of these financial statements

# States of Guernsey Public Services Department

## States Works

### Balance sheet

at 31 December 2007

	<i>Notes</i>	<b>2007</b> £	2006 £
<b>Tangible fixed assets</b>	7	<b>4,480,368</b>	3,598,465
<b>Current Assets</b>			
Stock and Work in Progress	8	<b>299,017</b>	192,538
Debtors	9	<b>1,326,719</b>	1,002,352
Balances with States Treasury		<b>2,023,381</b>	2,963,021
		<b><u>3,649,117</u></b>	<u>4,157,911</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(420,305)</b>	(274,032)
<b>Net current assets</b>		<b>3,228,812</b>	3,883,879
<b>Total net assets</b>		<b><u>7,709,180</u></b>	<u>7,482,344</u>
<b>Reserves</b>	11	<b><u>7,709,180</u></b>	<u>7,482,344</u>

These financial statements were approved by the Public Services Department on 29 April 2008.

Signed on behalf of the Board

W M Bell

T M Le Pelley

Notes 1 to 19 form an integral part of these financial statements

# States of Guernsey Public Services Department

## States Works

### Cash flow statement

for the year ending 31 December 2007

	Notes	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	12	<b>141,056</b>	<b>930,190</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		119,389	110,393
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(1,207,707)	(288,468)
Receipts from sales of tangible fixed assets		7,622	13,135
<b>Net cash outflow from investing activities</b>		<b>(1,200,085)</b>	<b>(275,333)</b>
<b>Management of liquid resources</b>			
Decrease / (increase) in amounts held with States Treasury		939,640	(765,250)
<b>Movement in cash</b>		<b>-</b>	<b>-</b>

Notes 1 to 19 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 United Kingdom accounting standards and 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.

##### *Trade debtors*

Trade debtors is stated less a general provision of £10,000 (2006: £10,000) , which is management's best estimate of possible average bad debt.

##### *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:-

	<b>Estimated life in years</b>	<b>Depreciation % per annum</b>
Plant, tools & equipment	<b>20-3</b>	5-33.33
Motor vehicles	<b>10-3</b>	10-33.33
Office equipment	<b>5</b>	20
Buildings and fittings	<b>50-10</b>	2-10
Land	<b>Unlimited</b>	0

##### *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

<b>2 Income</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Maintenance -building and properties	<b>2,194,946</b>	2,072,301
-highways	<b>2,489,152</b>	2,305,148
-management services	<b>1,454,479</b>	1,419,260
-sewers and pump stations	<b>919,813</b>	1,137,781
-vehicles and plant	<b>554,823</b>	452,442
-land areas	<b>1,817,484</b>	1,692,880
Transport services	<b>39,384</b>	39,580
Island wide emergencies & call outs	<b>108,892</b>	105,610
Administrative services	<b>383,416</b>	377,318
	<b><u>9,962,389</u></b>	<b><u>9,602,320</u></b>
<b>3 Labour and direct materials</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Labour charges:		
Wages and employer's superannuation	<b>4,972,569</b>	4,781,113
Direct materials:		
Materials and services	<b>1,907,521</b>	1,457,067
Stores	<b>510,403</b>	466,219
Sub contractors	<b>174,499</b>	159,655
Less: discounts received	<b>(10,422)</b>	(12,430)
	<b><u>2,582,001</u></b>	<b><u>2,070,511</u></b>
	<b><u>7,554,570</u></b>	<b><u>6,851,624</u></b>
<b>4 Transport, plant and equipment maintenance</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Vehicles -fuel and maintenance	<b>277,251</b>	255,872
-depreciation	<b>186,159</b>	227,595
Plant & Tools -maintenance	<b>115,328</b>	120,367
-replacements	<b>51,192</b>	55,949
-depreciation	<b>65,604</b>	66,901
Contractor charges	<b>846</b>	1,919
Garage expenses	<b>16,800</b>	14,682
Other costs	<b>10,383</b>	14,575
	<b><u>723,563</u></b>	<b><u>757,860</u></b>



# States of Guernsey Public Services Department

## States Works

### Notes to the financial statements - continued

<b>5 Building maintenance and charges</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
La Hure Mare	<b>220,369</b>	205,789
Burnt Lane Depot	<b>64,278</b>	46,835
Saumarez Park Depot	<b>1,416</b>	1,430
Other sites	<b>303</b>	3,407
Buildings and fittings depreciation	<b>67,272</b>	227,480
	<b><u>353,638</u></b>	<b><u>484,941</u></b>

<b>6 Administration and general</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Salaries, wages and employer's superannuation	<b>979,343</b>	903,648
Travel & training charges	<b>35,031</b>	31,208
Post, stationery & telephone	<b>37,691</b>	41,736
Computer charges	<b>46,130</b>	76,498
Insurance	<b>96,558</b>	104,499
Audit fee	<b>12,805</b>	8,398
Sundry office expenses	<b>16,466</b>	22,593
Office and equipment depreciation	<b>3,790</b>	25,006
Profit on disposal of fixed assets	<b>(4,643)</b>	(3,387)
Bad debts provided for and written off	<b>-</b>	(63)
	<b><u>1,223,171</u></b>	<b><u>1,210,136</u></b>

### 7 Tangible fixed assets

<i>Cost</i>	<b>1 January 2007</b>	<b>Additions</b>	<b>Written off/ Disposals</b>	<b>31 December 2007</b>
Plant, tools & equipment	<b>842,848</b>	28,159	5,755	<b>865,252</b>
Motor vehicles	<b>2,046,848</b>	429,776	109,727	<b>2,366,897</b>
Office equipment	<b>175,912</b>	2,495	3,565	<b>174,842</b>
Buildings and fittings	<b>3,486,494</b>	122,277	-	<b>3,608,771</b>
Land	<b>649,220</b>	625,000	-	<b>1,274,220</b>
	<b><u>7,201,322</u></b>	<b><u>1,207,707</u></b>	<b><u>119,047</u></b>	<b><u>8,289,982</u></b>
<i>Depreciation</i>	<b>1 January 2007</b>	<b>Charge for the year</b>	<b>Written off/ Disposals</b>	<b>31 December 2007</b>
Plant, tools & equipment	<b>675,053</b>	65,604	3,261	<b>737,396</b>
Motor vehicles	<b>1,646,189</b>	186,159	109,716	<b>1,722,632</b>
Office equipment	<b>171,553</b>	3,790	3,091	<b>172,252</b>
Buildings and fittings	<b>1,110,062</b>	67,272	-	<b>1,177,334</b>
Land	<b>-</b>	-	-	<b>-</b>
	<b><u>3,602,857</u></b>	<b><u>322,825</u></b>	<b><u>116,068</u></b>	<b><u>3,809,614</u></b>
<b>Net Book Value</b>	<b><u>3,598,465</u></b>			<b><u>4,480,368</u></b>

# States of Guernsey Public Services Department

## States Works

### Notes to the financial statements - continued

<b>8 Stock and Work in Progress</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Stock	154,077	146,095
Work in progress	144,940	46,443
	<u>299,017</u>	<u>192,538</u>
<b>9 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,231,041	946,714
Prepayments and other debtors	95,678	55,638
	<u>1,326,719</u>	<u>1,002,352</u>
<b>10 Creditors: amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade Creditors	207,744	186,943
Accruals	212,561	87,089
	<u>420,305</u>	<u>274,032</u>
<b>11 Reserves</b>	<b>2007</b>	<b>2006</b>
<i>Revenue account</i>	<b>£</b>	<b>£</b>
Balance 1 January	7,482,344	7,074,192
Surplus for financial year	226,836	408,152
Balance 31 December	<u>7,709,180</u>	<u>7,482,344</u>
<b>12 Reconciliation of operating surplus to net cash inflow from operating activities</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating surplus	107,447	297,759
Depreciation charges and surplus on sale of tangible fixed assets	318,182	543,594
Increase in stocks and work in progress	(106,479)	(27,279)
(Increase)/decrease in debtors	(324,367)	114,765
Increase in creditors	146,273	1,351
<b>Net cash inflow from operating activities</b>	<u>141,056</u>	<u>930,190</u>

# States of Guernsey Public Services Department

## States Works

### Notes to the financial statements - continued

<b>13 Reconciliation of net cash flow to movements in net funds</b>	<b>2007</b>		<b>2006</b>
	<b>£</b>		<b>£</b>
Movement in cash	-		-
(Decrease)/increase in liquid resources	<b>(939,640)</b>		<b>765,250</b>
	<b>(939,640)</b>		<b>765,250</b>
Net funds at 1 January	<b>2,963,021</b>		<b>2,197,771</b>
<b>Net funds at 31 December</b>	<b>2,023,381</b>		<b>2,963,021</b>

  

<b>14 Analysis of changes in net funds</b>	<b>1 January</b>	<b>Cash Flow</b>	<b>31 December</b>
	<b>2007</b>		<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash held with States Treasury	<b>2,963,021</b>	<b>(939,640)</b>	<b>2,023,381</b>

  

<b>15 Capital commitments</b>	<b>2007</b>		<b>2006</b>
	<b>£</b>		<b>£</b>
Contracted for but not provided	<b>416,371</b>		<b>710,035</b>

### 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 costs of benefits payable to employees over the period of those employees expected service lives. The report by the actuaries on the valuation of the Superannuation Fund at 31 December 2007 indicated that a deficit existed.

However, the States have decided to maintain the current employers contribution to the Fund at 7.85% which came into effect at 1 January 2003. Employees contribute at the rate of 6%. The present arrangements for providing pensions for public sector employees were 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.

States Works 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 end 31 December 2007 was £303,305 (2006: £351,763) which were all paid during the year.

# States of Guernsey Public Services Department

## States Works

### Notes to the financial statements - continued

#### 17 Related party transactions

##### *Income*

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. All transactions are conducted as normal business arrangements carried out at "arms length". There has been no change in the proportion of business between States (90%) and private (10%) clients.

##### *Expenditure*

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

#### 18 Statement of control

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

#### 19 Subsequent events

Management know of no events, subsequent to the year end, that would materially affect the financial statements.

# **IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 25<sup>th</sup> DAY OF JUNE, 2008**

**The States resolved as follows concerning Billet d'État No IX  
dated 6<sup>th</sup> June 2008**

## **TREASURY AND RESOURCES DEPARTMENT**

### **ACCOUNTS OF THE STATES FOR 2007**

(1) To approve the following Accounts for the year 2007:-

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. Public Accounts Committee
13. Scrutiny Committee
14. Departments' Capital Income and Expenditure
15. Miscellaneous Accounts
16. States Dairy
17. Alderney Airport
18. Ports
19. Guernsey Water

(2) To appoint the firm of Deloitte and Touche LLP as auditors of all States accounts for the year ending 31 December, 2008.

**K H TOUGH  
HER MAJESTY'S GREFFIER**