

Economic Development

The activities attracted over 20,000 visitors. Walking continued to be a major product development area with over 1,900 visitors participating in a guided walking tour during the year. The Spring Walking week attracted 850 walkers, 657 of whom were visitors and the Autumn Walking week attracted 1,066 walkers, 745 of which had come to the island specifically for the event.

Tourism also provided financial and other assistance to the organisers of 43 events including the Tennerfest, International Air Display, Battle of Flowers and Jersey Live Music Festival.

Tourism Communications

Main areas of public relations activity: UK, France and Germany. Subsidiary activities undertaken in the Netherlands, Belgium, Ireland, Switzerland plus worldwide in conjunction with Visit Britain.

225 Print, 32 Television and 6 Radio media releases were organised.

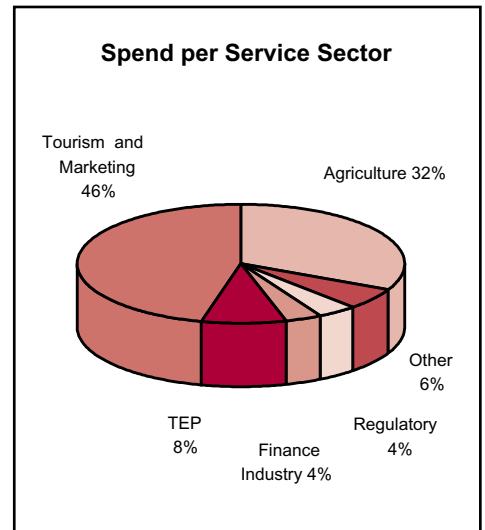
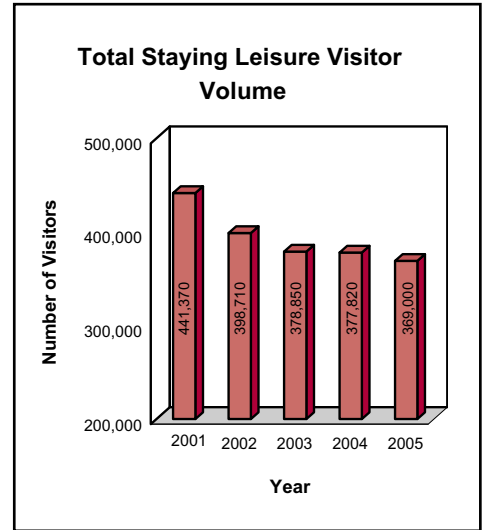
Highlights included the coverage facilitation of Under the Greenwood Tree and Liberation 60. Premier coverage was generated in titles such as The Daily Mail, Guardian, Times, Telegraph plus the TV listings magazines.

Visitors to the Jersey.com website increased by 18% achieving over 750,000 unique visitors. This is an increase of 322% over 2000 with visitors spending an average of 15 minutes on the site.

UK campaign coverage resulted in 31 brochure panel advertisements with a circulation of 8.9 million and providing 26.7 million opportunities to be seen, generating 20,262 requests for brochure packs. Direct mail formed a significant part of the campaign with 10 direct mailers generating 6.4 million circulation and 19.2 million opportunities to be seen. This generated 35,800 requests for brochure packs. 183 national regional advertisements and advertorials generated 96.4 million opportunities to be seen.

Manpower

| | 2005 | 2004 | Analysis |
|-----------------------|-------|-------|---------------|
| Established FTE | 65.06 | 67.26 | Reduction 2.2 |
| Established Headcount | 68 | 70 | Reduction 2.0 |



Other Committees

Overseas Aid

On 16 March 2005, the Jersey Overseas Aid Commission (Jersey) Law 2005 (P14/2005) was adopted by the States of Jersey for effect in 2006 and beyond, with the objectives of the Commission to manage and administer the monies voted by the States of Jersey for overseas aid. The Commission stands as an independent body, now that Jersey has moved to ministerial government, consisting of three States members and three non-States members. In November 2005 the Commission was established with the majority of policies and procedures reflecting that of its predecessor.

80% of expenditure was by way of direct grants to 61 agencies both large and small, with all grants based on the individual merits of projects covering clean water, health, sanitation, education, agriculture, livestock, and revolving credit schemes for small businesses. The former Committee had to reject many worthy applications totalling in the region of £4.3 million due to its budget limits and received enquiries from over 59 new agencies.

The funding of individual disasters and emergencies was restricted to keep to the former Committee's allocation of its budget (15%). All the applications were in respect of natural disasters including the provision of £500,000 awarded to the Jersey Asia Appeal Fund for distribution by the British Red Cross, as immediate response to the 2004 Boxing Day Tsunami. During the course of the year £869,852 was awarded from this budget compared with £745,434, in the previous year.

Community Work Projects were organised for Uganda and Kenya, involving 22 volunteers, at a net cost inclusive of materials and equipment of £132,377. In addition two material grants totalling £34,094 were awarded to assist communities in Romania and the Gambia.

Sixteen applications were approved increasing considerably the demand for grants made to local organisations which raise funds for aid projects overseas. All met the established criteria and were awarded matching £ for £ funding based on monies raised by the organisation itself, up to a maximum of £3,500.

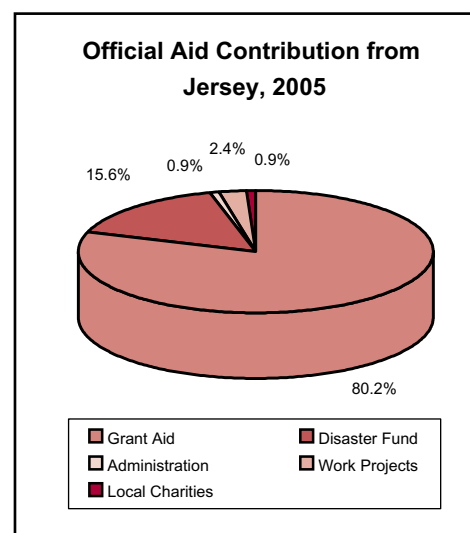
Administration costs at £49,090 still remained low due to the honorary services of our work project helpers and the former executive officer representing 0.88% of the grant.

Legislation

The Legislation Committee rarely expends more than a fraction of its budget, returning the remainder to the General Reserve annually. The Committee's unusually high expenditure for the year 2005 was primarily in the form of disbursements for legal advice to practitioners engaged by the Jersey Law Commission, which undertook projects in respect of the Law of Charities, the Law of Security over Immovable Property, and Prescription, amongst others. Although the Jersey Law Commission provided free legal services to the Committee, it was necessary to engage specialists for research required into such matters as French and English legal precedent.

The Committee lodged 'au Greffe' numerous pieces of legislation, on diverse subjects from child abduction to Sunday trading and approved drafting instructions for many more. It also acted as the contact between the Comité

| OVERSEAS AID | |
|--|--------------------|
| Reconciliation of Original Budget 2005 to Amounts Voted 2005 | |
| | £ |
| Original Budget 2005 | 5,524,000 |
| Amounts carried forward: | |
| • 2004 Carry Forwards | 66,866 |
| Transfers from the General Reserve: | |
| • Increased Pay Awards | - |
| Amounts Voted 2005 | £ 5,590,866 |



| LEGISLATION | |
|--|-----------------|
| Reconciliation of Original Budget 2005 to Amounts Voted 2005 | |
| | £ |
| Original Budget 2005 | 48,200 |
| Amounts carried forward: | |
| • 2004 Carry Forwards | 10,000 |
| Transfers from the General Reserve: | |
| • Increased Pay Awards | - |
| Amounts Voted 2005 | £ 58,200 |

Other Committees

des Connétables and the States, and worked with the Comité on such matters as the reformation of the rates system, and the forthcoming dog licensing law.

Under the new system of Ministerial Government, the functions of the Committee are to be transferred to the Chief Minister's Department, and throughout the year the Committee has worked to distribute legislation in progress to the appropriate Committees/Departments.

Notwithstanding the increase in expenditure for 2005, the Committee maintained its expenditure within budget during its three years in office, including that relating to the Jersey Law Commission.

Harbours and Airport - La Collette Reclamation Scheme

On behalf of the States, Jersey Harbours administers land at La Collette which is used mainly for activities relating to the landing, storage and distribution of the Island's energy needs as well as bulk cement. Its responsibilities include maintaining the access road to the fuel farm, paying professional fees associated with the properties and providing for the safety of the site with particular respect to the emergency pollution response.

Gross rental income from the La Collette Reclamation Scheme in 2005 amounted to £314,093 which was higher than the original budget of £288,000 as it includes some back rent reviews.

In 2003, a report was produced which evaluated the compliance of the Fire Fighting equipment at the Fuel Farm with European standards. The report recommended implementing modifications, which need to be put in place as soon as possible to avoid risk to all tenants and the Island as a whole, should there be a severe incident at the Fuel Farm.

The funding mechanism of the replacement equipment is yet to be agreed.

| HARBOURS AND AIRPORT- LA COLLETTE RECLAMATION SCHEME | |
|---|--------------------|
| Reconciliation of Original Budget 2005 to Amounts Voted 2005 | |
| | £ |
| Original Budget 2005 | (136,000) |
| Amounts carried forward: | |
| • 2004 Carry Forwards | - |
| Transfers from the General Reserve: | |
| • Increased Pay Awards | - |
| Amounts Voted 2005 | (£ 136,000) |

Net Expenditure - Service Analysis

| 2006 Estimate £ | 2005 Voted £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|----------------------|--|----------------------|----------------------|
| £ 5,686,000 | £ 5,590,866 | Overseas Aid | £ 5,563,582 | £ 5,260,528 |
| £ 49,400 | £ 58,200 | Legislation | £ 44,418 | £ 3,225 |
| | | Harbours and Airport - La Collette Reclamation Scheme | | |
| 138,300 (288,000) | 152,000 (288,000) | Harbours' Service Charge (note 1) | 152,000 (314,093) | 162,121 (286,821) |
| | | Property Rentals | | |
| (£ 149,700) | (£ 136,000) | | (£ 162,093) | (£ 124,700) |

Note 1: Jersey Harbours administers and maintains the reclamation site on behalf of the States.

Harbours and Airport

Harbours

Jersey Harbours aspires to be recognised as providing modern port and coastguard services with guaranteed long term viability. Achieving this requires us to:

- use our unique combined knowledge and experience to better understand, meet and balance the complex and changing demands and expectations of customers and staff;
- provide competitive commercial and community services which best respond to the different needs of all customers; and
- positively contribute to Jersey's economic development.

Following a major overhaul of financial reporting within the organisation, at the beginning of 2005, we can now report directly on the five key business areas Harbours is responsible for:

| JERSEY HARBOURS | | | | |
|---|------------------------------------|--|--|--|
| COMMERCIAL PORT (Fuel, Freight and Fishing) | PASSENGER PORT AND TERMINAL | MARINE LEISURE (Including three Marinas) | COASTGUARD and Vessel Navigation Information Service | PORT ESTATE (and other Assets) |

2005 Financial Overview

In 2005 Net Surplus exceeded budget by 20%. This was due mainly to business expansion and an upturn in income streams in all areas except Property and Services. Expenditure overall was within budget.

Key Financial Results

The key financial results are as follows (all references to cost/income ratio are based on gross operating costs divided by total income and exclude capital servicing):

- The **Commercial Port** ensures that the port's freight and fishing operators are able to run their activities efficiently, with a good financial return needed to support re-investment in port facilities and the significant infrastructure. Harbour Dues remain the mechanism for achieving this. Harbour Dues have effectively been "capped" at 2.5% over five years in real terms, whilst Manpower costs have risen above that ceiling. Freight revenue exceeded our forecast leading to income of £4.3 million and a cost/income ratio of 0.59.
- The **Passenger Port** ensures that the passenger terminals provide facilities for port and shipping operators, which need to make a financial return to ensure re-investment is adequate. In 2005 an additional increase of 1.8% over and above 2.5% on the Harbour Due was approved to partially cover the cost of compliance with the International Ship and Port Security (ISPS) Regulations. At present these costs are covered by Harbours and the Operators in the ratio 2:1. Passenger numbers exceeded our forecast with an increase of 3.9% on 2004 leading to income of £3.2 million and a cost/income ratio of 0.55.
- **Marine Leisure** continues to make progress towards being fully profitable and in 2005 delivered income of £2.7 million and a cost/income ratio of 0.68. Whilst the operating profit (after depreciation) before interest and tax was positive at £27,000, interest payments led to a negative net profit of £243,000; A new pricing structure applied to visiting yachts, during the peak months, brought in additional income over that budgeted. Total number of visiting yachts was 6,624 and cumulative yacht days 14,613 with visitors staying for an average of 2.2 days in 2005.
- The **Coastguard Service** is part of the Island's Emergency framework specialising in maritime Search and Rescue and pollution response. It is provided as a Government obligation. The Marine Centre (formerly Port Control and Jersey Radio) coordinate this function with the close support of the Marine Section (with the Duke of Normandy) and the Beach Lifeguards. The provision of this service cost £0.8 million in 2005.
- **Port Estate** ensures that all our port activities have appropriate land and property assets not only to be operationally and financially viable, but also for each to develop and follow growth plans. This division has performed less well than originally budgeted as one property remains vacant as a suitable tenant/developer has yet to be found. Total income in 2005 was £2.1 million with a cost/income ratio of 0.61.

Harbours and Airport

Harbours

Financial Return

For 2005 Harbours will return almost £0.5 million to the States based on 20% of Net Surplus after Capital Servicing. The agreed financial return going forwards will be based on Jersey Harbours' UK GAAP accounting Profit Before Interest and Tax (PBIT). Jersey Harbours has already adopted UK GAAP compliant accounting practices within its own, separately produced accounts.

Performance Measures

Jersey Harbours is still developing Key Performance Measures that fit in with the 2006 Business Plan Objectives. Until these measures and the reporting systems have been finalised and in place for some time these measures cannot be reported with accuracy. The measures given below are therefore indicative of the performance of the business but are not exhaustive and will be more Service specific in future.

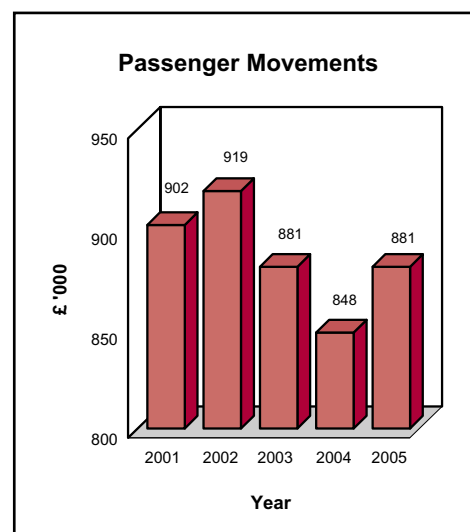
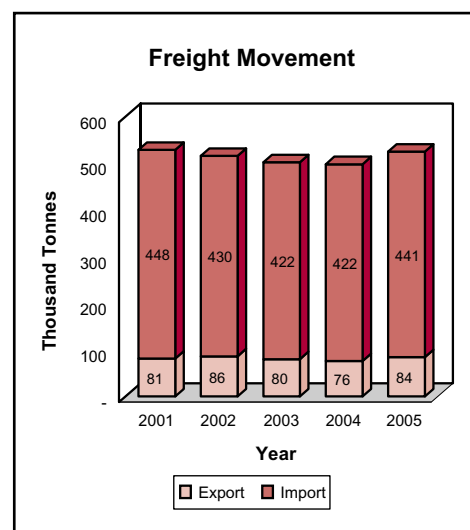
| Measure Description | 2005 | 2004 | Analysis |
|--|---------|---------|---|
| FTE | 138.45 | 128.75 | |
| Net Surplus per FTE | £18,027 | £10,416 | Although more staff were employed in 2005 the productivity and profitability per FTE has increased. |
| Cost Income Ratio (Total Expenditure / Total Income) | 0.68 | 0.74 | In 2005 it cost 68 pence to generate £1 of income. |
| Number of vessel movements (Arrivals and Departures) | 6,674 | 6,355 | A 5% increase in the number of movements between 2004 and 2005. |
| Harbour Dues per vessel movement | £1,049 | £992 | Discounts were given in 2004 but not in 2005. |

Capital Programme

Total capital expenditure for the year from the Trading Fund was £3 million. This covered the purchase of the new tug, the acquisition of two vessels from the Company of Town Pilots, the remaining repair work to the New North Quay and works to ensure Jersey is compliant with the requirements of the International Ship and Port Security Code (ISPS). The costs of the latter are partly being recovered over a ten year period through the Harbour Due. The price increase of 4.3% on the Due in 2005 comprises a 2.5% increase to cover costs plus a 1.8% increase to recover part of the capital and ongoing recurring costs of this requirement which is safeguarding the security of Jersey's shipping routes.

| | Actual 2005 £' 000 | Cost/ Income Ratio |
|-----------------------------|-----------------------|--------------------------|
| Comercial Port | 1,780 | 0.59 |
| Passenger Port and Terminal | 1,430 | 0.55 |
| Marine Leisure | 856 | 0.68 |
| Coastguard | (846) | 2.05 |
| Port Estate | 810 | 0.61 |
| Gross Operating Surplus | 4,030 | 0.68 |

Note: No prior year comparatives are available.



Harbours and Airport

Harbours

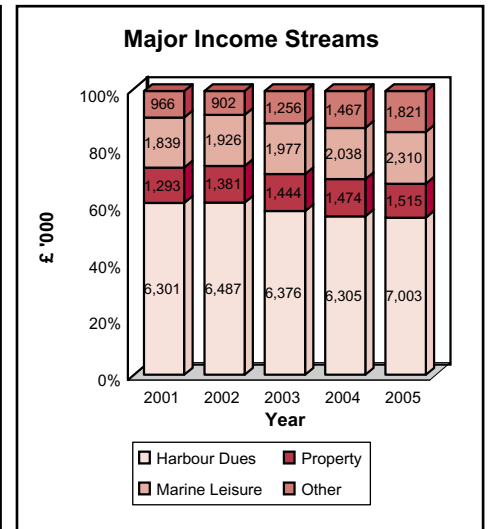
Manpower

The organisation increased its manpower levels by 9.7 full time equivalents in 2005 which has brought additional business or improved productivity gains to the organisation. The main increase in staff relates to the integration of the Pilotage Service to be within Harbours, bringing with it a new income stream. Harbours also took on two Storemen in 2005 as a result of the closure of Corporate Supplies and began operating its own stores again. Other staff increases have related to specific existing income streams such as British Shipping or Marine Leisure where additional income has been generated as a result.

Manpower expenditure exceeded original budget partly in response to the changing needs of the business and in most cases there have been savings in non-staff costs or additional income generated as a result. The additional staff costs also included the excess pay increase awarded to Manual Workers over and above that provided in the 2004 accounts.

Other Developments

Included in the 2005 accounts are provisions relating to the transfer of stock from Corporate Supplies at the beginning of the year.



Harbours and Airport

Harbours

Operating Account

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|---|---------------------|---------------------|
| | | Income | | |
| 7,047,700 | 6,823,400 | Harbour Dues | 7,002,751 | 6,304,977 |
| 230,200 | 250,000 | Pilotage | 280,419 | - |
| 2,222,400 | 2,145,000 | Marina and Mooring Fees | 2,309,761 | 2,037,780 |
| 1,653,500 | 1,597,000 | Property Rentals | 1,515,189 | 1,474,064 |
| 1,218,700 | 1,222,000 | Services | 1,139,410 | 981,862 |
| 260,000 | 330,100 | Recharges and Recoverable Costs | 401,386 | 484,703 |
| 12,632,500 | 12,367,500 | | 12,648,916 | 11,283,386 |
| | | Expenditure | | |
| 5,176,100 | 5,009,000 | Manpower | 5,007,597 | 4,694,500 |
| 1,649,400 | 1,434,000 | Premises/Plant | 1,423,967 | 1,736,637 |
| 53,600 | 94,000 | Transport | 86,606 | 55,471 |
| 1,805,200 | 1,630,000 | Supplies and Services | 1,626,511 | 1,269,552 |
| 473,500 | 439,000 | Administration | 424,936 | 510,831 |
| 29,300 | 30,000 | Grants | 30,577 | 1,900 |
| 126,000 | 150,000 | Non-Recurring | 18,108 | 89,502 |
| 9,313,100 | 8,786,000 | | 8,618,302 | 8,358,393 |
| 3,319,400 | 3,581,500 | Gross Operating Surplus | 4,030,614 | 2,924,993 |
| 238,300 | - | Less: Other Repayments | - | - |
| 1,471,000 | 1,542,100 | Payments made to the States: Repayment of Outstanding Capital Loans | 1,534,812 | 1,583,964 |
| 1,709,300 | 1,542,100 | Capital Servicing | 1,534,812 | 1,583,964 |
| 1,610,100 | 2,039,400 | Net Surplus | 2,495,802 | 1,341,029 |
| 253,643 | 412,700 | Less: Financial Return paid to the States | 499,160 | - |
| £ 1,356,457 | £ 1,626,700 | Transfer to Trading Fund | £ 1,996,642 | £ 1,341,029 |

Note: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the Pre-1987 Past Service Liability.

As at 31 December 2005, the Harbours Department's share of that debt was £2,144,459.

During 2006 the Harbours Department will make payments in respect of this debt totalling approximately £100,390 of which £40,234 is for arrears of payments not made during the period 2002 to 2005.

Harbours and Airport

Harbours

Trading Fund

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|--|----------------------|----------------------|
| 1,453,979 | 3,279,897 | Balance brought forward 1 January | 3,279,897 | 3,569,907 |
| 1,356,457 54,950 | 1,603,503 85,579 | Add: Transfer of Operating Surplus Interest | 1,996,642 139,830 | 1,341,029 205,194 |
| 1,411,407 | 1,689,082 | Total Additions | 2,136,472 | 1,546,223 |
| 1,876,804 | 3,515,000 | Less: Capital Expenditure | 3,072,591 | 1,836,233 |
| 1,876,804 | 3,515,000 | Total Expenditure | 3,072,591 | 1,836,233 |
| £ 988,582 | £ 1,453,979 | Balance carried forward 31 December | £ 2,343,778 | £ 3,279,897 |

Payments to the States of Jersey

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|------------------------------------|---------------------|---------------------|
| 253,643 | 412,700 | Financial Return | 499,160 | - |
| £ 253,643 | £ 412,700 | Total Payment to the States | £ 499,160 | £ - |

Harbours and Airport

Airport

Core Aims and Objectives

The Harbours and Airport Committee was responsible for operating Jersey Airport and its associated activities. The Committee's aims and objectives were to:

- operate the Airport in a safe and secure, commercial and profitable manner and provide for the safe operation of the Channel Islands Control Zone;
- meet its statutory obligations and National/International aviation standards of safety and security;
- provide a safe and secure environment so that aircraft may be handled expeditiously to meet the air transport objectives of the island;
- undertake all operations within the social, economic and environmental policy framework as determined by the States and set out in strategic policy statements;
- meet the expectations of airline passengers by providing facilities that are equal to, or better than, those found in the UK; and
- produce sufficient surplus to fund appropriate long-term capital investment plans.

Financial Overview for 2005

The amount transferred to the Trading Fund was £5.78 million compared to £5.77 million in 2004.

Key features of the financial year were:

Airport Dues: The Airport has not increased Airport Dues since 2001; indeed they were reduced by £1.50 in 2004. As a result of the continued success in driving down costs in 2005 a further reduction of £1.10 will be made for 2006.

Passenger numbers for the year were down on 2004 by 13,903 to 1,483,477, a decrease of approximately 1%, and this is reflected by decreased Aeronautical Charge Income.

Duty Free: sales continue to grow producing income of £1.2 million, up approximately 9% on 2004.

Expenditure reductions: the commitment to reducing charges to airlines whilst ensuring funds are available to meet essential capital expenditure needs means that significant cuts have been made in operating costs. Staff costs represent 66% of these operating costs and underlying pay awards have increased base salaries by approximately 3.5%. This represents an ongoing and significant challenge for Airport management and fifteen posts have been removed over two years.

JD Edwards system: the Stock Module was introduced in February 2005 in conjunction with a reorganisation of the Airport Stores function. The JD Edwards system will continue to play an important role in continuing to improve the financial performance of the Airport. Airport Management continue to work in close co-operation with Treasury staff with regard to the introduction of GAAP accounting standards and, in particular, the development of the Airport Balance Sheet.

Capital Expenditure

Capital expenditure of £1.6 million was funded through the Trading Fund during the year. Of this £0.2 million related to 'Below Ground Works', funding for which is due to be reimbursed to the Trading Fund as part of the States agreement P198/2002. This is reflected in the Below Ground Works Summary table which projects actual and estimated below ground expenditure to 31 December 2008.

Harbours and Airport

Airport

Other schemes undertaken during 2005 include Flight Information Data Systems, Ground Radio-communications, Instrument Landing Systems, Microwave Links and the Cargo Centre Refurbishment to the value of £1.4 million.

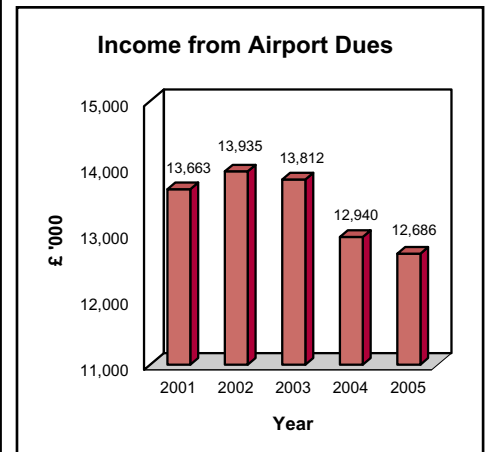
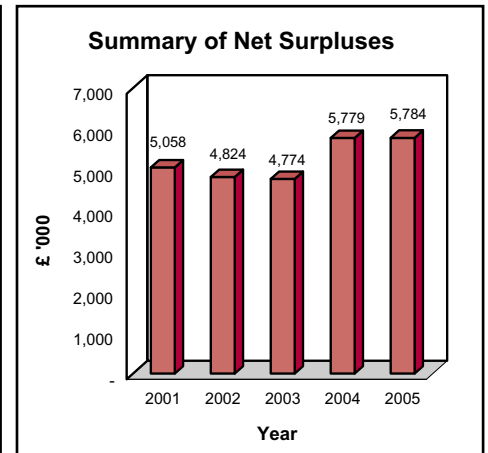
Performance Measures

| Measure Description | 2005 | 2004 Restated | 2003 Restated |
|--|----------|------------------|------------------|
| Total revenue per employee* | £124,781 | £120,521 | £106,090 |
| Passengers per employee* | 8,549 | 8,341 | 7,005 |
| Staff costs as a percentage of total costs* | 67.63% | 68.50% | 67.20% |
| Aeronautical revenue as a percentage of total revenue* | 59.20% | 60.15% | 63.72% |
| Airport Dues per passenger | £8.04 | £8.19 | £9.28 |
| Airport Dues per air transport movement | £276.87 | £276.11 | £322.65 |
| Passengers per air transport movement | 34.4 | 33.7 | 34.8 |
| Number of air transport movements | 43,087 | 44,399 | 42,414 |

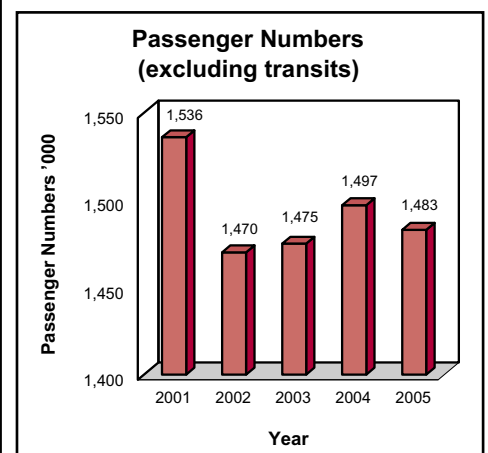
* The costs exclude Communications Services.

2003 includes full cost of the Meteorological Service which was transferred to the Environment and Public Services Committee on 1 January 2004. 2004 includes only the cost of the Aviation Meteorological Services. Airport Dues were reduced as a result of this cost saving.

The indicators 'Total revenue per employee' and 'Passengers per employee' help to demonstrate staff productivity year on year. The indicator 'Staff costs as a percentage of total costs' identifies the influence that staff costs have in driving up operating expenses. 'Aeronautical revenue as a percentage of total revenue' shows the extent to which Airport Dues cover operating costs of the Airport. The remaining four performance measures provide additional analysis on the factors affecting Airport Dues income.



Note: Security Fee Income has been included in Airport Dues from 2004; prior year comparisons have been restated to include Security Fee Income. Prior to 2000, Security Fee Income was not included in the Airport Accounts.



Harbours and Airport

Airport

Operating Account

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|--|---------------------|---------------------|
| | | Income | | |
| 4,450,000 | 4,450,000 | Aeronautical Charges | 4,567,223 | 4,622,148 |
| 4,000,000 | 4,000,000 | CI Control Zone Services | 4,159,717 | 3,998,127 |
| 7,550,000 | 8,200,000 | Passenger and Security Charges | 8,330,510 | 8,423,237 |
| 3,353,000 | 3,176,100 | Concessions and Rentals | 3,416,421 | 3,310,115 |
| 1,215,500 | 1,191,300 | Sales and Services | 1,178,200 | 1,282,373 |
| 1,197,900 | 927,700 | Communications Services | 1,130,192 | 1,111,924 |
| 21,766,400 | 21,945,100 | | 22,782,263 | 22,747,924 |
| | | Expenditure | | |
| 8,833,600 | 8,693,600 | Aeronautical Services | 8,281,376 | 8,206,254 |
| 4,724,500 | 5,020,550 | Passenger and Security Services (note 2) | 4,575,655 | 4,294,526 |
| 363,600 | 312,700 | Commercial Services | 399,948 | 351,261 |
| 1,088,100 | 906,350 | Communications Services | 1,074,947 | 1,016,116 |
| 200,000 | 200,000 | Reserve for Contingencies | - | - |
| 15,209,800 | 15,133,200 | | 14,331,926 | 13,868,157 |
| 6,556,600 | 6,811,900 | Gross Operating Surplus | 8,450,337 | 8,879,767 |
| 2,666,000 | 2,666,000 | Less: Loan Repayments | 2,666,011 | 2,666,011 |
| - | - | Trading Fund Re-imburement (note 3) | - | 435,200 |
| 3,890,600 | 4,145,900 | Net Surplus | 5,784,326 | 5,778,556 |
| £ 3,890,600 | £ 4,145,900 | Transfer to Trading Fund | £ 5,784,326 | £ 5,778,556 |

Note 1: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the pre-1987 Past Service Liability.

As at 31 December 2005, the Airport's share of that debt was £6,068,183.

During 2006 the Airport will make payments in respect of this debt totalling approximately £326,359 of which £157,387 is for arrears of payments not made during the period 2002 to 2005.

Note 2: Passenger and Security Services' expenditure has been combined and 'Organisational Development' expenditure has been removed as a headline reporting category.

Note 3: This is a re-imburement to the Trading Fund from Security Fee Income. It relates to the purchase of a Hold Baggage Screening and Out of Gauge X-Ray in 2003, from the Trading Fund, at a cost of £785,494.

Note 4: The costs of Support Services (including Directorate, Finance, IT and HR) have been fully reallocated over the appropriate service areas in 2005.

Harbours and Airport

Airport

Trading Fund

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|--|---------------------|---------------------|
| 22,999,969 | 20,749,589 | Balance brought forward 1 January | 20,749,589 | 18,374,962 |
| | | Add: | | |
| 3,890,600 | 4,145,900 | Transfer of Operating Surplus | 5,784,326 | 5,778,556 |
| 2,841,000 | - | States Contribution to Below Ground Works | - | - |
| - | 848,690 | Water Pollution Net Settlement | 848,967 | - |
| - | - | Security - Hold Baggage Screening and Out of Gauge X-Ray Cost Recovery | - | 435,200 |
| 700,000 | 600,000 | Interest | 978,698 | 638,840 |
| - | - | Insurance Claim | 47,468 | - |
| - | - | Proceeds from Sale of Assets | 16,093 | 8,000 |
| 7,431,600 | 5,594,590 | Total Additions | 7,675,552 | 6,860,596 |
| | | Less: | | |
| 5,297,700 | 2,462,136 | Capital Expenditure - above ground works | 1,373,619 | 1,256,353 |
| 1,753,500 | 882,074 | Capital Expenditure - below ground works (note 1) | 211,634 | 3,229,616 |
| 7,051,200 | 3,344,210 | Total Expenditure | 1,585,253 | 4,485,969 |
| £ 23,380,369 | £ 22,999,969 | Balance carried forward 31 December | £ 26,839,888 | £ 20,749,589 |

Note 1: P198/2002 agreed that below ground capital works should be met from General Revenues. These works are currently shown as being funded through the Airport Trading Fund, however this expenditure will be offset by the States Contribution to Below Ground Works from 2006.

Below Ground Works – Summary

| | to 31/12/04 Actual £ | 2005 Actual £ | 2006 Estimate £ | 2007 Estimate £ | 2008 Estimate £ | Estimated Total 31/12/08 £ |
|---------------------------------------|-------------------------------|---------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| Ground Water Pollution | 1,738,215 | 12,818 | - | - | - | 1,751,033 |
| Fire Training Ground | 4,281,752 | 28,321 | - | - | - | 4,310,073 |
| Apron and Taxiway re-sealing | 289,674 | 59,864 | - | - | - | 349,538 |
| Main Apron design fees | - | 123,449 | 336,500 | 244,000 | 16,000 | 719,949 |
| Main Apron Phase 1 (North) | - | - | 1,417,000 | 5,526,300 | 141,700 | 7,085,000 |
| Main Apron Phase 2 (West) | - | - | - | 3,771,000 | 77,000 | 3,848,000 |
| South Apron Area | - | - | - | - | 4,992,000 | 4,992,000 |
| | 6,309,641 | 224,452 | 1,753,500 | 9,541,300 | 5,226,700 | 23,055,593 |
| Less: | | | | | | |
| Settlement Contribution Received | - | 2,600,000 | - | - | - | 2,600,000 |
| States of Jersey Funding Contribution | - | - | 2,841,000 | 2,841,000 | 2,841,000 | 8,523,000 |
| Balance Outstanding as at 31 December | 6,309,641 | (2,375,548) | (1,087,500) | 6,700,300 | 2,385,700 | 11,932,593 |

Postal Administration

The Economic Development Department is pleased to report on the 2005 Jersey Post accounts and highlights the following:

- the net surplus has increased by £1.5 million to £5.9 million due to growth in the fulfilment sector and proactive investment management;
- the turnover of £47 million, an increase of 25% on the 2004 turnover of £37.5 million. The increase is due to increased income from the fulfilment sector (£5 million), Royal Mail (£1 million), Pick and Pack operations (£2 million) and from other business areas (£1.5 million);
- efficiency savings of some £1 million within the Postal Services business area have helped to offset significantly increased costs, e.g. from Royal Mail and fuel increases;
- a balance in the Trading Fund at 31 December 2005 of £12 million; and
- the Public Employees Contributory Retirement Scheme deficit that will arise on incorporation. In anticipation of this and to allow Jersey Post to build up sufficient reserves to help meet these future liabilities, the States of Jersey has agreed, since 2002, that no return would be paid to the States.

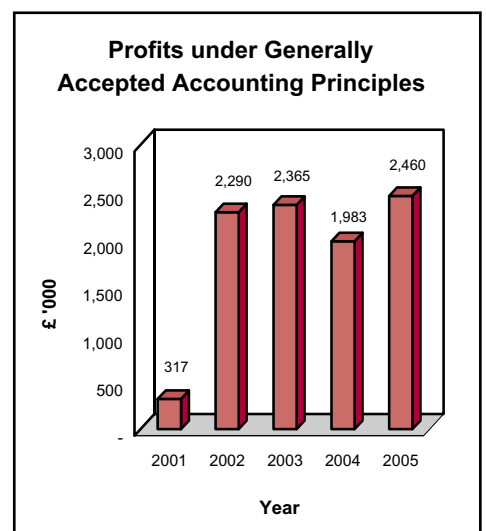
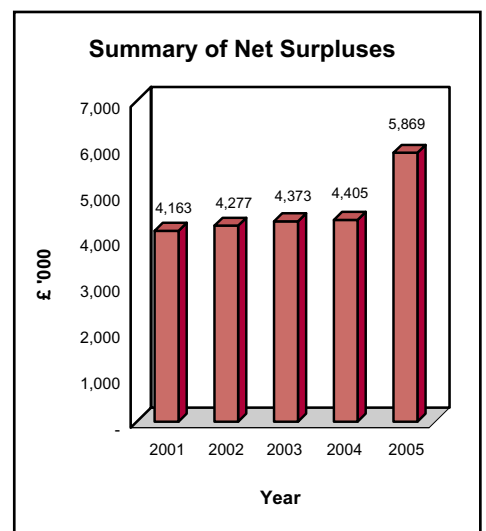
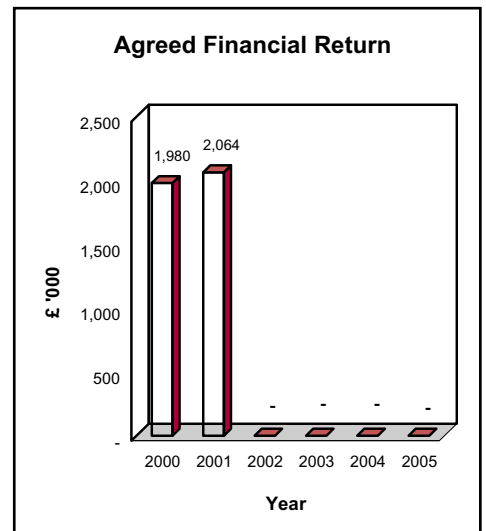
During 2005 total volumes of mail handled have increased by 2.2% from 80.5 million in 2004 to 82.3 million in 2005; the increase is due to significant growth in the fulfilment sector which has offset the effect of a decline in traditional and bulk mailings. The price rises of 2005 and efficiency savings meant the local to local mail service broke even.

Jersey Post prepares accounts under Generally Accepted Accounting Principles (GAAP) which differ from those used by the Department in presenting its results in this section of the States of Jersey Accounts e.g. GAAP presentation includes depreciation and pension accounting under FRS17. The GAAP results show a 2005 profit of approximately £2.5 million, which is lower than the surplus shown in the States of Jersey Accounts, due to depreciation and pension fund cost adjustments.

During 2005, Jersey Post has continued to invest in mail process automation, new equipment for ProMail, information systems and the development of the fulfilment centre, at the new Rue des Pres Trading Estate site.

Although the 2005 accounts indicate another successful year for Jersey Post, there are a number of underlying trends, and commercial risks, which are affecting postal businesses, both within Jersey and world-wide, which must also be considered. These include the potential changes to the scope and use of the Low Value Consignment Relief within Europe, UK and Jersey, significant increases in payments for delivery of UK and International mail in 2005, added security measures, and a decline in physical mail as a result of increases in electronic transactions (which affects both postal and Sub Post office services), and regulatory uncertainty regarding the funding of basic (universal) services.

Despite the business risks, Jersey Post looks forward to a positive and successful future as an incorporated body in 2006.



Postal Administration

Operating Account

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|--|---------------------|---------------------|
| 54,500,000 | 49,000,000 | Total Income | 47,162,217 | 37,529,240 |
| 48,323,000 | 43,623,000 | Total Expenditure | 41,293,043 | 33,123,642 |
| 6,177,000 | 5,377,000 | Net Surplus | 5,869,174 | 4,405,598 |
| - | - | Less: Financial Return to the States | - | - |
| £ 6,177,000 | £ 5,377,000 | Transfer to Trading Fund | £ 5,869,174 | £ 4,405,598 |

Note: In accordance with the States decision of 27 September 2005, the States has confirmed its responsibility for a debt to the Employees' Contributory Retirement Scheme in respect of the Pre-1987 Past Service Liability.

As at 31 December 2005, Jersey Post's share of that debt was £11,597,682.

During 2006 Jersey Post is liable to make payments in respect of this debt totalling approximately £333,516, however it is intended that the full value of outstanding debt will be repaid upon incorporation.

Trading Fund

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|---|---------------------|---------------------|
| 9,276,777 | 7,597,777 | Balance brought forward 1 January | 7,597,777 | 9,606,716 |
| 6,177,000 | 5,377,000 | Add: Transfer of Operating Surplus | 5,869,174 | 4,405,598 |
| 6,177,000 | 5,377,000 | Total Additions | 5,869,174 | 4,405,598 |
| 2,334,000 | 3,698,000 | Less: Capital Expenditure | 1,509,423 | 1,998,729 |
| - | - | Repayment of Jersey Post Office Pension Fund Liability | - | 4,415,808 |
| 2,334,000 | 3,698,000 | Total Expenditure | 1,509,423 | 6,414,537 |
| £ 13,119,777 | £ 9,276,777 | Balance carried forward 31 December | £ 11,957,528 | £ 7,597,777 |

Environment and Public Services

Car Parks Trading Account

The Environment and Public Services Committee's Trading Account was established in January 1998 with the agreement of the Finance and Economics Committee and has continued to remain in profit since its formation. During 2005 a net revenue surplus of £0.95 million was accumulated and transferred to the Trading Fund in order to finance larger maintenance projects and the development of new and existing car parks.

The financing of the annual maintenance and policing of car parks is undertaken through the Operating Account using the income derived from paycards, season tickets and excess charge notices in car parks. In addition a payment of £1.5 million per annum is made to the Transport and Technical Services Division in respect of rent for the multi-storey car parks. This arrangement for reimbursing the Department for the lost income caused by the transfer of the Car Parks Section to a Trading Account was agreed by the former Finance and Economics Committee when the Trading Fund was established.

Operating Account

The net operating surplus for the Trading Fund was down £855,300 (47%) on the 2005 budget. The main reason for this reduction in income is due to a reduction in paycard income of £1.07 million (down 26%) as a result of a decrease in the number of paycards sold to date which was offset by an increase in notional interest and rental income received.

Expenditure has increased by £61,000 on 2004 but was down £403,000 on the 2005 budget. This was due to less commission paid due to a decrease in paycard and season ticket sales, staff vacancies, professional fees surrounding the car park strategy which have not yet commenced, as well as a decrease in planned lift maintenance work which has been deferred until 2006.

Trading Fund

Those projects funded from the Trading Fund in 2005 are listed below:

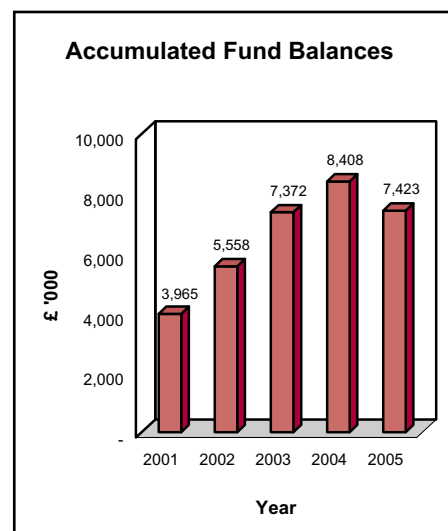
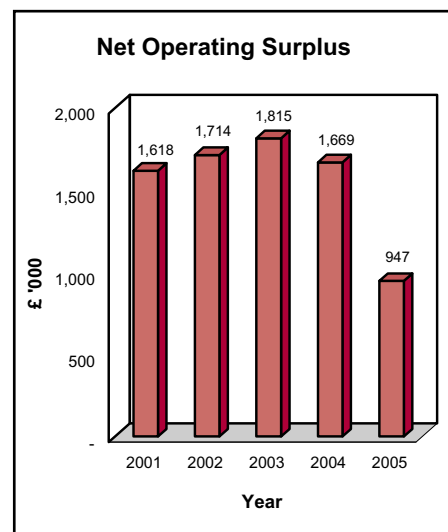
- £1.87 million on concrete repairs on Pier Road and Sand Street multi-storey car parks;
- £32,600 on structural work on multi-storey car parks; and
- £25,000 on transport initiatives as agreed by the former Finance and Economics and the Environment and Public Services Committees during 2004.

Performance Measures

| Measure Description | 2005 | 2004 |
|--|----------------|---------------|
| Car parking: number of Fixed Penalty Notices (FPNs) issued per on-street bay | 7.96 (2004) | 3.8 (2003) |
| Car parking: number of Extra Charge Notices (ECNs) issued per car park bay | 2.47 (2004) | 1.9 (2003) |
| Car parking: number of FPNs issued per parking attendant hour – on-street | 0.97 (2004) | 0.4 (2003) |
| Car parking: number of ECNs issued per parking attendant hour – in car parks | 0.94 (2004) | 0.4 (2003) |
| Charge for parking per hour to the public – on / off street | 47p (2004) | 45p (2003) |

Other Developments

In 2005, the Committee published its Sustainable Travel and Transport Plan which sets out a framework for transport in Jersey over the next 10 - 15 years.



Environment and Public Services

Car Parks Trading Account

Operating Account

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|---|---------------------|---------------------|
| 5,123,400 | 6,265,700 | Total Income | 5,007,631 | 5,668,944 |
| | | Expenditure | | |
| 877,000 | 840,200 | Manpower | 800,386 | 752,394 |
| 555,700 | 662,200 | Supplies and Services | 472,004 | 548,509 |
| 424,700 | 366,300 | Administrative Costs | 251,801 | 76,302 |
| 2,484,800 | 2,476,000 | Premises and Maintenance | 2,442,931 | 2,341,931 |
| 89,000 | 117,500 | Incidental Expenses and Charges | 92,375 | 279,475 |
| - | 1,100 | Non-Service Costs | 1,095 | 1,416 |
| 4,431,200 | 4,463,300 | Total Expenditure | 4,060,592 | 4,000,027 |
| £ 692,200 | £ 1,802,400 | Net Operating Surplus and Transfer to Trading Fund | £ 947,039 | £ 1,668,917 |

Trading Fund

| 2006 Estimate £ | 2005 Revised Estimate £ | | 2005 Actual £ | 2004 Actual £ |
|-----------------------|-------------------------------|--|---------------------|---------------------|
| 7,275,646 | 7,573,246 | Balance brought forward 1 January | 8,408,297 | 7,372,146 |
| | | Add: | | |
| 692,200 | 1,802,400 | Transfer of Operating Surplus | 947,039 | 1,668,917 |
| 692,200 | 1,802,400 | Total Additions | 947,039 | 1,668,917 |
| | | Less: | | |
| 180,000 | 1,400,000 | Concrete Degradation Repair work on Multi-Storey Car Parks | 1,874,824 | 482,766 |
| 100,000 | 700,000 | Structural work on Multi-Storey Car Parks | 32,600 | 150,000 |
| - | - | Traffic and Transport Highway Initiatives | 25,000 | - |
| 280,000 | 2,100,000 | Total Expenditure | 1,932,424 | 632,766 |
| £ 7,687,846 | £ 7,275,646 | Balance carried forward 31 December | £ 7,422,912 | £ 8,408,297 |

Reserves

Reserves

Strategic Reserve

The Strategic Reserve was initiated by the States in 1986 as a 'long-term buffer' against major downturns in the Island's economy.

The Public Finances (Administration) (Jersey) Law 1967 allows, on the recommendation of the Finance and Economics Committee, the use of funds from the Strategic Reserve for such purposes as the States may authorise.

Whilst the current financial position has prevented the States from adding to the Reserve, it remains the Treasury and Resources Minister's long-term objective to add to the Reserve.

The total assets of the Reserve at the year end, at market value, were £456.1 million (2004: £418.2 million).

The net realised surplus for the year was £24.5 million (2004: £9.6 million).

The unrealised profit on investments at the year end was £13.4 million (2004: gain of £11.6 million).

As in 2004, no transfer was made into the Reserve during 2005.

General Reserve

Under the Articles of the Public Finances (Administration) (Jersey) Law, 1967, the States of Jersey made provision for a General Reserve to be maintained, from which monies have been made available at the discretion of the Finance and Economics Committee.

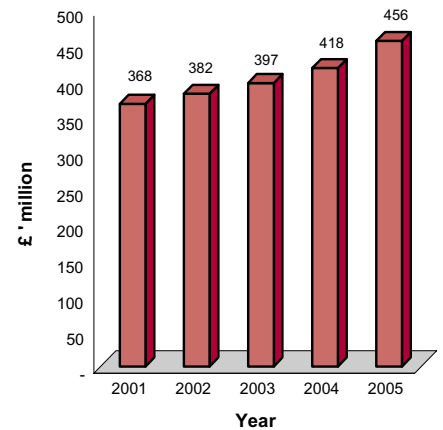
During the year the Finance and Economics Committee granted 'unforeseen' credits of revenue and capital expenditure amounting to £2.7 million.

The Finance and Economics Committee also granted £11.8 million in regards to pay and pension matters. This included the full year effect of the 2004 pay award and seven months of the 2005 pay award.

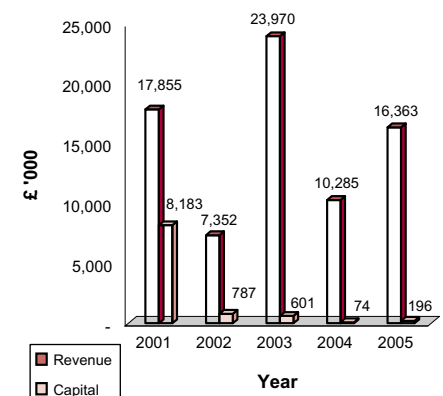
The introduction of the new Public Finances (Jersey) Law 2005 makes no provision for a General Reserve and the remaining balance has been set aside to fund a number of known contingencies.

Pay awards are now provided for within cash limits.

Market Value of Strategic Reserve



General Reserve Allocations



Strategic Reserve

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Bank Interest | 1,953,219 | 1,269,091 |
| Investment Income | 17,759,107 | 20,445,184 |
| Profit/(Loss) on Disposal of Investments | 7,333,783 | (10,376,783) |
| | 27,046,109 | 11,337,492 |
| Expenditure | | |
| Administrative Costs | (1,357,227) | (1,231,389) |
| Appropriation to Jersey Currency Notes | (1,194,426) | (480,960) |
| | (2,551,653) | (1,712,349) |
| Surplus for the Year | £ 24,494,456 | £ 9,625,143 |

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Surplus for the Year | 24,494,456 | 9,625,143 |
| Unrealised Gains on Investments | 13,402,210 | 11,614,254 |
| Total Recognised Gains for the Year | £ 37,896,666 | £ 21,239,397 |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|----------------------|----------------------|
| Fixed Assets | | |
| Investments - Market Value | 452,213,352 | 386,352,520 |
| | 452,213,352 | 386,352,520 |
| Current Assets | | |
| Debtors | 4,154,153 | 6,289,453 |
| Cash at Bank and in Hand | 22,467,578 | 49,267,079 |
| Current Liabilities | | |
| Creditor - Investments held on behalf of Jersey Currency Notes | (22,264,054) | (20,897,188) |
| Creditors (amount due within one year) | (473,520) | (2,811,022) |
| Net Current Assets | 3,884,157 | 31,848,322 |
| Net Assets | £ 456,097,509 | £ 418,200,842 |
| Funds Employed | | |
| Accumulated Reserve | 434,976,368 | 410,481,911 |
| Revaluation Reserve | 21,121,141 | 7,718,931 |
| Accumulated Revenue and Reserve Balances | £ 456,097,509 | £ 418,200,842 |

General Reserve

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|-----------------------|----------------------|
| Income | | |
| Allocated Budget from General Funds | 11,794,300 | 5,016,000 |
| | 11,794,300 | 5,016,000 |
| Expenditure | | |
| Capital | (195,933) | (74,239) |
| Revenue | (16,363,361) | (10,284,677) |
| Transfer to Consolidated Fund Contingencies | (10,481,224) | - |
| | (27,040,518) | (10,358,916) |
| Deficit for the Year | (£ 15,246,218) | (£ 5,342,916) |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash at Bank and in Hand | - | 15,246,218 |
| Current Liabilities | - | - |
| Provisions | | |
| Provisions held against the General Reserve | - | (1,964,000) |
| Net Current Assets | - | 13,282,218 |
| Net Assets | £ - | £ 13,282,218 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ - | £ 13,282,218 |

Capital Fund

Under the Articles of the Public Finances (Administration) (Jersey) Law, 1967 (the 'Public Finances Law') the States are required to maintain a Fund known as the 'Capital Fund'. The Fund is used for defraying expenditure of any Committee of the States to which capital is applicable and for the repayment of any loan raised under the guarantee of the annual income of the States. The Public Finance Law provides that any budgeted balance on the General Fund in any year, be transferred to the Capital Fund. Deficits in the General Fund are funded from balances on the Capital Fund. The Public Finances Law provides for an underlying balance on the Capital Fund to be maintained at all times and prevents the States from adopting a Budget which would cause the Capital Fund to be overdrawn.

The Capital Fund does not exist under the Public Finances (Jersey) Law 2005 and the balances held at the year end will be subsumed into the newly created Consolidated Fund in 2006.

Capital expenditure incurred during 2005 was £46.5 million, an increase of £4.9 million (11.8%) on the 2004 figure of £41.6 million.

Capital expenditure financed from the Capital Fund (including the cost of land) is reimbursed from revenue over a period of years which normally equates to the estimated life of the asset acquired commencing in the year following completion or acquisition of the asset. The amount of capital repayment therefore approximates to any depreciation charge that would be applicable, except that capital repayments include an element in respect of land, which would not be depreciated in accordance with UK Generally Accepted Accounting Principles.

Capital repayments have increased in 2005 compared with 2004 by £2.7 million (8.1%). This reflects the increased cost of newly completed works compared with those items falling out of capital servicing at the end of their useful economic life.

Disposals totalling £11 million are disclosed at Note 6 - Tangible Assets to the accounts. This figure represents the elimination of assets relating to the Airport that were acquired by the Capital Fund. As these assets are fully depreciated, there is no impact on the net book value of the Capital Fund.

Capital Fund

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|----------------------|----------------------|
| Advances for Capital Expenditure less Repayments | 700,335,037 | 690,264,919 |
| Current Assets | | |
| Cash | 141,003,408 | 154,434,237 |
| | 141,003,408 | 154,434,237 |
| Current Liabilities | | |
| Creditors (amount due within one year) | (253,843) | (990,682) |
| Temporary Advance from Separately Constituted Funds | (12,740,073) | (20,972,820) |
| | (12,993,916) | (21,963,502) |
| Net Current Assets | 128,009,492 | 132,470,735 |
| Total Assets less Current Liabilities | 828,344,529 | 822,735,654 |
| Creditors (amounts falling due after more than one year) | - | - |
| Net Assets | £ 828,344,529 | £ 822,735,654 |
| Funds Employed | | |
| Contributions from General Funds | 867,637,389 | 865,616,278 |
| Plus Contribution from Strategic Reserve | 2,000,000 | 2,000,000 |
| Less Transfer to Tourism Development Fund | (1,700,000) | (1,700,000) |
| Less Transfer to Housing Development Fund | (49,447,918) | (47,165,000) |
| | (49,147,918) | (46,865,000) |
| Capital Receipts | 9,855,058 | 3,984,376 |
| Accumulated Revenue and Reserve Balances | £ 828,344,529 | £ 822,735,654 |

Separately
Constituted
Funds

Separately Constituted Funds

Dwelling Houses Loan Fund

In 1950 the States established a building loans scheme to enable first-time buyers to purchase homes. At that time, financial institutions had not yet become involved in lending for house purchases. The scheme was incorporated in Law (L23 1950) and a special fund (the Dwelling Houses Loan Fund) was established in order to finance loans to first-time buyers from States General Revenues.

States loans are granted by the Housing Committee to residentially qualified first-time buyers who are able to demonstrate that they have a deposit and can meet the repayments of the loan.

Loans are secured by a simple conventional hypothec charged on the property in relation to which the loan is made, and bears interest with a minimum of 3% for flats and 5% for a house and a maximum of 7.5%. The current maximum loan available to first-time buyers is £120,000.

The surplus on the Fund for the year was £2.9 million (2004: £2.9 million). This comprises interest charged to borrowers plus interest charged on advances to the Capital Fund less administration expenses.

Assisted House Purchase Scheme

The Assisted House Purchase Scheme was established by the States of Jersey in 1977 to aid the recruitment of staff from the UK. The Scheme facilitated the purchase of suitable properties by the States on behalf of the employee. A property was purchased using funds from the Scheme, and held in the name of the States until such time as the employee has attained their residential qualifications. The employees' right to occupy the property was in the form of a lease with the option to purchase the freehold at the end of the period.

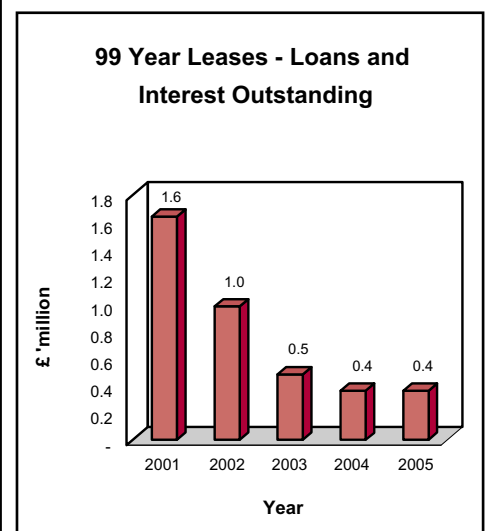
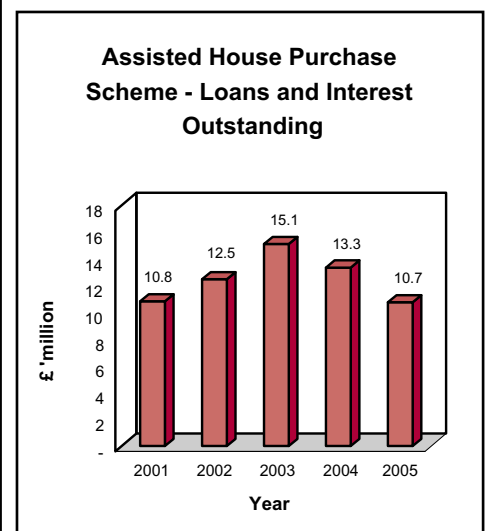
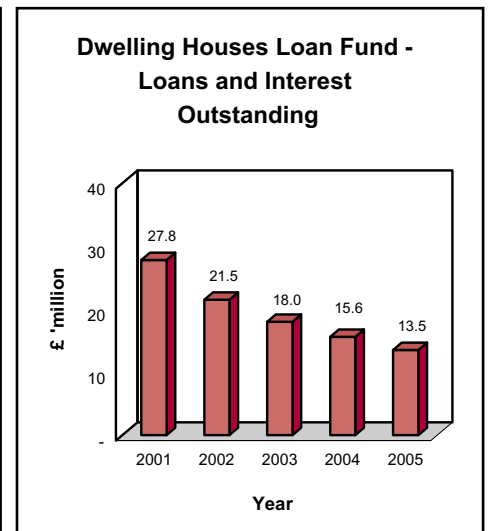
The Scheme ceased to purchase properties on behalf of employees from August 2005. Employees who would have been eligible for the Scheme must now arrange their own finance through the various Financial Institutions.

The surplus on the Scheme for the year was £121,452 (2004: £117,011).

99 Year Leases

The 99 Year Lease legislation was introduced in 1964/65 to allow the Housing Committee to lend to individuals offering leasehold property as security. The Building Loan legislation of the day only allowed that Committee to lend on freehold properties. At that time there was no share transfer or flying freehold legislation.

The surplus on the Fund for the year was £73,102 (2004: £71,581). This surplus is transferred to the Housing Committee's cash limit.



Dwelling Houses Loans Fund

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Interest Charged to Borrowers | 1,394,829 | 1,630,954 |
| Interest Charged on Advances to the Capital Fund | 1,634,493 | 1,346,953 |
| | 3,029,322 | 2,977,907 |
| Expenditure | | |
| Administrative Costs | (117,892) | (122,486) |
| | (117,892) | (122,486) |
| Surplus for the Year | £ 2,911,430 | £ 2,855,421 |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Loans and Interest Outstanding | 13,457,869 | 15,611,931 |
| | 13,457,869 | 15,611,931 |
| Current Assets | | |
| Debtors | 5,911 | - |
| Debtor - Temporary Advance to the Capital Fund | 39,276,522 | 34,192,569 |
| Current Liabilities | | |
| Creditors (amount due within one year) | (24,373) | - |
| Net Current Assets | 39,258,060 | 34,192,569 |
| Net Assets | £ 52,715,929 | £ 49,804,500 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 52,715,929 | £ 49,804,500 |

Assisted House Purchase Scheme

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Interest Charged to Borrowers | 605,515 | 659,365 |
| | 605,515 | 659,365 |
| Expenditure | | |
| Administrative Costs | (6,238) | (8,396) |
| Interest on Temporary Advances from the Capital Fund | (477,825) | (533,958) |
| | (484,063) | (542,354) |
| Surplus for the Year | £ 121,452 | £ 117,011 |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Loans and Interest Outstanding | 10,746,857 | 13,340,631 |
| | 10,746,857 | 13,340,631 |
| Current Assets | | |
| Debtors | 479 | - |
| Current Liabilities | | |
| Creditors (amount due within one year) | (2,672) | (2,672) |
| Creditor - Temporary Advance from the Capital Fund | (9,153,588) | (11,868,334) |
| Net Current Liabilities | (9,155,781) | (11,871,006) |
| Net Assets | £ 1,591,076 | £ 1,469,625 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 1,591,076 | £ 1,469,625 |

99 Year Leases

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Interest Charged to Borrowers | 53,296 | 53,629 |
| Interest on Temporary Advances from the Capital Fund | 21,471 | 19,765 |
| | 74,767 | 73,394 |
| Expenditure | | |
| Administrative Costs | (1,665) | (1,813) |
| | (1,665) | (1,813) |
| Surplus for the Year | £ 73,102 | £ 71,581 |

Note: The annual surplus is transferred to the Housing Committee's cash limit.

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Loans and Interest Outstanding | 360,514 | 390,403 |
| | 360,514 | 390,403 |
| Current Assets | | |
| Debtor - Temporary Advance to the Capital Fund | 469,858 | 439,969 |
| Current Liabilities | - | - |
| Net Current Assets | 469,858 | 439,969 |
| Net Assets | £830,372 | £ 830,372 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 830,372 | £ 830,372 |

Separately Constituted Funds

Agricultural Loans Fund

In September 1974 the States approved a law to authorise the lending to farmers to:

- assist or enable them to acquire agricultural land;
- construct or convert their house or farm;
- purchase agricultural machinery and equipment;
- carry out improvements for more efficient and economic farming; and
- purchase livestock.

For the purposes of this Law the Agricultural Loans Fund was established.

As from 2005 the approval of new loans to farmers has been suspended (2004: £67,786).

The deficit on the Fund for the year was £172,905 (2004: surplus of £137,676).

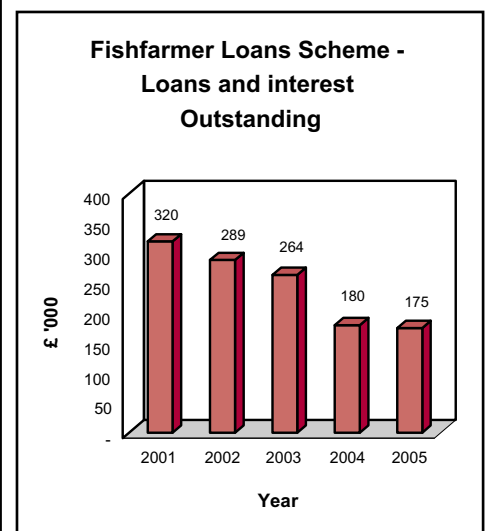
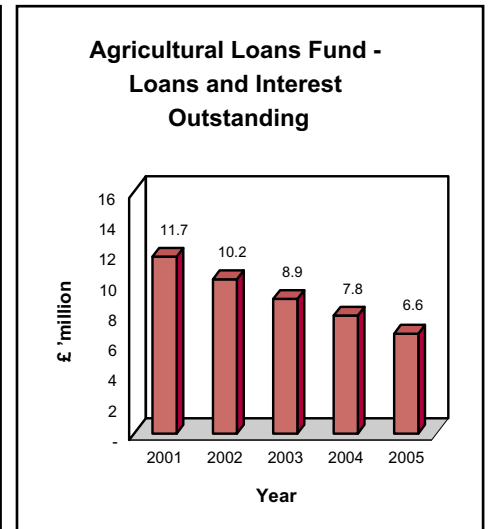
The Fishfarmer Loans Scheme

The Fishfarmer Loans Scheme was introduced by the States in 1995 to facilitate the provision of loans for:

- the purchase of machinery and equipment for use in connection with fish farming;
- the construction of buildings to house equipment associated with fish farming activities; and
- the purchase of land on which to carry out the activities directly involved with fish farming.

As from 2004 the approval of new loans has been suspended and therefore the Scheme did not advance any new loans in 2005 or 2004.

The surplus on the Scheme for the year was £2,552 (2004: £2,857).



Agricultural Loans Fund

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Interest Charged to Borrowers | 446,971 | 530,678 |
| | 446,971 | 530,678 |
| Expenditure | | |
| Administrative Costs | (32,772) | (37,467) |
| Interest Written Off | (263,505) | - |
| Interest on Temporary Advances from the Capital Fund | (323,599) | (355,535) |
| | (619,876) | (393,002) |
| (Deficit)/Surplus for the Year | (£ 172,905) | £ 137,676 |

Note: The annual (deficit)/surplus is transferred to the Economic Development Committee's cash limit.

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Loans and Interest Outstanding | 6,635,393 | 7,783,201 |
| | 6,635,393 | 7,783,201 |
| Current Assets | - | - |
| Current Liabilities | | |
| Creditor - Temporary Advance from the Capital Fund | (6,635,393) | (7,783,201) |
| Net Current Liabilities | (6,635,393) | (7,783,201) |
| Net Assets | £ - | £ - |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ - | £ - |

Fishfarmer Loans Scheme

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Interest Charged to Borrowers | 11,102 | 14,504 |
| | 11,102 | 14,504 |
| Expenditure | | |
| Administrative Costs | (300) | (200) |
| Interest on Temporary Advances from the Capital Fund | (8,250) | (11,447) |
| | (8,550) | (11,647) |
| Surplus for the Year | £ 2,552 | £ 2,857 |

Note: The annual surplus is transferred to the Economic Development Committee's cash limit.

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Loans and Interest Outstanding | 174,536 | 180,032 |
| | 174,536 | 180,032 |
| Current Assets | - | - |
| Current Liabilities | | |
| Creditor - Temporary Advance from the Capital Fund | (174,536) | (180,032) |
| Net Current Liabilities | (174,536) | (180,032) |
| Net Assets | £ - | £ - |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ - | £ - |

Separately Constituted Funds

Currency and Coinage

The surplus from the Island's Currency and Coinage continues to make a significant contribution to States revenues.

The primary surplus generated from bank interest is supplemented by the Currency's investment income generated from the portfolio held by the Strategic Reserve.

Growth in demand for local currency continues to improve steadily, with the increase in circulation amounting to an annual average of £55 million in 2005, compared to £53 million in 2004 and £51 million in 2003.

Currency

The 2005 investment income received from the Strategic Reserve portfolio has reflected its performance, attributing a significant £1.2 million of the total annual surplus, compared with £481,000 in 2004.

The 2004 revenue surplus of £2.76 million was boosted from the profit of £672,000 received upon the maturity of a UK Treasury stock.

Excluding this profit from 2004, the 2005 surplus of £2.74 million has actually increased by 31%. The success of changes to methods of note sorting and distribution continues to show with a further decrease in annual expenditure on salaries and wages of 10%.

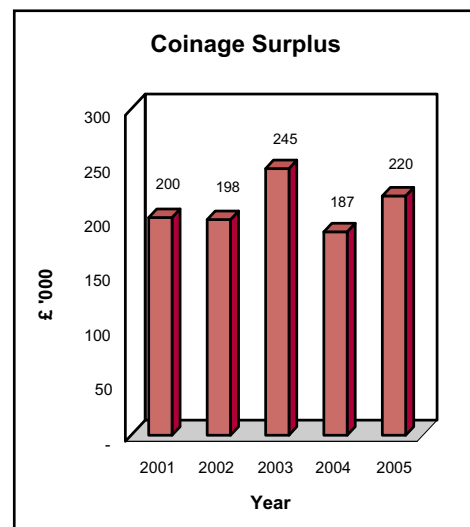
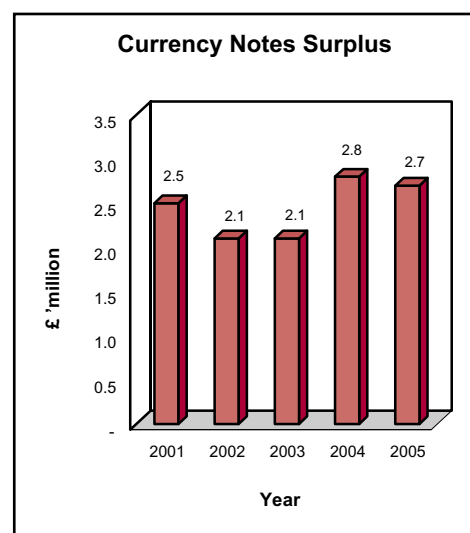
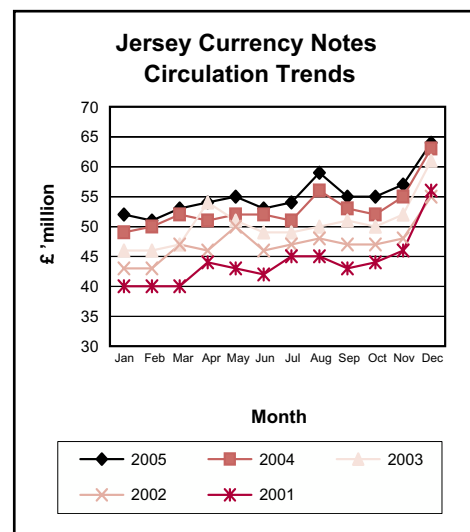
An analysis of the Statement of Total Recognised Gains and Losses again illustrates the excellent performance of investment portfolios, with an unrealised gain on investments held of £494,690 million, during 2005, compared with a loss of £927,202 in 2004.

Coinage

The lack of customer demand for specific numismatic coins continued in 2005, however this did not impact on the annual revenue surplus which showed an improvement of £33,000; £220,000 in 2005, compared with £187,000 in 2004. With a number of commemorative issues proposed for 2006, it is hoped demand will improve.

Despite a 37% decrease, reflecting the lower annual demand for numismatic coins, royalty income provided a significant 31% contribution to the 2005 revenue surplus.

The graphs detailed opposite demonstrate the continued contribution made to States revenues by the surplus from Currency and Coinage.



Jersey Currency Notes

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|---------------------|---------------------|
| Income | | |
| Bank Interest | 1,226,902 | 745,258 |
| Investment Income | 806,195 | 1,329,990 |
| Investment Income received from Funds invested in the Strategic Reserve | 1,194,426 | 480,960 |
| Surplus on Disposal of Investments | - | 671,504 |
| Sale of Specimen Jersey Notes | 2,386 | 4,886 |
| Miscellaneous Income | - | 18,654 |
| | 3,229,909 | 3,251,252 |
| Expenditure | | |
| Administrative Costs | (79,646) | (88,716) |
| Cost of Notes Issued | (203,145) | (185,603) |
| Carriage, Insurance and Sundry Expenses | (207,963) | (218,208) |
| | (490,754) | (492,527) |
| Surplus transferred to General Funds | £ 2,739,155 | £ 2,758,725 |

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|---------------------|---------------------|
| Unrealised Gains/(Losses) on Investments | 494,690 | (927,202) |
| Total Recognised Gains/(Losses) for the Year | £ 494,690 | (£ 927,202) |

Jersey Currency Notes

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| Investments - Market Value | 11,345,886 | 11,504,692 |
| | 11,345,886 | 11,504,692 |
| Current Assets | | |
| Stocks | 627,329 | 830,579 |
| Debtors | 550,435 | 1,281,329 |
| Debtor - Investments held by Strategic Reserve | 22,264,054 | 20,897,191 |
| Cash at Bank and in Hand | 33,756,758 | 32,066,993 |
| Current Liabilities | | |
| Creditors (amount due within one year) | - | (162,830) |
| Jersey Notes in Circulation | | |
| Jersey Notes Issued | (74,131,054) | (75,170,194) |
| Jersey Notes in Hand | 9,659,528 | 12,330,486 |
| Net Current Liabilities | (7,272,950) | (7,926,446) |
| Net Assets | £ 4,072,936 | £ 3,578,246 |
| Funds Employed | | |
| Revaluation Reserve | 2,672,936 | 2,178,246 |
| Reserve | 1,400,000 | 1,400,000 |
| Accumulated Revenue and Reserve Balances | £ 4,072,936 | £ 3,578,246 |

Jersey Coinage

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|-----------------------------|---------------------|---------------------|
| Income | | |
| Bank Interest | 285,680 | 333,996 |
| Sale of Coins and Albums | 870 | 9,200 |
| Royalties | 67,786 | 107,992 |
| Miscellaneous Income | 206 | 17,812 |
| | 354,542 | 469,000 |
| Expenditure | | |
| Administrative Costs | (46,275) | (142,398) |
| Interest Charged | - | (2,462) |
| Stock Write-off | (2,790) | (60,817) |
| Cost of Sale | (197) | (13,131) |
| Cost of Coins Issued | (85,226) | (62,958) |
| | (134,488) | (281,766) |
| Surplus for the Year | £ 220,054 | £ 187,234 |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|---------------------|---------------------|
| Current Assets | | |
| Stocks | 81,847 | 103,599 |
| Debtors | 20,960 | 29,793 |
| Cash at Bank and in Hand | 6,450,637 | 6,013,861 |
| Current Liabilities | | |
| Creditors (amount due within one year) | (5,500) | (2,133) |
| Coinage in Circulation | | |
| Coinage Issued | (7,377,827) | (6,944,115) |
| Coinage on Hand | 1,179,883 | 1,148,995 |
| Net Current Assets | 350,000 | 350,000 |
| Net Assets | £ 350,000 | £ 350,000 |
| Funds Employed | | |
| Reserve Fund - Numismatic Issues | 350,000 | 350,000 |
| Accumulated Revenue and Reserve Balances | £ 350,000 | £ 350,000 |

Separately Constituted Funds

Tourism Development Fund

The Tourism Development Fund was established by the States in December 2001. The aim of the Fund is to stimulate investment in the tourism industry and infrastructure in order to improve Jersey's competitiveness and sustain the industry as a second pillar of the economy.

There are two distinct elements of the Fund's investment strategy:

- to support public and voluntary sector projects and infrastructure projects that make a crucial contribution to the attractiveness and appeal of Jersey as a tourist destination; and
- to stimulate investment in technology and marketing initiatives. This element is the smaller of the two, but is designed to support small scale commercial initiatives and events.

During the year the Tourism Development Fund authorised grants amounting to £761,894, 32% up on 2004. The Fund had a deficit for the year of £660,515 (2004: £462,201). The Fund had reserves as at 31 December 2005 of £1.8 million (2004: £2.5 million).

ICT Fund

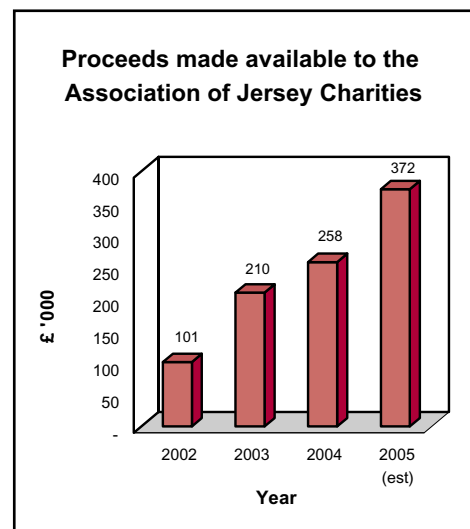
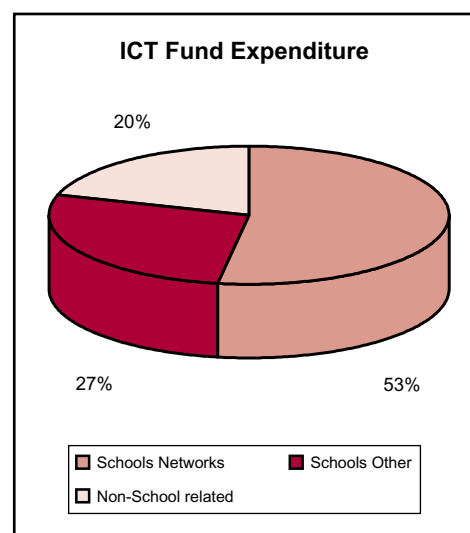
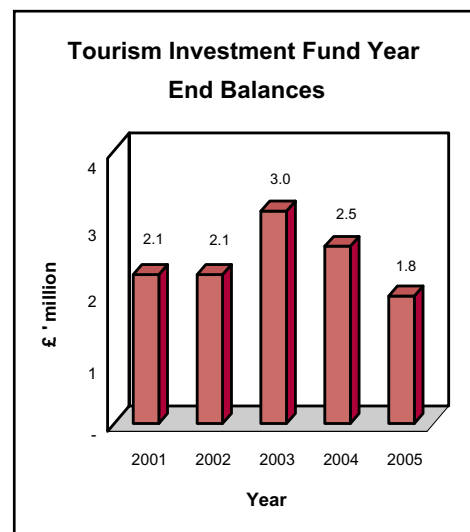
The ICT Fund was established in 1998. Its purpose is to support the use of information systems and technology across Jersey in both public and private sectors; with particular importance being placed on the education of the Island's young people.

During the year the ICT Fund authorised capital and revenue grants amounting to £112,397, a 67% decrease on 2004. The Fund had a deficit for the year of £1.4 million (2004: deficit of £1.6 million). The Fund has reserves as at 31 December 2005 of £1.8 million (2004: £3.2 million).

Channel Islands Lottery (Jersey) Fund

Policy for the lottery is decided by the Economic Development Department in Jersey. The Department's strategy for 2005 was to build on the previous year's success by increasing the prize for Lucky Scratch Games from £2,000 to £5,000 from January 2005 and to continue to work with the Department for Culture, Media and Sport in the United Kingdom for the extension of the National Lottery to the Island.

Sales of tickets in Jersey increased by 24% in 2005 which led to increased net profits of 60%, which will be distributed subject to the consent of the States, to local charitable causes by the Association of Jersey Charities.



Tourism Development Fund

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual Restated £ |
|-----------------------------|---------------------|---------------------------------|
| Income | | |
| Bank Interest | 113,332 | 135,495 |
| | 113,332 | 135,495 |
| Expenditure | | |
| Grants | (761,894) | (577,358) |
| Administrative Costs | (11,954) | (20,338) |
| | (773,848) | (597,696) |
| Deficit for the Year | (£ 660,515) | (£ 462,201) |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Current Assets | | |
| Debtors | 29,998 | 12,101 |
| Cash | 1,844,024 | 2,511,282 |
| Current Liabilities | | |
| Creditors | (30,991) | (19,838) |
| Net Current Assets | 1,843,030 | 2,503,545 |
| Net Assets | £ 1,843,030 | £ 2,503,545 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 1,843,030 | £ 2,503,545 |

ICT Fund

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|-----------------------------|----------------------|----------------------|
| Income | | |
| Bank Interest | 10,777 | 28,065 |
| | 10,777 | 28,065 |
| Expenditure | | |
| Establishment | (926) | (2,038) |
| Depreciation | (1,434,623) | (1,586,739) |
| | (1,435,549) | (1,588,777) |
| Deficit for the Year | (£ 1,424,772) | (£ 1,560,712) |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Fixed Assets | | |
| ICT Fund Assets | 1,680,936 | 3,004,088 |
| | 1,680,936 | 3,004,088 |
| Current Assets | | |
| Debtors | 903 | 2,543 |
| Cash at Bank and in Hand | 146,211 | 240,791 |
| Current Liabilities | | |
| Creditors | (5,400) | - |
| Net Current Assets | 141,714 | 243,334 |
| Net Assets | £ 1,822,650 | £ 3,247,422 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 1,822,650 | £ 3,247,422 |

Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the Year ended 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---------------------------------------|---------------------|---------------------|
| Income | | |
| Sale of Tickets in Jersey | 1,728,690 | 1,388,087 |
| Sale of Tickets to Guernsey | 917,590 | 852,518 |
| Time Expired Income | 29,150 | 22,408 |
| Bank Interest | 7,703 | 3,295 |
| Other Lottery Income | 22,679 | 20,012 |
| | 2,705,812 | 2,286,320 |
| Expenditure | | |
| Prize Money for Jersey Sales | (866,784) | (1,047,897) |
| Prize Money for Guernsey Sales | (391,957) | (564,128) |
| Prize Money Outstanding | (857,069) | (208,180) |
| Administration and Draw Expenditure | (165,355) | (198,546) |
| Agents' Commission on Winning Tickets | (11,842) | (9,697) |
| | (2,293,007) | (2,028,448) |
| Surplus for the Year | £ 412,805 | £ 257,872 |

Balance Sheet as at 31 December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Current Assets | | |
| Debtors | 1,031,942 | 483,382 |
| Cash at Bank and in Hand | 507,307 | 242,157 |
| Current Liabilities | | |
| Uncollected Prizes | (939,211) | (293,508) |
| Creditors | (18,533) | (5,459) |
| Net Current Assets | 581,505 | 426,572 |
| Net Assets | £ 581,505 | £ 426,572 |
| Funds Employed | | |
| Accumulated Revenue and Reserve Balances | £ 581,505 | £ 426,572 |

Separately Constituted Funds

Housing Development Fund

The States approved P74/99 and P84/99 on 7 July 1999 and thereby the creation of the Housing Development Fund to be administered by the Finance and Economics Committee.

The rationale for the Housing Development Fund is to help meet the requirements for the development of social rented and first-time buyer homes as identified in the 'Planning for Homes' Report (RC10/99).

The Housing Development Fund does not fund the whole cost of a housing scheme, but provides development and interest subsidy to enable the cost of the scheme to be repaid from its rental stream or sale receipts in the case of first-time buyer properties. The Housing Development Fund, therefore, provides for developments whose overall value is many times that of the Fund.

The following developments were in the course of construction in 2005:

| Development | Number of Units | | | |
|--|------------------|-----------|-----------|------------|
| | Bedsit and 1 Bed | 2 Bed | 3+ Bed | Total |
| Le Coie Hotel | 49 | 46 | 1 | 96 |
| Bas du Mont | 1 | 6 | 9 | 16 |
| Hodge Nursery Phase 2 | - | - | 73 | 73 |
| Philips House | 15 | 3 | - | 18 |
| Total number of units in the course of construction | 75 | 55 | 83 | 203 |

The following projects were in planning stages as at 31st December 2005:

| Development | Number of Units | | | |
|--|------------------|----------|----------|-----------|
| | Bedsit and 1 Bed | 2 Bed | 3+ Bed | Total |
| Former Aquila Youth Club | 26 | - | - | 26 |
| Total number of units at planning stage | 26 | - | - | 26 |

The Housing Development Fund provides interest subsidy for those Housing Trust properties acquired under the former Housing Development Schemes Account and supports the development of social rented housing on rezoned sites by capping the interest liability of Housing Trusts to a maximum of 6%.

Housing Development Fund

Income and Expenditure Account for the Year ended 31st December 2005

| | 2005 Actual £ | 2004 Actual £ |
|--|---------------------|---------------------|
| Income | | |
| Rental from Sites | 623,644 | 590,986 |
| Sale of Stock | 1,622,518 | 480,000 |
| Other Provision for Loss on Sale | - | 224,076 |
| | 2,246,162 | 1,295,062 |
| Expenditure | | |
| Development Subsidy Paid | (439,762) | (327,405) |
| Interest on Temporary Advances from the Capital Fund | (45,826) | - |
| Interest Subsidy Paid | (1,351,483) | (1,224,117) |
| Depreciation of Completed Works | (308,189) | (199,498) |
| Management Charge | (25,862) | (26,075) |
| Maintenance Charge | (77,586) | (78,224) |
| Administrative Charges | (1,647) | (1,900) |
| | (2,250,355) | (1,857,219) |
| Deficit for the Year | (£4,193) | (£562,157) |

Balance Sheet as at 31st December 2005

| | 2005 Actual £ | 2004 Actual £ |
|---|---------------------|---------------------|
| Current Assets | | |
| Debtors | 59,582 | 421,181 |
| Debtor - Temporary Advance (from)/to the Capital Fund | (11,043,674) | 6,170,967 |
| Work in Progress | 34,269,362 | 14,387,645 |
| Completed Works | 8,786,621 | 8,986,120 |
| Current Liabilities | | |
| Creditors (amount due within one year) | (77,355) | (250,101) |
| Net Current Assets | 31,994,536 | 29,715,812 |
| Net Assets | £ 31,994,536 | £ 29,715,812 |
| Funds Employed | | |
| Reserve balance brought forward | 29,715,812 | 21,862,969 |
| Deficit for the year | (4,193) | (562,157) |
| Funds transferred from the Capital Fund in year | 2,282,917 | 8,415,000 |
| Reserve balance carried forward | £ 31,994,536 | £ 29,715,812 |

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