

Notes to the Accounts for the year ended 31 March 2003

1. Accounting Policies

a. Basis of Accounts

The accounts are prepared on a going concern and an accruals basis under the historic cost convention, modified to include the revaluation of investment properties. They are prepared in accordance with section 2(5) of the Crown Estate Act 1961 and with the directions made thereunder by the Treasury and, where appropriate, with the Companies Act 1985 and Accounting Standards in the United Kingdom.

b. Crown Estate Act 1961 – Statutory Provisions

The Crown Estate is a body corporate regulated by statute. The provisions of the Crown Estate Act 1961 specify certain distinctions between capital and revenue. Section 2(4) of the Act requires capital and revenue to be distinguished in the accounts and for provision to be made for recovering capital expenditure from revenue where appropriate. The section then specifies that:

- i) any sum received by way of premium on the grant of a lease shall be carried to revenue account if the lease is for a term of 30 years or less and to capital account if the lease is for a term exceeding 30 years; and
- ii) net earnings from mineral workings shall be carried one half to capital account and one half to revenue account.

c. Treasury Agreements

By agreement with the Treasury the capital account is charged with:

- i) the purchase of leaseholds which are recoverable from revenue over 40 years or the unexpired term of the lease if less;
- ii) the cost of all new works and improvements of a wasting nature to investment properties which are recovered from revenue over 25 years;
- iii) the cost of purchasing other assets e.g. office equipment, plant and machinery, which is recoverable from revenue over the expected life of the asset category.

Expected lives are as follows:

Vehicles:	4-10 years depending on nature of vehicle
Plant and equipment:	4-10 years
Computer equipment:	4 years
Office equipment:	4 years

The total of such repayments from revenue to capital is limited to 15 per cent of gross income (as defined in agreement with the Treasury). Also by agreement with the Treasury, earnings on dated gilt-edged stocks are carried one half to capital and one half to revenue. "Earnings" are defined as interest plus or minus gains or losses on disposal. Interest on non-dated securities and short term balances is carried to the revenue account alone.

d. Valuation

The Crown Estate portfolio of land and buildings and other property assets has been valued at 31 March 2003 by a combination of professionally qualified internal and external valuers. The external valuers valued approximately 91% of the portfolio. The valuations have been carried out in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuation has been carried out as follows:

Investment Properties

Investment properties and those held for development are valued on the basis of Market Value. Properties in course of development are valued at either the Market Value of the land and buildings in their existing state or the Market Value of the land as a cleared site plus the costs of development incurred by the date of valuation.

Marine and mineral assets are valued only where a letting or licence exists, where entry has occurred, or where an interest is expected to provide either a revenue cashflow or a capital receipt within the next 2 years. Mineral bearing land, including marine dredged aggregates, is valued on the basis of Existing Use Value.

All investment properties in the designated area of the Windsor Estate have been valued.

Owner Occupied Properties

Properties occupied by The Crown Estate are valued on the basis of Existing Use Value. In 2003 the dwellings occupied by Crown Estate employees and pensioners at Windsor are treated as owner occupied. In 2002 these dwellings were categorised as investment properties.

1. Accounting Policies continued

e. Disposal of Freehold Properties

Revaluation Reserve released on disposal of a property is transferred to General Capital Reserve. In accordance with the Crown Estate Act, capital and revenue is required to be distinguished in the account; book profit or loss on disposal (i.e. the amount by which sales proceeds exceed the property valuation at the last accounting date prior to sale) is therefore not taken to the Revenue Account, but is also carried to General Capital Reserve.

f. Depreciation and Amortisation

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties. The Commissioners consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Other fixed assets are not revalued each year as the effect of the revaluations is not material.

Depreciation as such is not provided for any Crown Estate asset. However, as stated in note 1(c) above, certain expenditure on properties and fixed assets is recovered from revenue and is treated in the accounts as an operating expense.

g. Operating Lease Incentives

UITF28 requires landlords in the property sector to treat any incentive for lessees to enter into a lease agreement as a revenue cost and also account for rental income from the commencement and not as was The Crown Estate's practice, the expiry date, in any rent free period. The cost of all lease incentives (such as rent-free periods or contributions to fit out costs) is offset against the total rent due and the net rental income is then spread evenly over the shorter of the period from the rent-free or rent commencement date as appropriate, to the date of the next rent review or the lease end date.

h. Stocks

Stocks comprise estate produce on hand for resale at the year end and stores of supplies held at various estate yards. Produce is valued at the lower of cost and net realisable value. Stores are carried at Commissioners' valuation.

i. Gilt-Edged Securities

Gilts are individually valued each year at the lower of cost and middle market price at the balance sheet date.

j. Grants

The Crown Estate is entitled to apply for government grants available to landowners generally e.g. for agricultural improvements, forestry planting etc. In the year a grant is received, it is credited to revenue or capital depending on the classification of the related expenditure.

k. Turnover

Turnover is recorded net of VAT and represents the total value of:

- i) rent, royalty and similar payments falling due within the year excluding service charges collected from tenants and held to meet specific expenses;
- ii) premiums on leases granted for a term of less than 30 years;
- iii) sales of produce; and
- iv) miscellaneous fees etc.

l. Taxation

The Crown Estate is not subject to corporation, income or capital gains tax. The whole of the revenue surplus is paid annually to the Exchequer and will be used for the benefit of the taxpayer.

m. Revaluation Reserve

The investment portfolio was valued at 31 March 1987 and this value is shown in the first published balance sheet as the "original cost" of properties. The Revaluation Reserve reflects changes in the value of properties owned at 31 March 1987 and of properties which have been purchased since that date.

Notes to the Accounts for the year ended 31 March 2003 continued

2. Analysis of Gross Surplus

	Urban Estate £'000	Rural Estate £'000	Marine Estate £'000	Windsor Estate £'000	Crown Estate HQ £'000	2002-2003 Total Crown Estate £'000	2001-2002 Total Crown Estate £'000
Turnover							
Rent & royalties	168,905	19,465	33,181	2,721	–	224,272	220,471
Premiums on leases	2,703	(1)	3	–	–	2,705	96
Sale of produce	–	512	–	307	–	819	768
Other	395	87	70	1,224	467	2,243	2,202
Total	172,003	20,063	33,254	4,252	467	230,039	223,537
Operating Costs							
Management fees & costs	5,417	2,636	1,264	3,455	20	12,792	13,966
Repair & maintenance	3,505	2,813	289	1,259	146	8,012	6,667
Other expenditure	5,434	661	(183)	850	(246)	6,516	9,543
Total	14,356	6,110	1,370	5,564	(80)	27,320	30,176
Gross Surplus	157,647	13,953	31,884	(1,312)	547	202,719	193,361

The table above has been adjusted to report on a functional basis rather than by regional responsibility.

Other expenditure includes:

	2002-2003 £'000	2001-2002 £'000
Rent and royalties written off as irrecoverable	1,057	425
Provision for irrecoverable rent and royalties	(968)	2,830
Other income written off	255	141
Provision for irrecoverable other income	(330)	54

3. Administrative Expenses

Administrative expenses comprise:

	2002-2003 £'000	2001-2002 £'000
Salaries, N.I. and Pension Costs	6,689	6,544
Commissioners' remuneration	373	521
Management and administration expenses	4,329	3,608
Auditor's remuneration	70	70
	11,461	10,743

4. Employee Information

a. The total cost of Crown Estate employees (including Commissioners) included in operating costs and administrative expenses during the year was as follows:

	2002-2003 £'000	2001-2002 £'000
Wages and salaries	8,462	8,329
Social security costs N.I.(employer's contribution)	679	732
Pension accrued liability	1,378	1,069
Pension payments	247	1,270
	10,766	11,400

b. The average number of employees during the year was 408 made up as follows:

	2002-2003		2001-2002	
	Parliamentary Resource a/c	Crown Estate Revenue a/c	Parliamentary Resource a/c	Crown Estate Revenue a/c
Commissioners	7	–	8	–
General administration	30	168	27	162
Operating activities	–	203	–	219

c. The Salary and pension entitlements of the Board were as follows:

	Age (at 31 March 2003)	2002-03 Salary	Bonus	2002-03 Total remuneration including bonus	Real increase in pension at 60	Total accrued pension at 60 at 31 March 2003	2001-02 Total remuneration including bonus
Commissioners							
Ian Grant Chairman and First Commissioner (appointed 1 October 2002)	59	31,057	–	31,057	–	–	16,916
Sir Denys Henderson Chairman and First Commissioner (retired 30 September 2002)	70	22,388	–	22,388	–	–	43,684
Roger Bright Chief Executive and Second Commissioner	51	153,750	38,837	192,587	1,973	56,214	174,250
Honor Chapman	60	17,339	–	17,339	–	–	16,916
Sir Donald Curry	58	17,339	–	17,339	–	–	16,916
Hugh Duberly	60	17,339	–	17,339	–	–	4,229
Martin Moore (appointed 22 April 2002)	46	16,328	–	16,328	–	–	–
Dinah Nichols (appointed 17 January 2003)	59	3,589	–	3,589	–	–	–
Ronald Spinney	61	17,339	–	17,339	–	–	16,916
		296,468	38,837	335,305	1,973	56,214	289,827

d. The salary and pension entitlements of the members of the Executive Management Committee are:

	Age (at 31 March 2003)	2002-03 Salary	Real increase in pension at 60	Total accrued pension at 31 March 2003	2001-02 Salary
Executive Management Committee					
Anthony Bickmore	50	113,300	1,231	10,319	107,083
Christopher Bouchier	44	73,186	2,657	21,637	66,887
Martin Gravestock	50	79,174	3,123	33,240	72,703
John Lelliott	50	84,377	2,761	35,892	79,835
Frank Parrish	56	73,186	3,873	36,102	66,887
Ron Wyatt (retired 22 March 2003)	60	67,227	786	13,984	66,887
		490,450	14,431	151,174	460,282

Notes to the Accounts for the year ended 31 March 2003 continued

In addition to a salary, members of the Executive Management Committee received a total of £49,184 (£43,134 in 2001-02) non-pensionable bonuses. Anthony Bickmore, the Director of Urban Estates is entitled to a bonus up to 15%, all other members of the Executive Committee are entitled to a bonus up to 8½% which is performance related. Christopher Bouchier, as Head of Rural Estates, received a car mileage allowance of £6,000 in 2002-03 (£nil in 2001-02).

e. Crown Estate board members with the exception of Roger Bright, Chief Executive, are non-executive Commissioners and are not members of either The Crown Estate Pension Scheme or the Principal Civil Service Pension Scheme.

f. Pension benefits are provided to Roger Bright, Chief Executive and members of the Executive Management Committee through the Principal Civil Service Pension Scheme or The Crown Estate Pension Scheme. Roger Bright and Martin Gravestock are ordinary members of the Principal Civil Service Pension Scheme. The remaining members of the Executive Management Committee are ordinary members of The Crown Estate Pension Scheme.

g. Both schemes provide benefits on a "final salary" basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1½% of pensionable earnings. Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service a lump sum benefit of four times pensionable pay is payable and both schemes provide a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

h. The table below shows the number of employees (excluding the Chief Executive and board members) of The Crown Estate whose remuneration during the year was within the bands stated.

	2002-2003	2001-2002
£60,000 – £69,999	3	5
£70,000 – £79,999	6	7
£80,000 – £89,999	3	3
£90,000 – £99,999	2	–
£110,000 – £119,999	–	1
£130,000 – £139,999	1	–

5. Staff Pensions

Two pension schemes operate within The Crown Estate providing retirement and related benefits to all eligible employees based on individual final emoluments. The total pension costs and benefits paid were £1,625,227 in 2002-2003 (£2,339,300 in 2001-2002). The schemes are as follows:-

a. The Principal Civil Service Pension Scheme

The PCSPS is an unfunded multi-employer defined benefit scheme but The Crown Estate is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2002-03, employers' contributions of £800,643 were payable to the PCSPS (£461,399 in 2001-02) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

b. The Crown Estate Pension Scheme

The Crown Estate Pension Scheme is a defined benefit scheme. The assets of the scheme are held separately from those of The Crown Estate, in an independently administered fund. Contributions to the scheme are charged to the Revenue Account so as to spread the costs of pensions over employees' working lives. The contributions are determined by the Scheme Actuary on the basis of triennial valuations using the projected unit method. At 30 September 2002 the value of the scheme's assets was £9.14 million and the actuarial value of the liabilities exceeded these assets by 41 per cent. The principal actuarial assumptions for the valuation are that the pre-retirement investment yields would in the long term exceed earnings increases by 4.5 per cent per annum and the post retirement investment yield would exceed pension increases by 2.5 per cent per annum.

6. FRS 17 Retirement benefits

The valuation of The Crown Estate Pension Scheme used for FRS17 disclosures has been based on a fair value of the assets of the scheme measured at 31 March 2003. The principal actuarial assumptions are:

	31 March 2003	31 March 2002
Rate of increase in salaries	3.50%	4.25%
Rate of increase to pensions in payment	2.50%	2.75%
Rate of increase to pensions in deferment	2.50%	2.75%
Discount rate	5.50%	6.00%
Inflation assumption	2.50%	2.75%

The assets in The Crown Estate Pension Scheme and the expected rates of return were:

	Long-term Rate of Return Expected at 31 March 2003	Value at 31 March 2003 £'000	Long-term Rate of Return Expected at 31 March 2002	Value at 31 March 2002 £'000
Equities	8.0%	6,968	7.5%	9,128
Bonds	5.0%	1,517	5.5%	1,719
Other	5.5%	722	5.5%	780
Total Market value of assets		9,207		11,627
Present value of Scheme liabilities		(13,933)		(12,099)
Surplus/(deficit) in Scheme		(4,726)		(472)
Net Pension asset/(liability)		(4,726)		(472)

7. Recovery of Capital Expenditure

	2002-2003 £'000	2001-2002 £'000
Purchase of leaseholds	9,012	8,897
New works and improvements	13,786	13,261
Depreciation of fixed assets	970	1,222
	23,768	23,380

8. Financial Instruments

This disclosure excludes short term debtors and creditors. The Crown Estate may not be held other than in land, gilts or cash. Investment in equities or outside the United Kingdom is not permitted.

The cash holdings not needed for operational purposes are maintained in overnight 'on call' accounts with major United Kingdom clearing banks, thereby avoiding liquidity risks. These deposits are on a variable interest basis. There is no currency risk as it is only permitted to hold funds in sterling and there are no significant transactions in currencies other than sterling. The Crown Estate monitors the rates offered by the banks and transfers deposits as appropriate to maximise returns. As The Crown Estate is not permitted to place money for periods longer than overnight there is no maturity profile in respect of cash deposits.

The Crown Estate's non-cash financial assets comprise solely gilts managed on its behalf by the Commissioners for the Reduction of National Debt. Investment in and sale of these assets is made on the basis of advice given by the CRND and the funding requirements of the capital programme.

9. Parliamentary Resource Finance

The Crown Estate Act 1961 provides that monies are provided by Parliament in respect of Commissioners' salaries and the expense of their Office. The total of such expenses chargeable to the Resource account for the current year is shown on the face of the Revenue Account and the detail is reported separately to Parliament as a Resource Account.

Notes to the Accounts for the year ended 31 March 2003 continued

10. Statutory Transfers

	2002-2003 £'000	2001-2002 £'000
Moieties:		
Mineral dealings	7,474	7,370
Gilt-edged securities dealings	1,628	2,501
To General Capital Reserve (Note 28)	9,102	9,871

11. Exceptional Item: Transfer of Crown Estate Commissioners' Superannuation Scheme

On 1 April 2002, the Crown Estate Commissioners' Superannuation Scheme which is a non-contributory scheme, financed on a pay-as-you-go basis, was transferred into the Principal Civil Service Pension Scheme. From the date of transfer all existing employees and pensioners of the Crown Estate Commissioners' Superannuation Scheme will receive the same retirement and related benefits as previously provided, as the scheme is analogous to the Principal Civil Service Pension Scheme. For 2002-2003 contributions will be paid to the Civil Superannuation Vote at rates determined by the Government Actuary and advised by the Treasury. The liabilities of the Scheme at the date of transfer were £36.45 million. This shortfall was funded from both The Crown Estate Revenue Reserve of £6.0 million and a special grant outside of the Crown Estate Revenue Account of £30.45 million approved by the Treasury.

12. Consolidated Fund Payment

In accordance with section 1 of the Civil List Act 1952, the revenue surplus is due to the Consolidated Fund. As The Crown Estate is not permitted by statute to borrow, the payment to the Consolidated Fund in respect of the net surplus for the year is agreed with the Treasury taking into account The Crown Estate's short term financing requirements.

13. Tangible Assets – Investment Properties

	Urban Estate £'000	Rural Estate £'000	Marine Estate £'000	Windsor Estate £'000	2002-03 Total Crown Estate £'000
Valuation at 31 March 2002	3,270,701	375,575	239,170	79,111	3,964,557
Completed properties	3,250,631	375,575	239,170	79,111	3,944,487
Properties under development	20,070	–	–	–	20,070
Additions					
Freeholds	59	524	–	–	583
Leaseholds	7,151	1,635	–	–	8,786
New Works	27,459	3,776	150	1,024	32,409
Other	650	772	–	9	1,431
	35,319	6,707	150	1,033	43,209
Proceeds from Disposals					
Freeholds	6,160	7,040	599	3	13,802
Premiums	12,641	38	12	377	13,068
Other	1,975	15	409	54	2,453
	20,776	7,093	1,020	434	29,323
Surplus/(Deficit) on Valuation	(88,829)	60,089	28,315	19,419	18,994
Valuation at 31 March 2003	3,196,415	435,278	266,615	99,129	3,997,437
Completed properties	3,122,665	435,278	266,615	99,129	3,923,687
Properties under development	73,750	–	–	–	73,750

The table above has been adjusted to report on a functional basis rather than by regional responsibility. In 2003 dwellings occupied by Crown Estate employees and pensioners were re-classified from investment properties to owner occupied properties. The valuation at 31 March 2002 has been adjusted to reflect the re-classification.

Agricultural land currently valued at £20.0 million (£18.2 million in 2001-2002) is included within the valuation of the urban estate.

Leasehold Properties

The valuation of Crown Estate properties at 31 March 2003 includes £78.4 million (£95.4 million at 31 March 2002) in respect of leasehold properties analysed as follows:

	2002-2003 £'000	2001-2002 £'000
Leaseholds with less than 50 years to run	270	540
Leaseholds with 50 or more years to run	78,135	94,900

The leasehold additions figure includes £1.9 million in respect of leasehold interests on Crown Estate freeholds bought back in the course of the year ended 31 March 2003 (£0.4 million in 2001-2002).

14. Tangible Assets – Owner Occupied Properties

	Urban Estate £'000	Rural Estate £'000	Marine Estate £'000	Windsor Estate £'000	2002-03 Total Crown Estate £'000
Valuation at 31 March 2002	16,680	127	–	51,276	68,083
Additions					
Improvements	140	–	–	–	140
Other	803	–	–	–	803
	943	–	–	–	943
Proceeds from disposals	–	–	–	–	–
Surplus/(Deficit) on Valuation	(3,513)	189	–	4,299	975
Valuation at 31 March 2003	14,110	316	–	55,575	70,001

In 2003 dwellings occupied by Crown Estate employees and pensioners were re-classified from investment properties to owner occupied properties. The valuation at 31 March 2002 has been adjusted to reflect the re-classification.

15. Tangible Assets – Other Fixed Assets

	Plant & Machinery £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost/Valuation at 1 April 2002	1,131	8,705	1,618	11,454
Additions	62	671	277	1,010
Disposals	–	(106)	(211)	(317)
Gross Value at 31 March 2003	1,193	9,270	1,684	12,147
Depreciation at 1 April 2002	963	7,142	1,216	9,321
Charge	63	769	138	970
Disposals	(1)	(92)	(183)	(276)
Total Depreciation at 31 March 2003	1,025	7,819	1,171	10,015
Net Book Value:				
At 31 March 2003	168	1,451	513	2,132
At 1 April 2002	168	1,563	402	2,133

16. Mortgages and Loans

The mortgage advance is secured. Interest is payable quarterly.

17. Other Investments

Other investments comprise:

	2002-2003 £'000	2001-2002 £'000
Antiques and paintings	3,934	3,934

Antiques and paintings are valued by recognised experts every 5 years on a rolling basis, and held in the balance sheet at their last valuation. Following an internal review of other investments, it has been decided to value all these assets during 2003-04.

Notes to the Accounts for the year ended 31 March 2003 continued

18. Stocks and Work in Progress

Stocks and work in progress comprise:

	2002-2003 £'000	2001-2002 £'000
Stocks for resale	101	104
Stores	92	95
	193	199

19. Debtors

Debtors comprise:

	2002-2003 £'000	2001-2002 £'000
Rent receivable	10,470	13,063
Other debtors	6,460	5,623
Accrued income	9,441	10,981
Tax reclaimable	–	20
	26,371	29,687

20. Gilt-Edged Securities

	2002-2003 Cost £'000	2002-2003 Nominal £'000	2001-2002 Cost £'000	2001-2002 Nominal £'000
At 1 April 2002	101,379	97,992	96,273	95,531
Additions	25,379	17,804	254,915	248,914
Disposals	(93,221)	(86,616)	(249,152)	(246,453)
Profit/(Loss) on realisation	(1,719)	–	(657)	–
	31,818	29,180	101,379	97,992
Write down to lower market value	(318)	–	(655)	–
Book value at 31 March 2003	31,500	29,180	100,724	97,992

The market value of gilt-edged securities held at 31 March 2003 was £31.8 million (£100.7 million at 31 March 2002).

21. Creditors: amounts falling due within one year

Creditors and accrued charges comprise:

	2002-2003 £'000	2001-2002 £'000
Trade creditors	4,141	3,133
Rents received in advance	13,332	9,543
Taxes and social security	6,165	5,094
Other creditors	4,509	3,191
Consolidated Fund	300	600
Accruals and deferred income	6,644	4,063
	35,091	25,624

22. Creditors: amounts falling due after more than one year

	2002-2003 £'000	2001-2002 £'000
Creditors amounts falling due after more than one year	6	332
	6	332

Long term creditors include the sum £5,939 (£332,113 at 31 March 2002) arising from phased payment of premium on the purchase of a leasehold interest. The outstanding balance is payable in equal quarterly instalments.

23. Subsidiary Undertakings

Several Crown Estate properties are managed by management companies under the control of the Crown Estate Commissioners. These subsidiary undertakings are not material by value in the context of The Crown Estate financial results and therefore consolidated statements have not been prepared.

The companies concerned, all of which are registered in England, are as follows:

Fitzgeorge and Fitzjames Management Company Ltd*
RM Site Management Ltd
Urbanlease Property Management Company Ltd

* This company has an accounting year end different to that of The Crown Estate.

24. Capital Commitments

At 31 March 2003 The Crown Estate had committed to make capital expenditure of £91 million (£4 million at 31 March 2002) and had authorised additional expenditure of £148 million (£82 million at 31 March 2002).

25. Contingent Liabilities

At the balance sheet date The Crown Estate had no contingent liabilities.

26. Related Party Transactions

During the year, none of the Commissioners, members of the key management staff or other related parties have undertaken any material transactions with The Crown Estate.

27. Third Party Deposits

At 31 March 2003 The Crown Estate held on deposit on behalf of third parties £16,138,657 (£15,333,778 at 31 March 2002).

28. Reconciliation of movements in reserves

	2002-2003				2001-2002			
	General Capital Reserve £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total Crown Estate £'000	General Capital Reserve £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total Crown Estate £'000
Movements in reserves comprise:								
Balance 1 April 2002	1,694,064	2,478,418	7,346	4,179,828	1,658,192	2,337,985	7,507	4,003,684
Statutory transfers (note 10)	9,102	-	-	9,102	9,871	-	-	9,871
Capital recovery								
i) Leaseholds	9,012	-	-	9,012	8,897	-	-	8,897
ii) New Works	13,786	-	-	13,786	13,261	-	-	13,261
Adjustments to book value of glit-edged securities	(318)	-	-	(318)	(655)	-	-	(655)
Other adjustments	(1,595)	-	-	(1,595)	(1,747)	-	-	(1,747)
Revaluation Reserve released on disposal of freehold properties	5,093	(5,093)	-	-	6,245	(6,245)	-	-
Increase/(decrease) in valuation of property portfolio								
i) Investment Properties	-	18,994	-	18,994	-	146,678	-	146,678
ii) Owner Occupied Properties	-	975	-	975	-	-	-	-
Exceptional Item: Transfer of Pension Liability (Note 11)								
i) Liability at 1 April 2002	-	-	(36,450)	(36,450)	-	-	-	-
ii) HM Treasury Grant	-	-	30,450	30,450	-	-	-	-
Net Revenue Surplus	-	-	170,836	170,836	-	-	163,339	163,339
Consolidation Fund payment	-	-	(170,800)	(170,800)	-	-	(163,500)	(163,500)
Balance at 31 March 2003	1,729,144	2,493,294	1,382	4,223,820	1,694,064	2,478,418	7,346	4,179,828

Ten Year Record

Based on the Financial Statements

for the years ended 31 March

	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998
Revenue Account					
Turnover	125,445	133,249	143,011	154,039	160,076
Operating Costs	(24,107)	(25,907)	(23,854)	(25,452)	(20,732)
Gross Surplus	101,338	107,342	119,157	128,587	139,334
Administrative expenses	(8,952)	(9,022)	(9,449)	(9,079)	(9,168)
Net Revenue Surplus	78,928	84,855	94,583	102,955	113,209
Consolidated Fund Payment	78,900	84,800	94,600	103,000	113,200
Balance Sheet					
Investment and Owner					
Occupied Properties	1,946,597	2,013,281	2,208,112	2,496,693	2,899,586
Other Fixed Assets	1,808	2,010	2,054	1,778	1,965
Investments	4,280	4,322	4,244	4,027	3,956
Current Assets	92,699	137,664	134,055	123,720	134,920
Total Liabilities	(15,832)	(17,766)	(23,100)	(22,807)	(20,998)
Capital and Reserves	2,029,552	2,139,511	2,325,365	2,603,411	3,019,429

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Revenue Account					
Turnover	173,645	187,202	204,885	223,537	230,039
Operating Costs	(23,064)	(25,130)	(26,661)	(30,176)	(27,320)
Gross Surplus	150,581	162,072	178,224	193,361	202,719
Administrative expenses	(9,237)	(10,226)	(10,701)	(10,743)	(11,461)
Net Revenue Surplus	125,774	132,885	147,740	163,339	170,836
Consolidated Fund Payment	126,000	132,900	147,800	163,500	170,800
Balance Sheet					
Investment and Owner					
Occupied Properties	3,131,177	3,433,612	3,870,938	4,032,640	4,067,438
Other Fixed Assets	2,565	2,741	2,395	2,133	2,132
Investments	3,848	3,856	3,960	3,994	3,976
Current Assets	188,117	205,450	146,851	167,017	185,371
Total Liabilities	(21,239)	(19,137)	(20,190)	(25,956)	(35,097)
Capital and Reserves	3,304,468	3,626,522	4,003,684	4,179,828	4,223,820