

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**COMMITTEE FOR ECONOMIC DEVELOPMENT**

PUBLIC TRUSTEE ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE  
YEARS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2017

The Presiding Officer  
States of Guernsey  
Royal Court House  
St Peter Port

5 March 2019

Dear Sir

The Public Trustee (Bailiwick of Guernsey) Law, 2002 provides, in section 6(1) that the Committee for Economic Development is required to submit the report and accounts to the States of Guernsey on the exercise of the Public Trustee's functions for the preceding year.

I am pleased to enclose a copy of the reports and audited accounts for the years 2016 and 2017.

Section 6 (2b) of the Law provides that the Committee may, at the same time, submit its own report commenting on the activities of the Public Trustee during this period. Whilst the Committee does not wish to submit its own report, it does wish to advise that the Public Trustee, then in office, signed off the 2016 Report and Accounts in October 2017. However the Public Trustee gave notice of resignation and ceased operational involvement on 6 November 2017, leading to the appointment of the current Public Trustee, Mr Luis Gonzalez, on 16 May 2018. He initially concentrated on the more pressing matters relating to the IXG pension trust (referenced in his 2017 report). As such, he decided that the most effective use of his time would be to familiarise himself with the operational finances of his Office as part of the preparation and submission of the 2017 accounts. The urgency of the duties undertaken in relation to the above mentioned pension trust were such that it took until October 2018 before he was able to review and satisfy himself with the 2016 accounts and to complete the 2017 Public Trustee accounts, ready for independent audit.

Quite rightly, the Public Trustee has taken a considered approach during his first six months in post to focus on the protection of trust beneficiaries for the specific trusts under his control and the safeguarding of the reputation of the wider Guernsey trust industry.

I should be grateful if you would arrange to publish this submission as an Appendix to the next available Billet.

Yours faithfully

Deputy Charles Parkinson  
President

**REPORT OF THE PUBLIC TRUSTEE  
TO THE COMMITTEE FOR ECONOMIC DEVELOPMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Introduction**

1. Under Section 6(1) of The Public Trustee (Bailiwick of Guernsey) Law, 2002 (“the Law”), the Public Trustee is required in each calendar year to submit to the Committee for Economic Development a report on the exercise of his or her functions in the preceding year together with the audited accounts of the Office of the Public Trustee.

**Appointments**

2. On 31 July 2015, Bordeaux Services (Guernsey) Ltd (“Bordeaux”) was placed into Management Administration by the Royal Court at the request of the Guernsey Financial Services Commission. The Public Trustee was appointed by the Royal Court to act as Trustee of all trusts where Bordeaux had been acting as trustee as at that date. As a result, the Public Trustee was appointed to act as trustee on seven trusts:
  - Two of the trusts were terminated in 2016;
  - One of the trusts was transferred to a service provider in August 2016;
  - One of the trusts was terminated in June 2017;
  - Two of the trusts are in the process of transferring to service providers;
  - One of the trusts is in the process of applying to Court in order to identify who the true beneficiaries are. Due to historic errors and/or omissions of the former trustees, the family concerned may not have been properly appointed as beneficiaries and the default beneficiaries (five charities) may receive the trust fund in its entirety.
3. At the end of 2016, as well as the above trusts the Public Trustee remained as trustee of twelve trusts. Seven of the twelve trusts are considered dormant and have been archived as they do not appear to hold any assets. It has not been possible to make contact with the Settlers, Beneficiaries etc.
4. The Public Trustee spent a significant amount of time in 2016 in discussions with Guernsey advocates relating to five pension trusts. Due to concerns in relation to alleged fraud, some of the members of the trusts made an application to Court in December 2016 requesting that the former Trustees be removed and the Public Trustee appointed. As a result of the application, the Public Trustee was appointed as trustee of all five pension trusts on 29 March 2017.

The pension funds appear to have lost at least USD18m as a result of the alleged fraud (the remaining asset value is believed to be approximately GBP 18m), with additional funds also being unaccounted for. Substantial costs are being incurred as a result of ongoing Court applications and the requirement for legal advice in Guernsey, UK, Liechtenstein and Switzerland. The costs are currently being met by the States of Guernsey as a further application to Court will be required for Directions as to how the costs should be apportioned between the trusts and the members.

The Public Trustee believes that legal action will be required in Liechtenstein, Switzerland and potentially other jurisdictions. Whilst initial investigatory actions are being undertaken by the Public Trustee in Liechtenstein and Switzerland in order to obtain advice as to the merits or otherwise of pursuing legal action, the Public Trustee will not instigate action unless the members are in agreement that costs will be met from the trust assets.

5. The Public Trustee was approached in September 2016 by a Guernsey Advocate representing the investors in a Guernsey Unit Trust, Authorised by the Guernsey Financial Services Commission as a Class B Open Ended Scheme. The Scheme had retained the Authorisation but was suspended in 2009 and is now in termination. The investors appear to have lost more than Euro 30m, equivalent to approximately 90% of their investment and requested that the Public Trustee take control as they had lost confidence in the trustee.

The retirement of the current trustee and appointment of the Public Trustee was due to be blessed by the Court in November 2016 but ultimately agreement could not be reached between the parties and the matter returned to Court where it was determined that the Public Trustee should not be appointed. The Public Trustee considers this matter to be closed.

#### **Accounts and Auditors' Report**

6. The accounts of the Office of the Public Trustee for the year to 31 December 2016 together with the Auditors' report thereon, accompany this report.
7. Work levels during the year were significantly higher than in 2015 due to:
  - Pre-appointment work undertaken by the Public Trustee in relation to the five pension trusts. The Public Trustee expects to be able to recoup the cost of the pre-appointment work amounting to approximately £18,600.
  - Preliminary work undertaken in relation to the Guernsey Unit Trust. The Public Trustee does not expect to be able to recoup the cost of the preliminary work.

As in previous years, two historic interrelated trusts continue to present significant difficulties and account for a reasonable proportion of the trust and company administration fees. The amount outstanding as at 31 March 2017 totalled £386,412 and the Public Trustee is currently in discussion with the settlor and sole beneficiary of both trusts with a view to arranging settlement of the debt in full.

8. The fees charged by professional providers of trust services (£70,447) together with the Public Trustee's own charges make up the total Trustee fees of £108,464 charged to the trusts.

## **Conclusion**

9. As pointed out in previous reports, the Public Trustee is primarily a trustee of last resort and experience has shown that appointments are usually made to problematic trusts where other professional trustees are unable or unwilling to act. That and the fact that the Public Trustee may not, under the Law, charge fees to any individual trust in excess of actual costs incurred in administering it, mean that there are inevitable implications for costs.

The Public Trustee has seen a considerable increase in the number of approaches made to her over the past 18 months, not all of which have resulted in an appointment. These have been for multiple reasons, e.g:

- Death of a sole trustee;
- Potential fraud;
- Loss of investment fund;
- Failure of fiduciary business.

Although there have been several approaches, it would appear that the Regulatory environment within which we work is operating well as the only appointment made was in relation to the pension trusts. Due to the manner in which the pension trusts were conducting business, they were able to operate outside of the Regulations which no doubt contributed to the overall loss of funds.



**Catherine Rowe**  
**Public Trustee**  
**Bailiwick of Guernsey**

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF ACCOUNT

31ST DECEMBER, 2016

LINCE SALISBURY

Chartered Accountants

Avenue House,

St. Julian's Avenue,

St. Peter Port,

GUERNSEY

OFFICE OF THE PUBLIC TRUSTEE

**Office holder**

The position of Public Trustee at the year end was held by:

Mrs C. Rowe

**Statement of responsibilities for the preparation of financial statements**

In accordance with The Public Trustee (Bailiwick of Guernsey) Law, 2002 the Public Trustee is responsible for the preparation of a statement of account for each financial year which gives a true and fair view of the state of affairs of The Office of the Public Trustee. She is responsible for selecting suitable accounting policies and, in preparing the statement of account the Public Trustee is expected to:

- \* apply suitable accounting policies on a consistent basis;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- \* prepare the statement of account on a going concern basis, unless it is inappropriate to do so.

The Public Trustee acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of The Office of the Public Trustee.

It is the responsibility of The Office of the Public Trustee to identify and install a system of internal controls, including financial controls, which is adequate for its own purposes. Thus The Office of the Public Trustee is responsible for safeguarding the assets in its care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Public Trustee reports that so far as she is aware there is no relevant audit information of which the auditors are unaware and that she has taken all steps to make herself aware of such audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE OFFICE OF THE PUBLIC TRUSTEE

We have audited the financial statements of The Office of Public Trustee for the year ended 31st December, 2016 on pages 3 to 5 which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, under the historical cost convention and the accounting policies set out on page 5.

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

**Respective responsibilities of The Office and Auditors**

As explained in the Statement of Responsibilities the Public Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards of Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to The Office's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Public Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Public Trustee's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of The Office's affairs as at 31st December, 2016 and of its result for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with The Public Trustee (Bailiwick of Guernsey) Law, 2002.

2<sup>nd</sup> October 2017  
Avenue House,  
St. Julian's Avenue,  
St. Peter Port,  
GUERNSEY

  
LINCE SALISBURY LIMITED  
CHARTERED ACCOUNTANTS

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF INCOME

FOR THE YEAR ENDED 31st DECEMBER, 2016

	Note	2016		2015	
		£	£	£	£
Income	1				
Grant from States of Guernsey	1, 3		35,546		3
Trustee fees			<u>108,464</u>		<u>75,114</u>
			144,010		75,117
Expenditure	1				
Audit fees			3,100		2,900
Bank charges			65		66
Office administration			2,032		1,543
Public Trustee remuneration			53,372		27,161
Movement in provision for doubtful debts			7,937		(1,063)
Trust and company administration fees			<u>70,447</u>		<u>46,484</u>
			(136,953)		(77,091)
Operating surplus/(deficit) before tax			7,057		(1,974)
Tax	2		-		-
Surplus/(deficit) for the year			<u>£7,057</u>		<u>£(1,974)</u>

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER, 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Debtors		437,068	405,991
Bank		<u>18,707</u>	<u>17,650</u>
		<u>455,775</u>	<u>423,641</u>
<b>Current liabilities</b>			
Potential liability - grants	3	414,333	389,357
Accruals	3	3,205	3,205
Creditors	3	<u>22,735</u>	<u>22,634</u>
		<u>440,273</u>	<u>415,196</u>
<b>Net assets</b>		<u>£15,502</u>	<u>£8,445</u>
<b>Funded by:</b>			
The Public Trustee Fund	4	<u>£15,502</u>	<u>£8,445</u>

The balance sheet was approved on 26 September 2017.

*C. Rowe*

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C. Rowe  
Public Trustee

OFFICE OF THE PUBLIC TRUSTEE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER, 2016

## 1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

Historical Cost Convention

The statement of account is prepared under the historical cost convention and in accordance with UK applicable accounting standards.

Grants

Grants from the States of Guernsey Commerce and Employment Department are included on a received basis. Grants have been recognised as revenue items where they are not expected to become repayable to the States of Guernsey. Where grants have been received and a corresponding debtor is considered recoverable from the underlying client the potential liability has been recognised.

Other income and expenditure

Other income and expenditure is included on an accruals basis.

## 2. TAXATION

The Office of the Public Trustee is not subject to States of Guernsey Income Tax.

## 3. CREDITORS AND ACCRUALS

	2016	2015
	£	£
<u>Creditors</u>		
Professional trust administration fees and Deputy Trustee charges from Commerce & Employment Department	£ 22,735	£ 22,634
<u>Accruals</u>		
Audit fee	3,200	3,200
Public Trustee	-	-
Bank charges	5	5
	£ 3,205	£ 3,205
<u>Potential Liabilities - Grants</u>		
Grants from States of Guernsey	£ 414,333	£ 389,357

The Grant from the States of Guernsey is paid in accordance with section 8 of The Public Trustee (Bailiwick of Guernsey) Law, 2002. Any amounts paid by the States of Guernsey to cover expenditure that are subsequently recouped from the structures within the responsibility of the Public Trustee become repayable to States of Guernsey. The potential liability due to the States of Guernsey represents the debts the Public Trustee expects to be recoverable from those structures. Disclosing this amount separately on the balance sheet reflects the understanding of the contingent nature of the corresponding debtor.

## 4. THE PUBLIC TRUSTEE FUND

	2016	2015
	£	£
Balance brought forward	8,445	10,419
Surplus/(deficit) for year	7,057	(1,974)
Balance carried forward	£15,502	£8,445

## 5. EVENTS FOR DISCLOSURE

During the year preparatory work was performed by the Office on cases that were not formal appointments and as such any time charges have been excluded from these financial statements. On 29th March, 2017 the Office of Public Trustee was formally appointed and awaits the conclusion of legal proceedings to establish whether any time incurred can be billed to the client.

**REPORT OF THE PUBLIC TRUSTEE  
TO THE COMMITTEE *for* ECONOMIC DEVELOPMENT**

**YEAR ENDED 31 DECEMBER 2017**

**Introduction**

1. Under Section 6(1)(a) of The Public Trustee (Bailiwick of Guernsey) Law, 2002 (the 'Law'), the Public Trustee is required in each calendar year to submit to the Committee *for* Economic Development (the 'Committee') a report on the exercise of her or his functions in the preceding year together with audited accounts of the Office of the Public Trustee (Appendix 1).
2. This report is submitted on behalf of the Office of the Public Trustee in respect of the year 2017 for the reasons given in the section headed 'Office of the Public Trustee' below.

**Office of the Public Trustee**

3. The former Public Trustee gave notice to relinquish office in November 2017 and the current Public Trustee was appointed on 16 May 2018.
4. Pursuant to Section 1(5) of the Law the appointment of the current Public Trustee gave effect to the change of trustee as previously notified.
5. The change of incumbency spanned a year-end and the current Public Trustee is submitting this report in respect of the preceding year notwithstanding not then being in office. As a result, completion of the accounts of and auditor's report on the Office of the Public Trustee pursuant to Section 6(1)(b) of the Law and this report for the relevant period currently arises because their earlier submission proved impracticable.

**Appointments**

6. As the result of an application made to the Royal Court of Guernsey during December 2016 the Public Trustee was by order of the Court appointed as trustee of five pension trusts (referred to as 'the Schemes') on 29 March 2017. The initial appointment was for a period of six months, and was continued until further order of the Court by an order made on 22 September 2017 (together, the 'Orders').
7. The remit of the Public Trustee is the making of a full investigation into the Schemes and the taking of all such steps as deemed necessary.
8. The Schemes are together known as the 'Interim Executives (Guernsey)' or 'IXG' Schemes. They are governed by Guernsey law and prior to the removal of the former trustees (which

are named as Seychelles-incorporated entities) by virtue of the Orders had also been under the trusteeship of Guernsey-regulated fiduciaries.

9. The IXG Schemes have been the subject of a very significant diminution of trust assets while in the hands of the former trustees. The Schemes and their assets, and further issues associated with them and the former trustees, involve a number of jurisdictions and complex matters of law. There was (and continues to be) a paucity of information and co-operation provided by the former trustees or others on their behalf. The Office of the Public Trustee has required (and continues to require) very considerable legal and other resources in order to fulfil its obligations.
10. The Public Trustee is entitled to charge reasonably in the exercise of her or his functions and to be paid out of the Schemes in accordance with Section 2(1)(b) of the Law by virtue of the Orders. It is intended that recovery of sums expended will be sought under and in accordance with the Orders and the Law, although this is not currently possible for a number of reasons including lack of liquidity.
11. Various other details concerning the IXG Schemes are in the public domain, whether by reason of the Court proceedings or otherwise. Pending conclusion of the investigation or other steps being undertaken pursuant to the orders of the Court (and any other legal proceedings) the Public Trustee will not issue public commentary because doing so may be *sub judice* or otherwise confidential or not in the interests of the beneficiaries. The requirements in this respect will be kept under review.
12. The Office of the Public Trustee continues to provide trusteeship to other trusts reported in prior years and there are no significant current developments known to the Public Trustee.
13. No further appointments arising during the year of report are currently contemplated on behalf of the Office of the Public Trustee.

#### **Accounts and Auditors' Report**

14. The accounts of the Office of the Public Trustee for the year ended 31 December 2017 together with the Auditor's report thereon accompany this report (Appendix 2).

#### **Other Matters**

15. The Public Trustee is aware that the Committee is required to submit this report and the audited accounts and auditors' report to the States pursuant to Section 6(2) of the Law (Appendix 1) and may at the same time submit their own report to the States. The Public Trustee remains at the disposal of the Committee in respect of anything it may require for this purpose.

Luis Gonzalez

**Public Trustee**

## **Appendix 1 – Section 6 of the Law**

### **Annual reports.**

6. (1) The Public Trustee shall, as soon as practicable in each calendar year, submit to the Committee –
- (a) a report on the exercise of his functions in the preceding year, and
  - (b) the audited accounts of the Office of the Public Trustee together with the auditors' report thereon.
- (2) The Committee –
- (a) shall submit –
    - (i) the Public Trustee's report made under subsection (1)(a), and
    - (ii) the audited accounts and auditors' report thereon referred to in subsection (1)(b),to the States, and
  - (b) may at the same time submit their own report to the States –
    - (i) covering the period of the Public Trustee's report,
    - (ii) covering the matters described in subsection (1)(a), and
    - (iii) containing the Committee's comments (if any) on the audited accounts and auditors' report thereon referred to in subsection (1)(b).

## **Appendix 2 – Accounts and Auditor's Report**

[Please see attached]

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF ACCOUNT

31ST DECEMBER, 2017

LINCE SALISBURY

Chartered Accountants

Avenue House,

St. Julian's Avenue,

St. Peter Port,

GUERNSEY

OFFICE OF THE PUBLIC TRUSTEE

**Office holder**

The position of Public Trustee ("PT") throughout the period, at the year end and subsequent to the year end was held by:

Mr L. Gonzalez (appointed 16 May 2018)  
Mrs C. Rowe (resigned effective 16 May 2018)

**Statement of responsibilities for the preparation of financial statements**

In accordance with The Public Trustee (Bailiwick of Guernsey) Law, 2002 the PT is responsible for the preparation of a statement of account for each financial year which gives a true and fair view of the state of affairs of The Office of the Public Trustee. The PT is responsible for selecting suitable accounting policies and, in preparing the statement of account the PT is expected to:

- \* apply suitable accounting policies on a consistent basis;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- \* prepare the statement of account on a going concern basis, unless it is inappropriate to do so.

The PT acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of The Office of the Public Trustee.

It is the responsibility of The Office of the Public Trustee to identify and install a system of internal controls, including financial controls, which is adequate for its own purposes. Thus The Office of the Public Trustee is responsible for safeguarding the assets in its care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The PT reports that so far as the PT is aware there is no relevant audit information of which the auditors are unaware and that the PT has taken all steps to make himself aware of such audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE OFFICE OF THE PUBLIC TRUSTEE

We have audited the financial statements of The Office of Public Trustee for the year ended 31st December, 2017 on pages 4 to 7 which comprise the Statement of Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of The Office's affairs as at 31st December, 2017 and of its result for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with The Public Trustee (Bailiwick of Guernsey) Law, 2002.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of financial statements section of our report. We are independent of the office in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Public Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Public Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Public Trustee is responsible for the other information. The other information comprises page 1. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE OFFICE OF THE PUBLIC TRUSTEE

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the office and its environment obtained in the course of the audit, we have not identified material misstatements in the information contained in page 1.

We have nothing to report in respect of the following matters in relation to which The Public Trustee (Bailiwick of Guernsey) Law, 2002 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Public Trustee**

As explained more fully in the Public Trustee's responsibilities statement set out on page 1, the Public Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Public Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Public Trustee is responsible for assessing the ability of the office of the Public Trustee to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Public Trustee either seeks to liquidate the Office or to cease operations, or has no realistic alternative but to do so (which in the absence of statutory commission or information under S.1(1) of the Public Trustee (Bailiwick of Guernsey) Law 2002 may not occur).

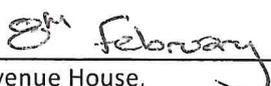
### **Auditor's responsibilities for the audit of the financial statements**

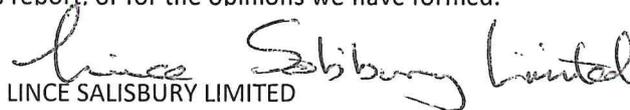
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Office of the Public Trustee as a body, in accordance with Section 6 of The Public Trustee (Bailiwick of Guernsey) Law, 2002. Our audit work has been undertaken so that we might state to the Public Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Public Trustee for our audit work, for this report, or for the opinions we have formed.

  
8<sup>th</sup> February 2019  
Avenue House,  
St. Julian's Avenue,  
St. Peter Port,  
GUERNSEY

  
LINCE SALISBURY LIMITED  
CHARTERED ACCOUNTANTS

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF INCOME

FOR THE YEAR ENDED 31st DECEMBER, 2017

	Note	2017		2016	
		£	£	£	£
Income					
Grant from States of Guernsey	1(b), 3		17,286		35,546
Trustee fees	1(c)		<u>826,724</u>		<u>108,464</u>
			844,010		144,010
Expenditure					
	1(d)				
Audit fees			3,250		3,100
Bank charges			60		65
Office administration			6,366		2,032
Public Trustee remuneration			93,930		53,372
Movement in provision for doubtful debts			11,763		7,937
Trust and company administration fees			<u>717,762</u>		<u>70,447</u>
			(833,131)		(136,953)
Operating surplus/(deficit) before tax			10,879		7,057
Tax	2		-		-
Surplus for the year			<u>£10,879</u>		<u>£7,057</u>

OFFICE OF THE PUBLIC TRUSTEE

STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER, 2017

	Note	2017 £	2016 £
Current assets			
Debtors		1,192,650	437,068
Bank		<u>18,856</u>	<u>18,707</u>
		<u>1,211,506</u>	<u>455,775</u>
Current liabilities			
Potential liability - grants	3	1,144,654	414,333
Accruals	3	7,790	3,205
Creditors	3	<u>32,681</u>	<u>22,735</u>
		<u>1,185,125</u>	<u>440,273</u>
Net assets		<u>£26,381</u>	<u>£15,502</u>
Funded by:			
The Public Trustee Fund	4	<u>£26,381</u>	<u>£15,502</u>

The balance sheet was approved on *8<sup>th</sup> February* 2019.

  
 \_\_\_\_\_  
 L. Gonzalez  
 Public Trustee

OFFICE OF THE PUBLIC TRUSTEE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER, 2017

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') Section 1A for small entities issued by the Financial Reporting Council in September, 2015 and with The Public Trustee (Bailiwick of Guernsey) Law, 2002.

(b) Grants

Grants from the States of Guernsey Committee for Economic Development are included on a received basis. Grants have been recognised as revenue items where they are not expected to become repayable. Where grants have been received and a corresponding amount is considered recoverable in respect of the underlying transfers to which they relate the potential liability has been recognised.

(c) Trustee Fees

Fees are recognised when services are delivered by or on behalf of or to the Office of Public Trustee in its capacity as trustee. Included in Trustee Fees are fees raised for services provided by third party administrators or other parties including professional advisors appointed by the Public Trustee to perform administrative duties or provide these services.

(d) Other income and expenditure

Other income and expenditure is included on an accruals basis.

(e) Financial Instruments

Bank balances are repayable on demand.

The Office of Public Trustee only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as accounts receivable and creditors, and loans from or to banks and related parties. Debt instruments that are payable or receivable within one year (typically loans, accounts receivable and creditors) or that bear a commercial rate of interest and are payable or receivable after more than one year are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid.

2. TAXATION

The Office of the Public Trustee is not subject to States of Guernsey Income Tax.

3. CREDITORS AND ACCRUALS

	2017	2016
	£	£
<u>Creditors</u>		
Trade creditors	£ 32,681	£ 22,735
	<hr/>	<hr/>
<u>Accruals</u>		
Audit fee	3,200	3,200
Public Trustee	4,585	-
Bank charges	5	5
	<hr/>	<hr/>
	£ 7,790	£ 3,205
	<hr/>	<hr/>
<u>Potential Liabilities - Grants</u>		
Grants from States of Guernsey	£ 1,144,654	£ 414,333
	<hr/>	<hr/>

Grants (or loans) from the Committee for Economic Development of the States of Guernsey are made in accordance with section 8 of The Public Trustee (Bailiwick of Guernsey) Law, 2002. Any amounts paid to cover expenditure and liabilities that are subsequently recouped from trust structures within the responsibility of the Public Trustee become repayable. The potential liability due represents the debts the Public Trustee expects to be recoverable from those structures. Disclosing this amount separately on the balance sheet reflects the understanding of the contingent nature of the corresponding debtor.

OFFICE OF THE PUBLIC TRUSTEE  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST DECEMBER, 2017

4. THE PUBLIC TRUSTEE FUND	2017	2016
	<u>£</u>	<u>£</u>
Balance brought forward	15,502	8,445
Surplus for year	10,879	7,057
Balance carried forward	<u>£26,381</u>	<u>£15,502</u>

5. GENERAL INFORMATION

The Office of Public Trustee is an unincorporated entity established under The Public Trustee (Bailiwick of Guernsey) Law, 2002. Its address is Raymond Falla House, Longue Rue, St Martin, Guernsey, GY1 6AF.

6. NUMBER OF EMPLOYEES

The average number of employees during the year was none.