

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR ECONOMIC DEVELOPMENT

PUBLIC TRUSTEE ANNUAL REPORT AND AUDITED ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2018

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

11 December 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 year 2018.

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**

YEAR ENDED 31 DECEMBER 2018

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).

Office of the Public Trustee

2. The former Public Trustee gave notice to relinquish office in November 2017 and the current Public Trustee was appointed on 16 May 2018.
3. Pursuant to Section 1(5) of the Law the appointment of the current Public Trustee gave effect to the change of trustee.
4. The change of incumbency spanned the opening period of the year and the current Public Trustee is submitting this report in respect of the whole year.

Reporting and Oversight

5. During the year a working group was established charged with the oversight and good governance of the Office of the Public Trustee (OPT), and it is confirmed that all material or significant matters that affect the OPT have been reported to that working group by regular reporting and meetings.
6. The PT has also addressed the Committee with summaries of matters relating to the IXG Schemes (as further set out in the previous annual report), particularly in relation to funding.

Activity of the Office of the Public Trustee

7. Matters relating to the IXG Schemes occupy the vast majority of the limited time resources available to the OPT. Various details concerning the IXG Schemes are in the public domain, whether by reason of related Royal Court proceedings or otherwise. Pending conclusion of the investigation and other steps being undertaken pursuant to the orders

of the Court and for reasons previously stated, the Public Trustee intends to continue to refrain from detailed commentary. However, the Public Trustee issued proceedings in the Royal Court against the former trustees and certain associated companies and a named individual in relation to a particular asset of the IXG Schemes.

8. The OPT continues to provide trusteeships as reported in prior years and there are no significant current developments known to the Public Trustee.

Appointments

9. No new appointments have been undertaken during the year 2018. The OPT has received enquiries as to potential new cases, one or two of which remain under review.
10. There have been no retirements during the year 2018.

Accounts and Auditors' Report

11. The accounts of the Office of the Public Trustee for the year ended 31 December 2018 together with the Auditor's report thereon accompany this report (Appendix 2).

Other Matters

12. 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, 2018

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. To ensure a true and fair view is reported the PT has continued 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 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, 2018 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, 2018 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

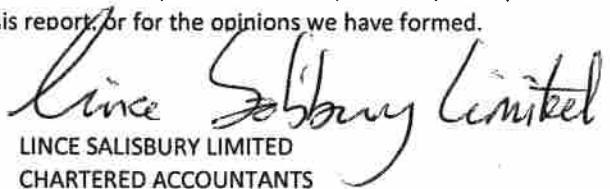
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

12th November 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, 2018

	Note	2018		2017	
		£	£	£	£
Income					
Grant from States of Guernsey	1(b), 3		(10,411)		17,286
Trustee fees	1(c)		<u>708,652</u>		<u>826,724</u>
			698,241		844,010
Expenditure					
	1(d)				
Audit fees		4,250		3,250	
Bank charges		26		60	
Office administration		3,844		6,366	
Public Trustee fees		48,458		93,930	
Movement in provision for doubtful debts		0		11,763	
Trust and company administration fees		<u>655,817</u>		<u>717,762</u>	
			(712,395)		(833,131)
Operating (deficit)/surplus before tax			(14,154)		10,879
Tax	2		-		-
(Deficit)/Surplus for the year			<u>£(14,154)</u>		<u>£10,879</u>

OFFICE OF THE PUBLIC TRUSTEESTATEMENT OF FINANCIAL POSITION AT 31st DECEMBER, 2018

	Note	2018 £	2017 £
Current assets			
Debtors		1,877,944	1,192,650
Bank		<u>22,691</u>	<u>18,856</u>
		<u>1,900,635</u>	<u>1,211,506</u>
Current liabilities			
Potential liability - grants	3	1,759,213	1,144,654
Accruals	3	10,464	7,790
Creditors	3	<u>118,731</u>	<u>32,681</u>
		<u>1,888,408</u>	<u>1,185,125</u>
Net assets		<u>£12,227</u>	<u>£26,381</u>
Funded by:			
The Public Trustee Fund	2, 4	<u>£12,227</u>	<u>£26,381</u>

The statement of account was approved on *12 November* 2019.



L. Gonzalez
Public Trustee

OFFICE OF THE PUBLIC TRUSTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

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 Public Trustee fund was established for the purposes of:

- a) Paying fees or remuneration to the Public Trustee and his officers and servants; and
- b) meeting all other costs, fees, expenditure and liabilities properly incurred.

The fund and income thereof is not subject to Income Tax.

3. CREDITORS AND ACCRUALS

	2018	2017
	£	£
<u>Creditors</u>		
Trade creditors	£ 118,731	£ 32,681
	<hr/>	<hr/>
<u>Accruals</u>		
Audit fee	7,450	3,200
Public Trustee	-	4,585
Other accruals	3,014	5
	<hr/>	<hr/>
	£ 10,464	£ 7,790
	<hr/>	<hr/>

OFFICE OF THE PUBLIC TRUSTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER, 2018

3. CREDITORS AND ACCRUALS (continued)	2018	2017
	<u>£</u>	<u>£</u>
<u>Potential Liabilities - Grants</u>		
Grants from States of Guernsey	<u>£ 1,759,213</u>	<u>£ 1,144,654</u>

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.

4. THE PUBLIC TRUSTEE FUND	2018	2017
	<u>£</u>	<u>£</u>
Balance brought forward	26,381	15,502
Surplus for year	(14,154)	10,879
Balance carried forward	<u>£12,227</u>	<u>£26,381</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 Office of the Public Trustee was created by The Public Trustee (Bailiwick of Guernsey) Law, 2002. The holder of that office is known as the Public Trustee. During the year there were no employees (2017: nil).