

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 2020

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

7th October 2021

Dear Sir/Madam,

The Public Trustee (Bailiwick of Guernsey) Law, 2002 sets out in Section 6(1) that the Committee *for* Economic Development is required to submit the report and accounts on the exercise of the Public Trustee's functions for the preceding year to the States of Deliberation. I am pleased to enclose a copy of the Public Trustee's report and audited accounts for the year ended 31 December 2020.

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

Yours sincerely,



Deputy Neil Inder
President



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

YEAR ENDED 31 DECEMBER 2020

Introduction

1. Under Section 6(1)(a) of The Public Trustee (Bailiwick of Guernsey) Law, 2002 (the 'Law') (Appendix 1), the Public Trustee ('PT' or 'I' as context admits) is required in each calendar year to submit to the Committee *for* Economic Development (the 'Committee') a report on the exercise of her/his functions in the preceding year together with audited accounts of the Office of the Public Trustee ('OPT').

Functions and Activity

2. As previously reported, matters relating to the IXG Schemes have continued to constitute the vast majority of the case management activities of the OPT.
3. In accordance with my prior report, further IXG court proceedings were issued by the Public Trustee in the Royal Court of Guernsey (referred to generically as the 'Account Application') in June 2020. The Account Application encompasses a number of distinct stages and seeks orders necessary for eventual resolution of the Schemes and discharge of the Public Trustee from her/his obligations as previously ordered by the court.
4. Following various hearings during the second part of the year, decisions of the Royal Court were received in relation to a number of counter-applications made by the former trustees of the Schemes and individuals associated with them (not forming part of the Account Application and in essence seeking to oppose it or its progress). None of these counter-applications were successful.

5. Judgments of the court are awaited in relation to orders sought as to provision and release of information relating to the Schemes while under the trusteeship of the former trustees.
6. It is anticipated that further court proceedings in the Account Application (and elsewhere) will continue in 2021 (and beyond) and that the OPT will therefore continue to require and receive funding from the Committee (under the provisions of the Law) in respect of the costs and expenses arising in relation to the IXG Schemes (in particular, legal expenses).
7. A costs order obtained in Guernsey against an individual connected with the former trustees (in amount exceeding £300,000) was as requisite the subject of further application in the High Court of England and Wales and successfully registered in order to permit future enforcement action as and when appropriate.
8. Recoveries of costs and expenses arising to the Public Trustee in connection with the IXG Schemes (in amount exceeding £100,000) were made and subsequently paid to the States of Guernsey from the OPT.
9. The OPT continued to provide trusteeships as reported in prior years.
10. One trust was concluded during the course of the year, including the making of payments to charities totalling in excess of £1m.
11. Several enquiries relating to potential appointments of the OPT were received during the course of the year. Advice and assistance was provided to various parties in connection therewith. Meanwhile, no new appointments as trustee (nor other cases) were undertaken on the part of the OPT.

Office of the Public Trustee

12. No changes arose during the course of the year to the appointment or functions of the Deputy Public Trustee ('DPT').
13. Inevitably, the primary external matter affecting the OPT was the incidence of the coronavirus pandemic and all associated governmental measures and requirements. The OPT was able to continue operating, albeit at some reduction in immediate efficiencies, throughout the periods of lockdown and other restrictions imposed.

Organisation, Reporting and Oversight

14. The DPT and PT continued to develop the functions and operations of the OPT (the 'operational framework').
15. As previously reported, the operational framework focuses on the following:-
 - a. definition of the OPT's statement of purpose;
 - b. identification of fiduciary and operational risks and their management and mitigation;
 - c. governance, including audit; and
 - d. quarterly management and financial reporting.
16. Relevant responses of the Public Trustee Working (now Liaison) Group ('PTLG') have been incorporated in the operational framework.
17. In accordance with usual practice, all significant operational matters relating to the OPT were reported to and discussed with the PTLG. To the best of the PT's understanding, no matters of concern were raised or remain outstanding in these respects.

Accounts and Auditors' Report

18. The accounts of the OPT for the year ended 31 December 2020 together with the Auditor's report thereon accompany this report (Appendix 2).

Other Matters

19. The PT 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, and I remain at the disposal of the Committee in respect of anything it may require for this purpose.

Luis Gonzalez

Public Trustee

August 2021

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 2020

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

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

Opinion

We have audited the financial statements of The Office of the Public Trustee (the 'Office') for the year ended 31 December 2020 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 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

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

In auditing the financial statements, we have concluded that the Public Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Public Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Public Trustee is responsible for the other information. The other information comprises the Office of the Public Trustee Report. 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.

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 Office of the Public Trustee Report.

We have nothing to report in respect of the following matter where The Companies (Guernsey) Law, 2008 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 Office of the Public Trustee report, 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.

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

In preparing the financial statements, the Public Trustee is responsible for assessing the Office's ability 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 intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Office and the industry in which it operates, by reviewing relevant legislation, including The Companies (Guernsey) Law, 2008, The Public Trustee (Bailiwick of Guernsey) Law 2002 and considered the risk of acts by the Office that were contrary to applicable laws and regulations, including fraud, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.
- We tailored our audit programmes to include:
 - A review of the Office's documents and records to obtain sufficient and appropriate audit evidence to support our opinion.
 - Obtaining confirmation of the Office's assets and liabilities
 - A review of the Office's accounting ledgers and recalculating the allocation of the Office's overheads and other expenses
- The engagement partner assessed the appropriateness of the engagement team to identify or recognise non-compliance with laws and regulations, and details of those matters about non-compliance with laws and regulations and fraud that were communicated to the engagement team.
- We performed our audit work within a reasonable timeframe of the year end, in line with the regulation to file financial statements with the regulator.
- There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any material misstatements relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Board that represented a risk of material misstatement due to fraud.

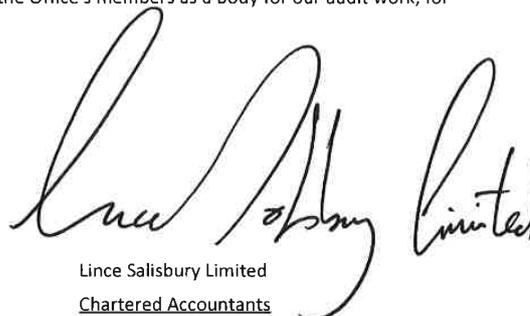
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Office's members as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Office's members 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 Office and the Office's members as a body for our audit work, for this report, or for the opinions we have formed.

8th July 2021

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 2020**

	Note	2020 £	2019 £
Receipts			
Grant from States of Guernsey	1(b)	20,917	103,974
Public Trustee Cost Recoveries	1(c)	191,615	74,025
		<hr/>	<hr/>
		212,532	177,999
		<hr/>	<hr/>
Expenditure			
	1(d)		
Audit fees		4,500	4,500
Bank charges		82	31
Office administration		3,329	1,654
Contracts for services		203,103	142,499
Legal fees		1,500	27,747
		<hr/>	<hr/>
		212,514	176,431
		<hr/>	<hr/>
Operating surplus/(deficit) before tax		18	1,568
Tax	2	-	-
		<hr/>	<hr/>
Surplus/(Deficit) for the year		18	1,568

OFFICE OF THE PUBLIC TRUSTEESTATEMENT OF FINANCIAL POSITIONAT 31ST DECEMBER 2020

	Note	2020 £	2019 £
Current Assets			
Debtors		3,490,267	2,402,121
Bank		9,848	11,871
		<hr/>	<hr/>
		3,500,115	2,413,992
		<hr/>	<hr/>
Current liabilities			
Potential liability - grants	3	3,415,233	2,306,115
Accruals	3	30,528	20,057
Creditors	3	40,541	74,025
		<hr/>	<hr/>
		3,486,302	2,400,197
		<hr/>	<hr/>
Net assets		13,813	13,795
		<hr/> <hr/>	<hr/> <hr/>
Funded by:			
The Public Trustee Fund	2, 4		
Opening		13,795	12,227
Surplus/(Deficit) for the year		18	1,568
		<hr/>	<hr/>
Closing		13,813	13,795
		<hr/> <hr/>	<hr/> <hr/>

The statement of account was approved on *8th July* 2021.



 L. Gonzalez
 Public Trustee

OFFICE OF THE PUBLIC TRUSTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2020

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) Public Trustee Cost Recoveries

Costs are recognised when services are delivered by the Office of Public Trustee in its capacity as trustee. Excluded from the statement of income are any costs for services provided by third party administrators or other parties including professional advisors appointed by the Public Trustee.

(d) Other income and expenditure

Other income and expenditure is included on an accruals basis.

(e) Financial Instruments

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.

Bank balances are repayable on demand.

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.

OFFICE OF THE PUBLIC TRUSTEE**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2020****3. CREDITORS AND ACCRUALS**

<u>Creditors</u>	2020	2019
Other creditors	<u>£</u> 40,541	<u>£</u> 74,025
<u>Accruals</u>		
Audit fee	9,000	4,500
Contracts for Services	15,528	12,557
Other accruals	<u>6,000</u>	<u>3,000</u>
	<u>30,528</u>	<u>20,057</u>
<u>Potential Liabilities - Grants</u>		
Grants from States of Guernsey	<u>3,415,233</u>	<u>2,306,115</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 disbursements 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

	2020	2019
	<u>£</u>	<u>£</u>
Balance brought forward	13,795	12,227
Surplus for year	18	1,568
Balance carried forward	<u>13,813</u>	<u>13,795</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 (2019: nil).