Notes to the Accounts

Notes to the Accounts

Notes supporting the Consolidated Statement of Comprehensive Net Expenditure

Notes supporting the Consolidated Statement of Financial Position

Other Notes and Disclosures

4.1 Basis of financial statements preparation

1. Introduction

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Purpose

The purpose of this note is to outline the basis on which the consolidated financial statements for the SOJ have been prepared.

Significant accounting policies that are relevant to understanding the consolidated financial statements are provided throughout the notes to the consolidated financial statements. Except as otherwise noted, the accounting policies detailed in this note and throughout the consolidated financial statements are applicable to all entities consolidated within the Group.

3. Basis of preparation

Compliance with the 2022 JFReM

These consolidated accounts have been prepared in accordance with the 2022 States of Jersey Financial Reporting Manual (JFReM) issued by the Treasurer of the States to meet the requirements of the Public Finances (Jersey) Law 2019. The accounting policies contained in the JFReM apply EU adopted International Financial Reporting Standards (IFRS) in place as at 1 January 2021 as adapted or interpreted for the Public Sector in Jersey. These accounts are prepared on a going concern basis. The JFReM includes details of all material interpretations and adaptions of IFRS applied by the States of Jersey. It can be found in full on the States Assembly website.

The JFReM applicable to the 2022 financial year (including comparators) is based on the UK Financial Reporting Manual (FReM) for the UK financial year ending 31 March 2021 which is prepared by HM Treasury following consultation with the Financial Reporting Advisory Board (FRAB).

Where the JFReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the circumstances of the States of Jersey for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In adopting the going concern basis for preparing the financial statements, the Treasurer has considered the government's power to set tax rates to meet its funding requirements, as well as controls over public spending, which ensure that the government will continue to exercise its functions.

4.1 Basis of financial statements preparation (continued)

Accounting convention

These accounts have been prepared under the historical cost convention, modified where appropriate to account for the revaluation of certain assets and liabilities as set out in these accounting policies.

Accounting standards in issue but not yet effective in the JFReM

The following new standards and amendments to standards have been issued but not yet effective:

Accounting standard	Key dates	Summary and impact
IFRS 16 'Leases'	• IASB effective date 1 Jan 2018 • EU effective date 1 Jan 2019 • FReM 2022-23 • Expected in JFReM 2024	Largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting and will bring assets and corresponding liabilities formerly not recognised on the statement of financial position on to the statement of financial position. Impact: It is not possible to identify the impact of IFRS 16 on SoJ accounts at this stage, as it subject to further work to be carried out by each entity. The impact is expected to be material.

There are no other IFRS or International Financial Reporting Interpretations Committee (IFRIC) interpretations not yet effective that would be expected to have a material impact on these accounts.

4. Basis of consolidation

These accounts consolidate all material entities within the States of Jersey consolidation boundary (the 'accounting boundary') as set out in the JFReM. Entities that fall within the accounting boundary, but which are immaterial to the accounts, as a whole, have not been consolidated. Entities that fall within the accounting boundary but not consolidated are listed as Minor Entities in Note 26.

Subsidiaries are all entities (including structured entities) over which the group has control. In accordance with the interpretation of direct control applied in the JFReM which is based on the States, Council of Ministers or a Minister exercising in year control over operating practices, four entities are not consolidated in these accounts and are held as strategic investments. See Note 26.

4.1 Basis of financial statements preparation (continued)

The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Where this principle is not met and an entity within the accounting boundary has an investment in an entity outside the accounting boundary, this holding is treated as an investment in the group accounts.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The Statement of comprehensive net expenditure (SOCNE) has been split into Core and Group Entities. The Core comprises all entities except for the subsidiary companies (note 4.26).

5. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in British Pounds (GBP), which is the States' functional and presentation currency.

Transactions and balances

Foreign currency transactions undertaken in a foreign currency are translated into GBP at the rate ruling at the date of each transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income (FVOCI).

4.1 Basis of financial statements preparation (continued)

Policies supporting the Consolidated Statement of Changes in Taxpayers' Equity

6. Taxpayers' equity

Taxpayers' Equity represents the taxpayers' interest in the States of Jersey, which equates to both the total value of Net Assets held by the States, and an accumulation of Net Income and other gains and losses over the years. Reserves are split based on how the interest has arisen (as explained below

Accumulated revenue and other reserves

The Accumulated Revenue and Other Reserves represent the cumulative balances of surpluses and deficits recorded by the States of Jersey.

Revaluation reserve

The revaluation reserve reflects the unrealised balance of cumulative revaluation adjustments to Property, Plant and Equipment and Intangible Non-Current Assets other than donated assets. When an asset is disposed any balance in the revaluation reserve is transferred to the Accumulated Revenue and Other Reserves.

Investment reserve

The investment reserve reflects the cumulative balance of unrealised gains and losses on financial instruments classed as Fair Value through Other Comprehensive Income (FVTOCI) within the Common Investment Fund (CIF). Gains and losses on FVTOCI instruments are only recognised as income within Net Revenue Expenditure when the instruments are disposed of.

4.2 Critical Accounting Judgements

Judgements and estimates are subject to periodic review, including through the receipt of actuarial advice. Judgements and estimates are based on historical experience, various other assumptions believed to be reasonable under the circumstances and, where appropriate, practices adopted by other entities.

Judgements and estimates made by States of Jersey Group entities that have the most significant impact on the amounts recorded in these financial statements include:

Significant accounting judgements/estimates	Note
Taxation revenue - Personal Tax Forecast	4.5
Revenue recognition - whether revenue from contracts with customers is recognised over time or at a point in time	4.5
Impairment - key assumptions and methodologies used to estimate the recoverability of accounts receivable, statutory debts and the value of inventory and fixed assets	4.9/4.12/4.13
Fair value - assumptions used in valuation techniques for the fair value of financial assets and liabilities, including derivatives	4.11

Recognition of pension schemes:

Public Employees Pension Fund (PEPF) and Jersey Teachers Superannuation Fund (JTSF)

The PEPF comprises a final-salary section known as the Public Employees Contributory Retirement Scheme (PECRS) and a career average section known as the Public Employees' Pension Scheme (PEPS). The schemes are recognised as defined contribution schemes in accordance with IAS 19 on the following basis:

The employer contributions rate to the PEPS is 16% with a legal cap of 16.5% so the States of Jersey cannot legally be required to make additional contributions. Whilst the employer contribution rate is not currently at the cap set in legislation, there is only scope for a 0.5% increase and it is considered to be fixed at the current rate of 16% on the basis that:

- Scheme contribution rates have never been increased;
- Scheme member communication materials clearly inform scheme members that a pension increase in line with Jersey RPI is not guaranteed and is dependent on the performance of the funds; and
- Precedent has demonstrated that employee/scheme member benefits were reduced in 2010, 2011 and 2012 to address actuarial deficits in the scheme.

The Jersey Teacher Superannuation Fund shares many attributes with the PECRS and has been recognised as a defined contribution scheme accordingly. The employer contribution into JTSF is fixed at 16.4% and defined in the Teachers' Superannuation (New Members) (Jersey) Order 2007 which was introduced at the point in time the Pension Increase Debt was established. There is no facility in Regulations for employers to pay a different amount other than to fund ill-health or early retirement of scheme members.

This judgement has been written in to the JFReM as an interpretation of IAS 19.

Investment property:

The States has assessed the purpose for holding property classed as investment property within its subsidiary companies' accounts and determined that, where these are used for an operational or service delivery objective of the States, they should be classed as operational assets within the States consolidated accounts. Any investment property held by subsidiary companies but not used for an operational or service objective of the States will remain classed as investment property.

This is a judgement made at the group level based on the strategic objectives of the Government on behalf of the Island. It does not imply that any differing judgement or accounting treatment by the subsidiary companies is incorrect as that will be based on their direct objectives in a commercial context.

Our Hospital Impairment:

Government ministers announced in 2022 that the project to build a single facility at Overdale will not be progressed. A review of the proposals found "… *the Our Hospital Project is no longer achievable within the £804.5 million funding approved by the last States Assembly, and that it would cost between £70 million and £115 million more under current market conditions.*"

Revised proposals are for a smaller development at Overdale and a redevelopment of the site of the current hospital and adjacent sites. The revised proposals are subject to approval by the States Assembly.

On that basis, a judgement has been made that some of the costs incurred on the Our Hospital project will no longer contribute towards the revised solution so they should be recognised through expenditure during the year. This is an estimate based on information available at the time of preparing the accounts. Further information is provided on the uncertainty in Note 4.3.

4.3 Key sources of estimation uncertainty

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However the nature of estimation means that the actual results could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions	Carrying amount (£'000)
Valuation of Social Housing	Social Housing is valued using an Existing Use Value for Social Housing (EUV-SH) using a discounted cash flow of future rental streams. A discount rate of 5.75% (7.0% for high rise properties) has been applied by the external valuers Jones Lang LaSalle to reflect their judgement of the risk associated with the long term income.	While the impact has not been quantified, any variation in the discount rate will have a significant impact on the valuation.	1,005,811
Valuation of drainage within networked assets	Due to the age and nature of the Island's drainage network, the records held do not include details of all pipe depths and infrastructure characteristics which can have a significant bearing on replacement cost of these assets. A judgement has been made to apportion the lengths of the drainage network where no depth or pipe characteristic data is held using information available for drains that do have this data on record. The value of drainage assets uses an estimated base cost factor for Jersey. This factor is based on UK replacement costs but inflated to the higher costs of tender prices and professional fees in Jersey.	Drainage assets are valued at £220m (2021: £198m). If drainage pipes were 5% larger than estimated this would increase the value of drainage assets by £10.9m (2020: £7m). Conversely a 5% reduction in estimated pipe diameter would reduce the value of drainage assets by £10.9m (2020: £8m). An increase/(decrease) to the base cost factor by +/- 5% would increase/(decrease) the value of this asset class by £10.9m (2021: £7m).	220,000
Valuation of Property, Plant and Equipment - General	Valuations require a number of judgements around key inputs on: • Unit material costs for modern equivalent depreciated replacement cost valuations; • Location factors to determine the local prices based on build cost indices; • Useful economic lives; • Condition of assets; and • Dimensions of the networked assets where historical records do not exist.	While the impact has not been quantified, any variation in these inputs will have a significant impact on the valuation.	1,829,457
Personal Income Taxation	In recognising personal income taxation (PIT) based on forecasts for the year, there is a degree of uncertainty involved as the actual outcome could differ from the estimate used. The main uncertainty relates to the impact to Jersey of the state of the global economy, in particular, energy prices and tightening monetary policy. This is partially mitigated by using Revenue Jersey data on earnings reported by employers through the Income Tax Instalment System (ITIS). And by using the latest (November) economic forecasts from the Fiscal Policy Panel (FPP).	Several sensitivity analyses have been carried out. 1. Statistical analysis indicates that there is a 2/3 likelihood that the impact of any variation in earned income will be within a range of +/- £5.5m around the central forecast (0.9%). 2. There is a 2/3 likelihood that the impact of any variation in pension income will be within a range of +/- £0.6m (0.1%) 3. There is a 2/3 likelihood that the impact of any variation in investment income will be within a range of +/- £2.3m (0.4%).	599,426

4.3 Key sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if actual results differ from assumptions	Carrying amount (£'000)
		4. Faster or slower growth in allowances, for example the aggregate value of basic exemption thresholds varying by +/-1.5%, that leads to a variation in the average effective rate of 0.1pp would result in a variation in the PIT estimate of +/-£3.8m (0.7%).	
Our Hospital Impairment	A decision on the revised solution for the replacement hospital facility has not yet been made. Various options exist that would make differing use of the work already done on the single-site solution at Overdale. The spend to date has been analysed by categories and split by: **Stage 1A – original concept and site evaluation** • General • Validation and testing of brief • Site selection • Clinical design **Stage 1B – detailed design** • Work Stage (WS) 1 demolition • WS 2 Hospital, energy centre, mental health, knowledge centre and associated works • WS 3 access road • Equipment and other The impairment recognised in the accounts is an estimate of the costs incurred to date on the previous scheme that would not be re-usable for a future solution. It is based on a range of scenarios and assumptions but there remains significant uncertainty until the revised solution is known. This judgement will be revisited as more information is available. All costs incurred to date on the hospital projects will be considered in any future judgement. The next likely decision milestone will be in the Government Plan 2024 which should inform an updated disclosure in the 2023 Annual Report and Accounts.	The total costs on the Our Hospital project to the end of 2022 are broken down as: Design and Delivery Partner costs £34.7 million Site acquisition £25.1 million Government of Jersey costs £13.7 million Planning Fees £0.3 million Storm drainage £0.2 million Les Quennevais £9.7 million Access enablement £0.1 million **TOTAL £83.8 million** Removing the site acquisitions and Les Quennevais work from the scope of the impairment, the remaining balance in scope is £49.0 million. Of that, the total of the Overdale specific costs within Stage 1B, excluding demolition costs per the assumptions, would be £41.3 million. An impairment of £8.4 million (20% of the above Overdale specific costs plus the specific access enablement costs) has been recognised as an estimate in 2022. Based on a range of scenarios developed using the assumptions listed, the range of the impairment would be: 10% of Overdale specific costs plus access enablement - reduction in the impairment of £4.2 million to £4.2 million. 30% of Overdale specific costs plus access enablement - increase in the impairment of £4.2 million to £12.6 million.	83,284

4.3 Key sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if actual results differ from assumptions	Carrying amount (£'000)
Our Hospital Impairment	The assumptions include: - Positive planning determination has been achieved for Overdale and for part of the Kensington Place development. This sets the precedent for development and can be built on for a multi-site solution. - All Stage 1A costs have value as they are concept and evaluation costs which would have been necessary under any early stage project. - There will be a requirement to provide proportionate access to healthcare facilities, including Overdale via Westmount Road, making use of survey and design information. - The Bowling Club will not be displaced, hence costs expended on relocation and associated road design as part of the access enablement are to be written off. - Works carried out for storm drainage are necessary for any future development at Overdale site. - Demolition works will still be necessary under any future scenario. - The scope of new healthcare facilities will equate to something in the range of 70% to 90% of the Schedule of Accommodation, achieved over Overdale and a combination of Gloucester Street/ Kensington Place, St Saviours or Les Quennevais, or a mix of the two sites. - Development proposals will therefore utilise 70% to 90% of the specific WS3 and WS4 and equipment costs expended to date, therefore there is a potential write off, dependent on post feasibility design adopted of 10% to 30% of these costs. - The 70% to 90% does not equate to the percentage of the floorplan or site. - No valuation has been included in these numbers for any value in past write offs which included work on Gloucester Street site and may have value in future plans. On that basis, there is a potential write off (impairment of AUCC), dependent on post feasibility design adopted, of 10% to 30% of these costs.		
Strategic Investments	The fair value of investments that are not traded in an active market is determined using valuation techniques. These company valuations apply judgement in the selection of comparable companies and use company outturn versus forecasts and market multiples. Differences in geographical area, markets, regulatory environments and organisation structure make direct comparisons for valuation uncertain.	See sensitivity analysis in Note 4.11 (e). Any valuation movement is recognised through the OCI and does not affect the operating net revenue expenditure/income.	230,921

4.3 Key sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if actual results differ from assumptions	Carrying amount (£'000)
Valuation of level 3 Other Financial Instruments	The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The investment managers use their judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.	For details of the key assumptions used and the impact of changes to these assumptions see note 4.11 (f)/(e)	1,036,654

4.4 Segmental analysis

The Segmental analysis split is consistent with the accounting boundary disclosed within note 26 where the majority of segments are broken down except for Social Security Funds at note 27 and the States Funds.

The Executive Leadership Team review monthly and quarterly financial reports on the below core segments. This split is based on lines of accountability within the organisation for the income it has collected from the public. These reports differ from the statements below whereby the balances after revenue are shown net of group eliminations for all intergroup transactions inlin the Group's accounting policies.

Reporting Segments	Operational activity
Ministerial Departments	This segment provides a range of services which include educational tuition, planning control. healthcare, police, firefighters. Taxation revenue is the main source of funding collected by Revenue Jersey within the Treasury and Exchequer department.
Non-Ministerial Departments and the States Assembly	Primary principle activity of these entities encompass the States' legal system as well as the States assembly. Its main source of income is fines and penalties issued by the courts.
Social Security Funds	Collected by Revenue Jersey, social contributions are disaggregated. This is due to the substance of the receipts not being for the purpose of the departments and instead being due back to the public in the form of benefits. Due to the length time between initial contributions receipts and benefits paid (support and retirement) the surplus contribution receipts are invested, primarily in the Social Security (Reserve) Fund to grow in order to maintain the initial value when given against inflation and other factors that affect the time value of money.
Trading Operations	Income consists of fees for the provision of parking services by members of the public that use the service and maintaining a central fleet of vehicles that are leased/hired out to other SOJ departments to gain efficiencies.
Special Funds and the Common Investment Fund	All government funds and surplus cash is invested in the Common Investment Fund (CIF) to generate growth for future generations.
States Of Jersey Development Company	Purpose is to purchase land and buildings for development to sell.
Andium Homes Limited	Holding and development of property for the purposes of providing Islanders sufficient and affordable housing. Income consists of rental income, capital appreciation and development to sell (in combination with housing bonds).
Ports of Jersey Limited	Providing necessary infrastructure to allow Jersey Airport and Harbours' operations to take place. Income sources consist of airport and harbour charges as well as concession fees on retail sales.

The tables below illustrates the disaggregated information presented in the Consolidated Primary Statements.

4.4 (a) Statement of Comprehensive Net Expenditure for the year ended 31 December 2022

Reporting Segments	Ministerial Departments	Non-Ministerial Departments and the States Assembly	Social Security Funds	Trading Operations	Special and Common Investment Funds	Total States of Jersey Core Entities	States Of Jersey Development Company	Andium Homes Limited	Ports of Jersey Limited	Total States Of Jersey Group
Primary Revenue Source	Taxation	Fines and Penalties	Social Security Contributions	Parking or Sale of good/ Services	Investment Income		Property Development	Social Housing	Sale of Goods and Services	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue										
Levied by the States of Jersey	(984,902)	(786)	(325,848)	(886)	-	(1,312,422)	-	-	(22)	(1,312,444)
Earned through Operations	(89,048)	(3,767)	(723)	(13,216)	(29,429)	(136,183)	(3,670)	(59,551)	(45,937)	(245,341)
Less: Internal Core Revenue	(42,757)	526	55,698	5,660	(32,492)	(13,365)	-	-	-	(13,365)
Total Revenue	(1,116,707)	(4,027)	(270,873)	(8,442)	(61,921)	(1,461,970)	(3,670)	(59,551)	(45,959)	(1,571,150)
Less: Internal Subsidiary Revenue										43,614
Total Adjusted Revenue	(1,116,707)	(4,027)	(270,873)	(8,442)	(61,921)	(1,461,970)	(3,670)	(59,551)	(45,959)	(1,527,536)
Expenditure										
Social Benefit Payments	95,087	-	376,050	-	-	471,137	-	-	-	471,137
Staff Costs	466,159	23,462	-	1,629	319	491,569	1,482	4,521	22,744	520,316
Other Operating Expenses	266,090	12,722	2,300	2,599	71,593	355,304	3,186	13,185	15,704	387,379
Grants and Subsidies Payments	67,846	73	-	-	2,145	70,064	-	1	182	70,247
Depreciation and Amortisation	51,295	117	591	2,849	4	54,856	32	17,155	17,097	89,140
Impairments & Abortive Costs	14,460	-	252	(173)	-	14,539	-	498	2,606	17,643
Finance Costs	26,433	7	1	5,941	33	32,415	357	850	571	34,193
Net Foreign-Exchange (Gains)/Losses	31	-	-	-	470	501	-	-	25	526
Total Expenditure	987,401	36,381	379,194	12,845	74,564	1,490,385	5,057	36,210	58,929	1,590,581
Operating Net Revenue Expenditure/(Income)	(129,306)	32,354	108,321	4,403	12,643	28,415	1,387	(23,341)	12,970	63,045
Other Non-Operating Revenue/Expenditure										
(Gains)/Losses on Disposal of Non-Current Assets	34	-	-	(130)	-	(96)	-	(11)	49	(58)
(Gains)/Losses on Other Financial Assets	(11,852)	-	46	-	229,232	217,426	30	(4,777)	549	213,228
Movement in Past Service Liability	-	-	-	(8,110)	-	(8,110)	-	-	-	(8,110)
Net Revenue Expenditure/ (Income)	(141,124)	32,354	108,367	(3,837)	241,875	237,635	1,417	(28,129)	13,568	268,105
Other Comprehensive Income										
Revaluation of Property, Plant and Equipment	(73,372)	-	(639)	(5,873)	-	(79,884)	-	(70,731)	(34,720)	(185,335)
Remeasurements of the Net Defined Benefit Pension Scheme Liability	-	-	-	(1,580)	-	(1,580)	-	-	-	(1,580)
(Gain)/Loss on Revaluation of Financial Instruments held at FVTOCI	96,925	-	-	-	-	96,925	-	-	-	96,925
Fair value gain/(loss) on disposal of financial assets	(9,500)	-	-	-	-	(9,500)	-	-	-	(9,500)
Other Comprehensive Income	14,053	-	(639)	(7,453)	-	5,961	-	(70,731)	(34,720)	(99,490)
Total Comprehensive Expenditure/(Income)	**(127,071)**	**32,354**	**107,728**	**(11,290)**	**241,875**	**243,596**	**1,417**	**(98,860)**	**(21,152)**	**168,615**

4.4 (b) Statement of Comprehensive Net Expenditure for the year ended 31 December 2021

Reporting Segments	Ministerial Departments	Non-Ministerial Departments and the States Assembly	Social Security Funds	Trading Operations	Special and Common Investment Funds	Total States of Jersey Core Entities	States Of Jersey Development Company	Andium Homes Limited	Ports of Jersey Limited	Total States Of Jersey Group
Primary Revenue Source	Taxation	Fines and Penalties	Social Security Contributions	Parking or Sale of good/ Services	Investment Income		Property Development	Social Housing	Sale of Goods and Services	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue										
Levied by the States of Jersey	(803,206)	(925)	(291,821)	(491)	-	(1,096,443)	-	-	-	(1,096,443)
Earned through Operations	(148,479)	(4,369)	(344)	(9,964)	(31,560)	(194,716)	(3,409)	(55,108)	(30,581)	(283,814)
Less: Internal Core Revenue	16,855	636	50,855	3,736	(25,133)	46,949	-	-	-	46,949
Total Revenue	(934,830)	(4,658)	(241,310)	(6,719)	(56,693)	(1,244,210)	(3,409)	(55,108)	(30,581)	(1,333,308)
Less: Internal Subsidiary Revenue										43,331
Total Adjusted Revenue	(934,830)	(4,658)	(241,310)	(6,719)	(56,693)	(1,244,210)	(3,409)	(55,108)	(30,581)	(1,289,977)
Expenditure										
Social Benefit Payments	211,608	-	340,859	-	-	552,467	-	-	-	552,467
Staff Costs	407,673	20,031	-	1,480	61	429,245	1,086	3,609	24,725	458,665
Other Operating Expenses	254,170	9,756	2,445	(3,271)	57,979	321,079	964	20,383	11,875	354,301
Grants and Subsidies Payments	48,413	1,127	-	-	1,114	50,654	-	-	59	50,713
Depreciation and Amortisation	46,548	152	718	2,696	13	50,127	44	13,996	19,032	83,199
Impairments & Abortive Costs	20,876	-	1,479	1,642	2	23,999	230	5,127	4,345	33,701
Finance Costs	19,286	5	2	6,219	1,101	26,613	427	549	161	27,750
Net Foreign-Exchange (Gains)/Losses	(20)	-	-	-	786	766	-	-	(6)	760
Total Expenditure	1,008,554	31,071	345,503	8,766	61,056	1,454,950	2,751	43,664	60,191	1,561,556
Operating Net Revenue Expenditure/(Income)	73,724	26,413	104,193	2,047	4,363	210,740	(658)	(11,444)	29,610	271,579
Other Non-Operating Revenue/Expenditure										
(Gains)/Losses on Disposal of Non-Current Assets	3,916	(1)	-	(62)	-	3,853	(115)	-	-	3,738
(Gains)/Losses on Other Financial Assets	(166)	-	(295)	-	(252,450)	(252,911)	-	(864)	617	(253,158)
Movement in Past Service Liability	-	-	-	2,129	-	2,129	-	-	-	2,129
Net Revenue Expenditure/ (Income)	77,474	26,412	103,898	4,114	(248,087)	(36,189)	(773)	(12,308)	30,227	24,288
Other Comprehensive Income										
Revaluation of Property, Plant and Equipment	(7,765)	-	(634)	1,386	-	(7,013)	(118)	(49,000)	(53,614)	(109,745)
Net Defined Benefit Pension Scheme Liability	-	-	-	(359)	-	(359)	-	-	-	(359)
(Gain)/Loss on Revaluation of Financial Instruments held at FVTOCI	(9,490)	-	-	-	-	(9,490)	-	-	-	(9,490)
Other Comprehensive Income	(17,255)	-	(634)	1,027	-	(16,862)	(118)	(49,000)	(53,614)	(119,594)
Total Comprehensive Expenditure/(Income)	**60,219**	**26,412**	**103,264**	**5,141**	**(248,087)**	**(53,051)**	**(891)**	**(61,308)**	**(23,387)**	**(95,306)**

4.5 - 4.8
Notes supporting the Consolidated Statement of Comprehensive Net Expenditure

4.5 Revenue

Accounting Policies

Revenue recognition

Revenue from transactions arise from interactions between the States of Jersey and other entities, including households, private corporations, the not-for-profit sector and other governments. It excludes gains resulting from changes in price levels and other changes in the volume of assets. These are disclosed separately in Note 11 (b) as '(Gains)/Losses on Financial Asset'. The total States of Jersey revenue composition and recognition of revenue sources were as follows:

Revenue type	Recognition point
Social Security Contributions, Long-term Care Contributions and Personal income tax	Accrued for in the year the assessable income is earned.
Corporation tax	Accrued for based on company returns' assessable income. Comprise amounts of tax payable by companies that relate to instalments and final payments received/raised for current and former periods. It does not include estimates of revenue relating to the reporting year that will be recognised in annual income tax returns lodged after the reporting date.
Goods and Services Tax (GST) and Stamp Duty	Recognised based on the actual liabilities raised during the year and includes an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Impôts Duties	Recognised when the goods are landed in Jersey.
Island rates	Accrued in the year the Island Rates are charged for on a calendar year basis. Income is recognised in the period for which the rates are charged.
Fines and penalties	Accrued for when the fines and penalties are imposed.

IFRS 15 does not apply to the non-exchange transactions that are "Levied by the States of Jersey" such as taxation, fines and penalties. These transactions do not meet the requirements of IFRS' definition of a contract due to no specific performance obligations being set in return for the consideration received. Goods, services and rental income under "Earned through Operations" do meet IFRS 15's application criteria and therefore the two different types of incomes will detail their accounting policy separately.

Taxation Revenue:

Taxation revenue is recognised in the period in which the event that generates the revenue occurs. Some of the accrued revenue receivable figures and other items are subject to statistical estimation of forecasts, as tax returns and tax payments can be filed later. Due to the areas of uncertainty involved, actual outcomes could differ from the estimates used. States of Jersey believe that the levels of variation are acceptable, and Revenue Jersey estimate that any total understatement or overstatement is unlikely to exceed 1% of the Statement of Comprehensive Net Expenditure total revenue, which does not significantly impact the reported position. Estimation of some revenues can be difficult due to impacts of economic conditions and the timing of final taxable income; hence, the States of Jersey uses the following basis of recognition:

4.5 Revenue (continued)

Accounting Policies

Personal Tax Forecast

The estimate used to recognise Personal Income Tax is based on the same model used by the Income Forecasting Group (IFG).

The forecast is driven by forecasts for compensation of employees (CoE), gross operating surplus (GOS), Bank Rate, earnings, employment and inflation. These are provided by the independent Fiscal Policy Panel. Taxable income is broken down and forecast as follows:

Income Type	Forecast Approach	Proportion of total	
		2022	2021
Employment and other earned Income	Employment income equation (supplemented by IT IS data)	70%	70%
Pension Income	Pension Income	10%	10%
Shareholder income / distributions	RPIY inflation	6%	6%
Business profits	10 year average growth rate	6%	6%
Property income	5 year average growth rate	4%	4%
Bank interest, dividend income and unearned	Unearned income equation	4%	4%

A different approach is taken to forecasting taxable income from taxpayers on the High-Value-Residency (HVR) regime. This is because the marginal tax rate for these individuals is different from that for the main taxpayer population. This represents a relatively small amount of the total tax take and is forecast using actual and expected arrivals and departures of these taxpayers; multiplied by the expected tax take per individual.

Tax rates are applied to income forecasts added together, less allowances. Credits are subtracted and adjustments are made for past and future changes to tax rates or allowances. HVR forecasts are added separately.

Approach used to account for the impact of Covid-19

The IFG made additional adjustments to account for the impact of the global pandemic and the resultant restrictions on economic activity. The removal of the pandemic adjustments to bank, dividend and other unearned income and shareholder income/distributions are set out in the 2022 IFG report. Adjustments for business profits and property income have been reviewed based on all information available at the end of the year, including 2021 outturn. This has resulted in a removal of the adjustments to provide an accurate base for the 2022 forecast.

4.5 Revenue (continued)

Accounting Policies

Assumption	2022 £m	2021 £m	Assumption narrative
Personal business profits	(3.0)	(3.1)	In 2022, the IFG recommended revised adjustments (+5.64pp for 2021 and 2022). Following better-than-expected growth in personal business profits in 2021, the adjustment (5.64pp) was removed for 2022. This reduces the forecast by £3.0m (based on latest outturns and forecasts).
Property Income	(0.8)	(1.1)	In 2022, the IFG recommended revised adjustments (+2.88pp for 2021 and 2022). Following in-line growth in property income in 2021, the adjustment (2.88pp) was removed for 2022. This reduces the forecast by £0.8m (based on latest outturns and forecasts).
Bank, dividends and other unearned	-	(1.1)	The IFG agreed to formally remove these adjustments from the forecasts for 2022 onwards.
Shareholder income/ distributions	-	(2.2)	The IFG agreed to formally remove these adjustments from the forecasts for 2022 onwards.

Penalties and general interest charges (GIC) arising under taxation legislation are recognised as revenue at the time the penalty and GIC are imposed on the taxpayer and included within the relevant revenue categories. Generally, subsequent remissions and write-offs of such penalties and interest are treated as an expense (mutually agreed write-down) or other economic flow of the period. Penalties and interest that are imposed by law and immediately cancelled are not recognised as revenue or expense.

Taxpayers are entitled to dispute amounts assessed by the States of Jersey. Where the States considers that the probable outcome will be a reduction in the amount of tax owed by a taxpayer, an allowance for credit amendment (if the disputed debt is unpaid) or a provision for refund (if the disputed debt has been paid) will be created and there will be a corresponding reduction in revenue.

Earned through operations

Revenue from sale of goods and services is measured based on the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

4.5 Revenue (continued)

Accounting Policies

Sale of goods and services

Below is a summary of the revenue recognition:

Income Type	Forecast Approach
School Fees	School fees consists of tuition fees, resource fees, levies, application fees, enrolment fees, waiting list fees and other miscellaneous charges. Tuition/term fees, resource fees and levies are recorded as income in the period when services are provided. Non-refundable enrolment fees and application fees were treated as income on receipt.
Lottery Ticket Sales	The income is derived from the sale of lottery scratch cards through numerous retail outlets across the Island. Revenue recognised at the point that the tickets are sold. The purchase of a ticket creates an agreement between the customer and the States that may be evidenced by a ticket specifying the wager and the odds.
Airport and Harbour Charges Channel Island Control Area (CICA)	There are four distinct performance obligations, these are landing, parking, departing and other charges (i.e. noise and fixed electrical ground power). The revenue from these charges is recognised on the day the movement takes place or services are rendered. Passenger charges levied on passengers on departure; - Aircraft landing and take-off charges levied according to noise certification; - Aircraft parking charges based on a combination of weight and time parked; and - Other charges levied (i.e. fixed electrical ground power) when these services are rendered.
Other fees and services	The States recognises revenue when a performance obligation is satisfied. Grants and similar financing for capital items, to the extent that they have not been eliminated on consolidation, are recognised immediately in the Consolidated Statement of Comprehensive Net Expenditure (SOCNE) unless it is likely that the grant will need to be repaid, in which case the grant is deferred in the Statement of Financial Position (SOFP).

Investment income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and from financial assets at fair value through profit or loss (FVTPL).

Dividend income is recognised when the right to receive a dividend payment is established. Any amount not received by the end of the reporting period is recognised as a current receivable.

Accounting for Goods and Services Tax (GST)

GST charged/paid is fully recoverable, and so income and expenditure is shown net of GST.

4.5 Revenue

	Notes	2022 £'000	2021 £'000
Levied by the States of Jersey			
Taxation Revenue			
Personal Income Tax		599,426	557,912
Corporation Tax		121,669	85,472
Goods and Services Tax (GST)		117,976	106,601
Total Taxation Revenue		839,071	749,985
Social Security Contributions		268,741	241,064
Island rates, duties, fees, fines and penalties			
Impôts Duty		66,726	80,329
Stamp Duty and Land Transfer Tax		54,304	60,992
Island Wide Rates		14,578	13,754
Fines and Penalties		12,041	11,199
Total Island rates, duties, fees, fines and penalties		147,649	166,274
Total Levied by the States of Jersey		1,255,461	1,157,323
Earned through operations			
Revenue from Contracts with Customers			
Sale of Goods		10,578	8,585
Sale of Services		102,929	89,293
Other Fees and Charges		11,452	10,665
Total Revenue from Contracts with Customers		124,959	108,543
Investment Income			
Interest Income		1,888	1,065
Dividend Income		43,191	72,809
Total Investment Income		45,079	73,874
Other Revenue			
Hire & Rentals		80,256	77,051
Other Income	i	21,781	18,270
Total Other Revenue		102,037	95,321
Total Earned through operations		272,075	277,738
Total Revenue		**1,527,536**	**1,435,061**

Performance Narrative

Analysis providing an explanation of the key year on year movements in revenue can be found in Appendix 1 Financial Review starting on page 71.

Note

i. Other income includes: Financial Services returns, Criminal Offences Confiscations Fund grants received, recovered costs, coverage payments and other income that does not fall into any other category.

4.6 Social Benefit Payments

Accounting Policies

Social benefits payments are accounted for as expenditure in the period to which they relate.

Social benefits payments include income support, which are recognised over the period for which the claim assessed is due. Where under or overpayments are identified, either during the award year or subsequently, adjustments are made to expenditure.

	Notes	2022 £'000	2021 £'000
Social Benefits			
Pensions		227,706	212,569
Income Support		73,154	76,816
Incapacity Allowance, Pensions and Survivors' Benefits		53,176	48,818
Long Term Care Benefits		61,057	57,399
Health Benefits		33,490	32,496
Covid-19 Related Benefit Payments	i	5,301	31,372
Education and Other: Allowances and Student Grants		17,253	17,163
Total Social Benefits		**471,137**	**476,633**

Performance Narrative

The most significant change in 2022 is the reduced level of Covid-19 related benefit payments, the largest of which was the Co-funded Payroll Scheme. Covid related income support measures ceased during the early part of 2022.

Note

i. Covid-19 benefit payments relate to the co-funded payroll scheme, emergency support payments, stimulus payments and vouchers.

4.7 Staff Costs

Accounting Policies

Staff costs include salaries and wages, the costs of pensions and other employee benefits. Staff costs that can be attributed directly to the construction of an asset have been capitalised. Average staff numbers reported in the Staff Report include staff engaged on capital projects. Public sector pension scheme costs include current service costs and past service costs, both of which are explained in further detail in note 4.20 and 4.21.

2022

Department	Notes	Salaries and Wages £'000	Pension Contributions £'000	Social Security £'000	Total £'000
Departments & Trading Operations		405,078	55,379	23,910	484,367
Subsidiary Companies	i	25,186	3,038	1,410	29,634
Non-States Staff Costs	ii	31,601	-	-	31,601
States Members Remuneration		2,638	-	-	2,638
Other Staff Costs	iii	1,873	-	-	1,873
Capitalised Staff Costs		(4,477)	-	-	(4,477)
Elimination of Social Security Contributions	iv	-	-	(25,320)	(25,320)
Total		**461,899**	**58,417**	**-**	**520,316**

2021

Department	Notes	Salaries and Wages £'000	Pension Contributions £'000	Social Security £'000	Total £'000
Departments & Trading Operations		378,771	53,710	22,284	454,765
Subsidiary Companies	i	22,162	2,745	1,244	26,151
Non-States Staff Costs	ii	25,438	-	-	25,438
States Members Remuneration		2,562	-	-	2,562
Other Staff Costs	iii	894	-	-	894
Capitalised Staff Costs		(3,537)	-	-	(3,537)
Elimination of Social Security Contributions	iv	-	-	(23,528)	(23,528)
Total		**426,290**	**56,455**	**-**	**482,745**

Performance Narrative

There has been an increase in staff numbers and costs in 2022. The majority of these posts relate to key public service delivery demands and moves to fill vacant posts. They include additional teaching assistants and teachers, additions in our blue light services, a developing public health function and fixed term staff delivering the ITS programme.

The increase in costs also includes the impact of pay awards in 2022. More information on the number of staff and what pay awards were given in 2022 is provided in the Staff Report section.

Notes
i. Further details can be found in the separately published Jersey Development Company / Andium Homes/ Ports of Jersey accounts.
ii. Non-States staff costs includes the costs of individuals who do not hold an employment contract with the States, but who are acting as States Employees.
iii. Other staff costs include redundancy, voluntary redundancy, severance payments and adjustments for the cost of accumulated compensated absences.
iv. Social Security Contributions paid by States Entities to the Social Security Fund and Health Insurance Fund are internal to the States Accounts, and so eliminated on consolidation. This note has been drafted to show the full staff costs as well as the consolidated position.

4.8 Grants

Accounting Policies

Grants made are recognised as Grants and Subsidies Payments within the Consolidated Statement of Comprehensive Net Expenditure (SOCNE) to match the underlying event or activity that gives rise to a liability.

Significant Grants made during 2022

The note below summarises grants of £75,000 and over made by the States of Jersey in 2022 and 2021. Some organisations below may have also received grants below £75,000.

Issuing Dept	Grantee	2022 £'000	2021 £'000	Reason for Grant
C&LS	Jersey Employment Trust (JET)	1,105	1,030	To provide sheltered work and additional training and development to the most severely disabled.
C&LS	Jersey Employment Trust (JET) - Workforce Solutions Ltd (VDS)	800	800	To provide employment opportunities to people with serious learning difficulties or autism.
C&LS	Shelter Trust	1,444	1,443	To provide accommodation to homeless Islanders.
C&LS	Jersey Women's Refuge	215	256	To provide financial support for costs.
C&LS	Jersey Citizens Advice Bureau	271	271	To support to an organisation that enables people to take greater responsibility for their own lives and wellbeing, to access services available to them and provides Islander with the Jersey Online Directory.
C&LS	Home Call	103	103	To support the provision of services to elderly and vulnerable Islanders. Services provided include organising home grocery and prescription deliveries, arranging transport to medical appointments and organising social events.
CYPES	Beaulieu Convent School	2,389	2,315	To provide financial support to the school.
CYPES	De La Salle College	1,945	1,953	To provide financial support to the school.
CYPES	FCJ Primary School	322	304	To provide financial support to the school.
CYPES	Jersey Child Care Trust	134	134	To provide financial support for operating costs.
CYPES	Digital Jersey	217	366	To provide financial support for the running costs of the Digital Jersey Academy.
CYPES	Best Start Partnership	116	-	Early years best start initiative
CYPES	Eden House Grant	-	691	To help develop a Therapeutic Children's Home.
IHE	Serco (Jersey) Limited	436	414	To provide financial support for the running costs of the Waterfront Pool.
JOA	Overseas Aid Grants	7,707	6,184	To provide humanitarian aid for sustainable grant projects and work project initiatives.
JOA	Overseas Aid Grants	1,658	2,138	To support local charities providing community work project initiatives.
JOA	Overseas Aid Grants	3,995	3,361	To provide disaster and emergency relief.
JOA	Overseas Aid Grants	600	-	Ukraine support
Non-Mins	Bailiff's Covid 19 Appeal	-	170	To support the provision of trauma focused therapy for HCS staff and the acquisition of new medical equipment.
OCE	Government of Jersey London Office	621	594	To provide financial support for the running costs of the Jersey Government's London Office.
OCE	Bureau de Jersey Ltd	100	100	To provide financial support for operating costs.
OCE	Channel Islands Brussels Office	264	319	To provide financial support for the running costs of the Channel Islands Brussels Office
ECON	Jersey Finance Limited	5,747	5,620	Grant towards costs of organization that promotes the Jersey's finance Industry and provides technical assistance to the Jersey Government.
ECON	Digital Jersey Ltd	2,225	2,025	Grant towards costs of organisation that promotes the digital sector and provides technical assistance to the Jersey Government.

4.8 Grants (continued)

Issuing Dept	Grantee	2022 £'000	2021 £'000	Reason for Grant
ECON	Jersey Competition Regulatory Authority	897	691	Grant towards cost of organisation that seeks to create a more competitive commercial environment.
ECON	Jersey Island Genetics Ltd	185	183	Cattle testing.
ECON	Jersey National Park Ltd	200	150	Grant towards costs of safeguarding and developing the Jersey National Park.
ECON	Jersey Arts Centre Association	640	602	To provide financial support for operating costs.
ECON	Jersey Opera House	366	572	To provide financial support for operating costs.
ECON	Jersey Heritage	5,529	4,503	To provide financial support for operating costs.
ECON	Jersey Rugby Football Club	50	150	Grant to fund running of team.
ECON	Jersey Battle of Flowers (Events) Ltd	177	-	To provide financial support for costs of event.
ECON	Art House Jersey	915	515	To provide financial support for operating costs.
ECON	Jersey Business Ltd	860	1,568	Grant support for operating costs and business plan objectives.
ECON	Jersey Sport	1,962	1,956	To provide financial support for the development of Jersey sport.
ECON	Jersey Consumer Council	112	89	To provide financial support for operating costs.
ECON	Visit Jersey Ltd	5,750	5,650	To provide financial support for operating costs.
ECON	Fisheries Scheme	22	186	To provide financial support for the Jersey fishing industry.
ECON	Jersey Products Promotion (2017) Ltd	222	218	Supporting Rural Initiative Scheme that supports innovation and business diversification.
ECON	Super League Triathlon	-	270	To provide financial support for hosting the Super League Triathlon in Jersey (2, 3).
ECON	Jersey Office of the Information Commissioner	250	500	To provide financial support to an organisation that enforces data protection legislation (3, 4).
ECON	Jersey Bus Tours	-	129	Provision of financial support.
ECON	Normandy Trader Freight Services Ltd	-	107	Provision of financial support.
ECON - Funds	Technology Accelerator Fund	230	-	To support development of digital skills and support digital-based economic opportunities.
SPPP	Jersey Advisory and Conciliation Service (JACS)	355	355	To provide a free employment relations service to help employers, employees and trade unions work together for the prosperity of Jersey business and the benefit of employees.
T&E Funds	Dormant Bank Accounts - Various	560	-	
T&E Funds	Charities Commissioner Costs	-	110	To provide financial support for the costs of the Charity Commissioner.
T&E Funds	The Jersey Community Foundation Limited	-	1,096	To assist with the distribution for charitable purposes of approved amounts from the Dormant Bank Account Fund.
T&E Funds	Association of Jersey Charities	1,524	1,388	CI Lottery
Ports of Jersey	Ports of Jersey Issued Grant	685	84	Ports grant
	Total significant grants awarded	**53,905**	**51,663**	

4.8 Grants (continued)

Fiscal Stimulus Grants

Issuing Dept	Grantee	2022 £'000	2021 £'000	Reason for Grant
C&LS	Jersey Employment Trust (JET)	256	552	To extend the Acorn facility
C&LS	Jersey Citizens Advice Bureau	-	50	To provide a website and digital channels update.
C&LS	Unemployment Support Scheme	167	210	Project supporting long term jobseekers.
C&LS	Shelter Trust	-	190	To support women only accommodation.
CYPES	Trinity Youth Centre Trust	208	621	To provide financial support for the operating costs of the Trinity Youth Centre.
CYPES	Jersey Scouts	367	36	Refurbishment of Kenneth Faucon Hall
CYPES	Beaulieu Convent School	445	1,055	Beaulieu Convent School - Sports Centre
CYPES	Every Child Our Future	-	60	Every Child Our Future Summer School
CYPES	Local Church - Ebenezer	11	-	Refurbishment project
HCS	Brook Jersey	-	181	Brook Jersey premises
IHE	Jersey Cricket Limited	300	-	The refurbishment of Grainville Cricket Pavilion
IHE	Padel for All Limited	425	-	The construction of Padel Courts
IHE	Durell Wildlife Conservation Trust	980	-	Enabling works for Warty Pigs Enclosure
IHE	Baptist Facility	7	158	Facilities modernisation project
IHE	Enable Jersey Changing Facility St Brelades Bay	-	87	Re-develop the changing room facilities at St. Brelade's beach
IHE	Jersey Cheshire Home	-	67	Solar PV panels
IHE	The Jersey Race Club	14	15	Racecourse improvements
IHE	Healing Waves	392	19	Healing Waves - Adaptive Surf Centre
IHE	Jersey Association of Youth and Friendship	-	30	Maintenance grant for JAYF hostels
IHE	Jersey Biodiversity Centre	22	34	Engage Jersey with Nature 2021
JHA	Jersey Air Cadets	204		Improvements made to grounds.
ECON	Jersey Heritage	237	199	La Hougue Bie Gallery and Workshop
ECON	Jersey Heritage	869	126	Hamptonne Agricultural Museum
ECON	Jersey Heritage	101	34	Implementation of a new I.T. system
ECON	Royal Jersey Agricultural & Horticultural Society	298	197	RJA&HS grounds refurbishment
ECON	The National Trust of Jersey	1,639	528	Morel Farm refurbishment
ECON	Jersey Consumer Council	19	18	Consumer Confidence and Data Security
	Total Fiscal Stimulus grants awarded	**6,961**	**4,467**	

4.8 Grants (continued)

Economic Recovery Fund Grants

Issuing Dept	Grantee	2022 £'000	2021 £'000	Reason for Grant
ECON	Tantivy Blue Coach Tours Ltd	75	118	Visitor Attraction & Events Support Scheme (VAES)
ECON	Jersey Business Ltd	1,460		Visitor Attraction & Events Support Scheme (VAES)
ECON	Digital Jersey Ltd	251		To extend the short-course provision previously funded by Fiscal Stimulus in 2021
ECON	Jersey Bus Tours	12		Visitor Attraction & Events Support Scheme (VAES)
ECON	St Brelade's College	31		Visitor Attraction & Events Support Scheme (VAES)
ECON	Jersey Lavender Ltd	16		Visitor Attraction & Events Support Scheme (VAES)
ECON	La Mare Vineyards Ltd	14		Visitor Attraction & Events Support Scheme (VAES)
ECON	Waverley Coaches	41		Visitor Attraction & Events Support Scheme (VAES)
ECON	Jersey Finance Ltd	299		To support Jersey Finance's Economic Program
ECON	Airline Services(CI) Ltd	47		Visitor Attraction & Events Support Scheme (VAES)
ECON	CRES Reallocation	1		
ECON	C I Travel Group	-	93	VAES to support tourism attractions in Jersey
ECON	Individual - Mr Martin Sayers	-	146	VAES to support tourism attractions in Jersey
ECON	Polar Cars Ltd	30	211	Vehicle Hire Car support scheme
ECON	Europcar Jersey	(212)	212	Vehicle Hire Car support scheme
ECON	Spellbound Holdings Ltd	30	120	Vehicle Hire Car support scheme
ECON	Visitor Accommodation Support Scheme (VASS) - Various	1,225	6,260	To support local visitor accommodation providers
ECON	Fixed Cost Support Scheme (FCSS) - Various	150	3,105	Fixed Cost Support Scheme as part of Economic Recovery Fund
	Total Economic Recovery Fund grants awarded	**3,470**	**10,265**	

4.8 Grants (continued)

Payments made under Significant Grant Schemes during 2022

The note below summarises payments under Government of Jersey Grant Schemes where total payments exceeded £25,000 in 2022.

Issuing Dept	Name of Scheme	2022 £'000	2021 £'000	Reason for Grant
IHE	Area Payments to Individuals	1,499	814	Support to underpin a base level of farming activity in the countryside
OCE	Quality Milk Payments to Individuals	913	485	Transitional support to allow the industry to implement their Dairy Industry Recovery Programme
CYPES	Nursery Education Fund	2,869	2,170	Provide pre-school learning through the Nursery Education Fund
CYPES	Grants to individuals (Jersey College for Girls)	13	-	To assist students in the payment of fees
CYPES	Grants to individuals (Victoria College)	47	10	To assist students in the payment of fees
C&LS	Social Recovery	250	-	To support projects that promote mental or physical health for Islanders that may have been affected by the pandemic.
C&LS	Various employment schemes	140	681	Additional employment opportunities for the unemployed - includes Back to Work, Enhanced Workzone, Advance Plus
	Total significant grants awarded under Government of Jersey Grant Schemes	5,731	4,160	
	Total Other Grants and Subsidies under £75k	1,132	1,169	
	Grand Total - Grants and Subsidies awarded	**71,199**	**71,724**	
	Adjustment to accrued grants in prior year	(952)	-	
	Total Grants and Subsidies expense recorded	**70,247**	**71,724**	

Performance Narrative

The reduction in grant expenditure in 2022 is mainly due to reduced payments from the Economic Recovery Fund as the specific measures taken to support the local economy and mitigate the impact of Covid-19 were wound down. This was partly offset by an increase in Fiscal Stimulus grants. There was also an increase in other individual grants out from departments in 2022 including an increase in support for jersey Heritage and from Jersey Overseas Aid including support for Ukraine.

4.9 - 4.21
Notes supporting the Consolidated Statement of Financial Position

4.9 Property, Plant and Equipment

Accounting Policies

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the States and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, Plant and Equipment is recognised where the initial cost or value exceeds £10,000. There is no threshold for the capitalisation of subsequent expenditure on an asset. On completion, Assets Under Course of Construction are transferred into the appropriate asset category.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- The cost of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment is subsequently measured as follows:

Asset category	Measurement basis
Non-specialised operational assets	Existing Use Value (EUV)
Social housing	Existing Use Value – Social Housing (EUV-SH)
Specialised assets and networked assets	Depreciated Replacement Cost (DRC)
Surplus assets with access to the market	Fair value
Surplus assets with restrictions preventing access to the market	Existing Use Value (EUV)
Assets under Construction	Cost
Short life and low value assets	Depreciated historical cost (DHC)*

* The States has elected to use DHC as a proxy for fair value for assets with a short useful life or a low value.

Non-specialised assets are valued in accordance with the RICS Valuation Global Standards 2017, as updated for the UK, on a 5-yearly cycle with a 3-year revaluation for higher value assets. The value of assets not revalued in the current year is indexed to the year-end using available appropriate indices. Assets are independently valued by RICS registered valuers, the Valuation Office Agency.

4.9 Property, Plant and Equipment (continued)

Accounting Policies

Social housing stock is valued annually at EUV-SH in line with the UK Housing Statement of Recommended Practice (SoRP) using the discounted cashflow approach. The stock is independently valued by RICS registered valuers, Jones Lang LaSalle.

Specialised assets and networked assets are valued in accordance with the RICS Valuation Global Standards 2017, as updated for the UK, on a 5-yearly cycle with a 3-year revaluation for higher value assets using the modern equivalent basis of DRC valuation. Cyclical valuations are supplemented by annual desktop valuations by the external valuer.

Subsequent expenditure on assets is capitalised where it enhances or replaces the service potential. Spending that does not replace or enhance service potential is expensed.

Revaluation

Revaluation gains are recorded in the revaluation reserve and presented in Other Comprehensive Income.

Downward revaluations are recorded in the revaluation reserve to the extent that they reverse previous upward revaluations. Downward revaluations below the historic cost of the asset are recorded as an impairment in Net Revenue Expenditure/Income.

Depreciation

Depreciation for Property, Plant and Equipment, other than for networked assets, is calculated by amortising the carrying value of the asset less its estimated residual value over its useful economic life on a straight-line basis. Depreciation is recognised in the Statement of Comprehensive Net Expenditure. The principal asset categories and their range of useful economic lives are outlined below:

Asset category	Life
Land	Not depreciated
Buildings	Up to 75 years
Social housing	Up to 80 years
Other structures	Up to 100 years
Plant, machinery, furniture & fittings	3 to 50 years
Transport equipment	2 to 20 years
Information Technology Equipment	3 to 10 years
Antiques and Works of Art	Depreciation is not required on heritage assets which have indefinite lives
Networked assets (Road networks, sewer systems and sea defences)	The annual depreciation charge for networked assets is the value of the service potential replaced through the maintenance programme, adjusted for any change in condition as identified by a condition survey. The value of the maintenance work undertaken is used as an indication of the value of the replaced part.

4.9 Property, Plant and Equipment (continued)

Accounting Policies

Residual Values and Useful Economic Lives of Property, Plant and Equipment are reviewed annually and, if appropriate, amended at the end of each reporting period.

Where an asset consists of several components which are significant in relation to the overall cost of the asset and with different useful economic lives, these will be componentised.

Disposal

On disposal of Property, Plant and Equipment, gains or losses on disposal are measured by deducting the carrying value of the asset and any directly attributable transaction costs from the sale proceeds and are reported in Net Revenue Expenditure/Income.

4.9 Property, Plant and Equipment

a) Reconciliation - 2022

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 January 2022	421,439	1,090,376	1,127,197	1,481,640	445,391	17,634	283,452	7,149	5,073	304,734	5,184,085
Additions	270	1,092	23,930	-	-	158	152	-	-	177,012	202,614
Disposals	-	-	(19,025)	-	(57)	(1,297)	(9,905)	(18)	-	-	(30,302)
Transfers	4,954	15,195	47,275	13,182	6,511	2,448	5,181	252	-	(94,998)	-
Revaluations	39,448	71,399	93,763	55,307	21,486	-	-	-	-	-	281,403
Assets reclassified (to)/from Intangibles	-	-	-	-	-	-	-	-	-		-
Assets reclassified (to)/from Non-Current Assets Held For Sale	-		(33,250)	-	-	-	-		-	(842)	(34,092)
At 31 December 2022	466,111	1,178,062	1,239,890	1,550,129	473,331	18,943	278,880	7,383	5,073	385,906	5,603,708
Accumulated Depreciation											
At 1 January 2022	(69,935)	(335,705)	(214,538)	(62,758)	(86,672)	(10,048)	(170,921)	(4,276)	(58)	-	(954,911)
Depreciation charge	-	(32,387)	(16,694)	(11,314)	(12,784)	(1,558)	(11,772)	(898)	(3)	-	(87,410)
Disposals	-	-	19,025	-	-	1,136	(1,227)	18	-	-	18,952
Transfers	-	(279)	279	-	-	-	-	-	-	-	-
Impairment	(6,663)	(52,852)	(22,151)	(17,536)	(2,939)	-	-	-	-	(8,376)	(110,517)
At 31 December 2022	(76,598)	(421,223)	(234,079)	(91,608)	(102,395)	(10,470)	(183,920)	(5,156)	(61)	(8,376)	(1,133,886)
Net Book Value: 31 December 2022	**389,513**	**756,839**	**1,005,811**	**1,458,521**	**370,936**	**8,473**	**94,960**	**2,227**	**5,012**	**377,530**	**4,469,822**
Net Book Value: 1 January 2021	**351,504**	**754,671**	**912,659**	**1,418,882**	**358,719**	**7,586**	**112,531**	**2,873**	**5,015**	**304,734**	**4,229,174**
Asset Financing											
Purchased	344,697	747,734	1,003,771	1,458,521	370,936	8,440	94,615	2,227	4,288	377,530	4,412,759
Donated	35,406	30	-	-	-	33	345	-	724	-	36,538
Leased	9,410	9,075	2,040	-	-	-	-	-	-	-	20,525
Net Book Value: 31 December 2022	**389,513**	**756,839**	**1,005,811**	**1,458,521**	**370,936**	**8,473**	**94,960**	**2,227**	**5,012**	**377,530**	**4,469,822**

4.9 Property, Plant and Equipment (continued)

a) Reconciliation - 2021

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation											
At 1 January 2021	401,812	990,196	1,023,632	1,371,576	419,924	17,076	269,798	5,682	823	233,455	4,733,974
Additions	93	5,268	7,134	-	-	65	148	17	-	191,375	204,100
Disposals	(46)	(18)	-	-	-	(2,374)	(1,258)	(155)	-	-	(3,851)
Transfers	570	24,879	58,579	11,062	2,258	2,867	14,764	1,605	3,512	(120,096)	-
Revaluations	19,010	70,051	69,616	99,002	23,209	-	-	-	738	-	281,626
Assets reclassified (to)/from Intangibles	-	-	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Non-Current Assets Held For Sale	-	-	(31,764)	-	-	-	-	-	-	-	(31,764)
At 31 December 2021	421,439	1,090,376	1,127,197	1,481,640	445,391	17,634	283,452	7,149	5,073	304,734	5,184,085
Accumulated Depreciation											
At 1 January 2021	(69,935)	(284,163)	(106,521)	(34,634)	(73,469)	(10,719)	(157,584)	(3,856)	(55)	-	(740,936)
Depreciation charge	-	(36,066)	(15,049)	(8,736)	(13,203)	(1,424)	(14,368)	(575)	(3)	-	(89,424)
Disposals	-	-	-	-	-	2,095	1,031	155	-	-	3,280
Transfers	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	(15,475)	(92,968)	(19,388)	-	-	-	-	-	-	(127,831)
At 31 December 2021	(69,935)	(335,705)	(214,538)	(62,758)	(86,672)	(10,048)	(170,921)	(4,276)	(58)	-	(954,911)
Net Book Value: 31 December 2021	**351,504**	**754,671**	**912,659**	**1,418,882**	**358,719**	**7,586**	**112,531**	**2,873**	**5,015**	**304,734**	**4,229,174**
Net Book Value: 1 January 2021	**331,877**	**706,033**	**917,111**	**1,336,942**	**346,455**	**6,357**	**112,214**	**1,826**	**768**	**233,455**	**3,993,038**
Asset Financing											
Purchased	306,426	746,023	911,239	1,418,882	358,719	7,527	112,030	2,873	4,291	304,734	4,172,744
Donated	35,668	29	-	-	-	59	501	-	724	-	36,981
Leased	9,410	8,619	1,420	-	-	-	-	-	-	-	19,449
Net Book Value: 31 December 2021	**351,504**	**754,671**	**912,659**	**1,418,882**	**358,719**	**7,586**	**112,531**	**2,873**	**5,015**	**304,734**	**4,229,174**

4.9 Property, Plant and Equipment (continued)

The table below includes valuation details of assets measured using the valuation model and the amount at which assets stated at revalued amounts would have been stated at had those assets been carried under the cost model

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revaluation or Cost Model	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation			Cost		
Independent Valuer	Valuation Office Agency	Valuation Office Agency	Jones Lang LaSalle	Valuation Office Agency	Valuation Office Agency & Buckley					
Valuation Methodology	Fair Value	Fair Value	Existing Use Value	Fair Value	Fair Value					
Frequency of Full Valuation	Quinquennial	Quinquennial	Quinquennial	Quinquennial	Quinquennial			N/A		
Date of last full valuation	December 2022	December 2022	December 2022	December 2019	December 2019					
Effective Date of Valuation	December 2022	December 2022	December 2022	December 2022	December 2022					
Carrying Amount at Cost	316,043	438,577	524,863	979,194	114,923	8,473	94,960	2,227	5,012	385,906
Revaluation Surplus / Deficit	73,470	318,262	480,948	479,327	256,013	-	-	-	-	(8,376)
Revaluation /Impairment Movement in Year	32,785	18,547	71,612	37,771	18,547	-	-	-	-	(8,376)

Performance Narrative

The increase in the overall net book value of property, plant and equipment assets is largely driven by the net revaluation increases during 2022 as well as additional expenditure recognised as 'Assets under course of construction' during the year. These increases are partly offset by depreciation and disposals.

The external valuers, Valuation Office Agency, performed a full land and building valuation. Land values were increased by £19.5m and buildings by £22.7m. Further to this, the Valuation Office Agency performed an interim infrastructure valuation as at 31 December 2022. The overall valuation increase on infrastructure assets was £34.5m compromising:

- Impairments on: Roads - £2.9m and Structures - £5.1m.
- Revaluations on: Drainage - £21.4m, Sea Defences - £8.5m, Infrastructure Land - £12.6m.

Valuation movements are largely driven by build costs where replacement cost is used or market conditions such as rental or sales values. The significant increase in the cost of building materials and the sales and rental values of residential and commercial properties over recent years has led to an overall increase in the value of land, buildings and infrastructure assets.

4.9 Property, Plant and Equipment (continued)

b) Capital Commitments

This amount includes the following amounts which are committed via a contractual arrangement, but not yet incurred/provided for.

	2022 £'000	2021 £'000
Tangible		
Andium: Mayfair	46,319	48,153
SOJDC Joint Venture: Horizon Development	-	44,720
Andium: The Limes	23,951	37,045
HCS: Our Hospital	5,603	10,568
SOJDC: International Finance Centre 6	20,766	38,940
Andium: Ann Court	9,097	19,921
PoJ: Harbours Redevelopment	6,753	-
Andium: La Collete Low Rise	6,502	21,290
JFM: Vehicle Plant and Replacement	3,347	2,540
IHE: Liquid Waste Strategy	3,001	1,322
JCP: Anne Court Car Park	2,402	2,781
GoJ: Replacement Assets	2,156	
HCS: Health Service Improvements	1,908	2,227
Andium: Le Marais	1,790	10,229
PoJ: Ferryspeed Warehouse	1,229	-
HCS: Special Needs	918	-
IHE: Orchard House	773	3,634
PoJ: ILS 26 Replacement	607	-
JHA: Prison Phase 6	558	2,813
COO: Replacement Assets	451	776
COO: Cyber	398	870
COO: Intergrated Technology Solution	346	3,178
PoJ: Harbour Lighting Towers	315	
Andium: Summerland	301	952
PoJ: Elizabeth Marina Tidal Gate	296	
PoJ: New North Quay Slab Repairs	285	
IHE: Infrastructure	215	723
Andium: Le Squez 4	205	1,115
Other Tangible	5,252	26,929
Total Tangible	145,744	280,726
Intangible		
COO: Integrated Technology Solution	4,454	3,638
COO: Cyber	1,015	-
HCS: Digital Care Strategy	871	-
COO: Service Digitisation	798	141
Other Intangible	1,557	409
Total Intangible	8,695	4,188
Total Capital Commitments	**154,439**	**284,914**

4.10 Investment Property

Accounting Policies

Property (land or building or both) is defined as investment property where it is held solely to earn rental income or for capital appreciation or both.

The States of Jersey uses the fair value model to account for investment properties. Investment properties are measured initially at cost and then subsequently at fair value. Investment properties are not depreciated but valuations are subject to annual review by a RICS registered valuer according to market conditions at the year-end.

Net rental income together with any gains or losses arising from changes in valuation or disposal are recognised as Hire & Rental in Revenue Earned from Operations within the Consolidated Statement of Comprehensive Net Expenditure (SOCNE).

The following table summarises the movement in the fair value of investment properties over the year:

Non-current assets - at fair value	2022 £'000	2021 £'000
Balance at 1 January	17,900	17,340
Net gains/(losses) from fair value adjustments	-	560
Assets reclassified (to)/from Inventories	(17,900)	-
Balance at 31 December	**-**	**17,900**

The States had classified the Waterfront Leisure Centre, owned by the States of Jersey Development, as investment property holdings as the property was being held for long-term rental yields and capital appreciation. The property has been reclassified as Inventory in 2022 reflecting the change of intention for the property. Investment properties are carried at fair value with changes in fair values are presented in Consolidated Statement of Comprehensive Net Expenditure (SOCNE) as part of (Gains)/Losses on Financial Assets.

There are no restrictions on the States' ability to realise the value inherent in its investment property or on the States' right to the income and proceeds from any disposals.

There are contractual obligations on the States to repair and maintain certain investment properties and these have been reflected in the relevant property valuations.

	2022 £'000	2021 £'000
Rental income from investment property	1,286	2,020
Net Rental Income	**1,286**	**2,020**

4.10 Investment Property (continued)

The future minimum lease rentals receivable are as follows:

	2022 * £'000	2021 £'000
Within one year	-	1,192
Within two to five years	-	4,813
Later than five years	-	1,295
Total future lease rentals due under existing contracts	**-**	**7,300**

* While lease income is still being received, there are no longer any lease rentals associated with Investment Properties

Performance Narrative

The property previously recognised as an Investment Property has been reclassified to Inventory in 2022. It is included in the balance in Note 4.12 Inventories

4.11 Financial Instruments

Accounting Policies

Classification

The group classifies its financial assets at amortised cost or fair value either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Category	Criteria for classification	Financial Assets
Amortised Cost	Amortised cost for financial assets whose cash flows are solely payments of principal and interest and the business model of which is to hold those financial assets in order to collect contractual cash flows. They are initially recognised at fair value and thereafter at amortised cost using the effective interest method less any impairment. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of recognising and allocating interest income over the relevant period.	Loans and advances, contractual trade receivables and cash and cash equivalents
FVTPL	Fair value through profit or loss (FVTPL) for any financial assets that are not measured at amortised cost or FVTOCI. This category includes derivatives and investments in equity instruments, unless an irrevocable election is made on initial recognition to classify as FVTOCI. The election is only available to equity instruments that are not held for trading. Transactions costs and any subsequent movements in the valuation of assets held at FVTPL are recognised in the Statement of Comprehensive Net Expenditure.	Investments (in the Common Investment Fund or with the States' Cash Manager), housing property bonds and derivatives
FVTOCI	FVTOCI includes debt instruments whose cash flows are the sole payments of principal and interest and held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The GoJ accounts do not hold any debt instruments at fair value through other comprehensive income. FVTOCI also includes equity instruments where an irrevocable election has been made to fair value through other comprehensive income. The group has made the irrevocable election to present the Strategic Investments (as defined in note 11(a)) as fair value through other comprehensive income.	Strategic investments

Financial assets other than equity instruments and those at FVTPL are assessed for impairment at each reporting date using the expected credit loss model as introduced by IFRS 9, and impairments are recognised in the Statement of Comprehensive Net Expenditure.

Financial assets are derecognised when the rights to receive future cash flows have expired or are transferred and the risks and rewards of ownership have been substantially transferred.

4.11 Financial Instruments (continued)

Accounting Policies

Impairment of Financial Assets

The group assesses on a forward-looking basis the expected credit losses, and annual assessments for impairment are carried out. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

IFRS 9 impairment requirements for financial assets apply to:

- Debt instruments – loans, trade receivables and debt securities measured at amortised cost or fair value through other comprehensive income (FVTOCI)
- Lease receivables
- Contract assets within the scope of IFRS 15
- Certain financial guarantees and loan commitments.

Trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The group classifies its financial liabilities at either amortised cost or fair value through profit or loss (FVTPL)

Category	Criteria for classification	Financial Liability
FVTPL	Meets the IFRS 9 definition of a financial guarantee contract, contingent consideration or financial liability at fair value through profit or loss. Financial liabilities that arise where a transfer of a financial asset does not qualify for derecognition. Commitments to provide a loan at a below-market interest rate.	Derivatives
Amortised Cost	Most of the government’s financial liabilities are classified at amortised cost.	Bank borrowings, bond, credit facility and contractual trade payables

4.11 Financial Instruments (continued)

Accounting Policies

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Differences between derecognised financial instruments' carrying value and cashflows received to transfer ownership are recognised as realised gains/losses in Consolidated Statement of Comprehensive Net Expenditure (SOCNE).

Measurement

At initial recognition, an entity shall measure FVTPL financial instruments at their fair value. Amortised cost and FVTOCI financial instruments shall be measured at their fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Except for contractual trade receivables which are initially measured at IFRS 15's transaction price.

Subsequent measurement of Financial Assets is as follows:

Category	Subsequent measurement
Amortised Cost	Interest income is calculated using the effective interest rate method. Any gain/(loss) arising on derecognition is presented in finance income or cost.
FVTPL	Changes in fair value movements are recognised through the profit and loss under (Gains)/Losses on Financial Assets.
FVTOCI	Changes in fair value movements are recognised through Other Comprehensive Income (OCI). Impairment losses or reversals, interest income (using the effective interest rate method) and foreign exchange gains and losses, are recognised in profit or loss. On derecognition, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Subsequent measurement of Financial Liabilities is as follows:

Category	Subsequent measurement
Amortised Cost	Interest expenses are included in finance costs using the effective interest rate method. Fees paid to establish loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Any gain/(loss) arising on derecognition or remeasurement is presented in finance income or cost.
FVTPL	Fair value movements are recognised through the profit and loss.

Derivative contracts within the Common Investment Fund (CIF) have the legal right of set-off and thus can be settled net.

4.11 Financial Instruments (continued)

a) Financial Instruments by Category

	2022		2021	
	Long-term £'000	Short-term £'000	Long-term £'000	Short-term £'000
Financial Assets				
Amortised Cost				
Cash and cash equivalents (Note 14)	-	228,737	-	195,376
Trade and other receivables (Note 13)	11,744	53,397	10,267	73,650
Loans and advances	14,896	2,434	16,340	420
Liquid Investments	17	135,705	14	177,837
Preference shares	7,400	-	7,400	-
	34,057	420,273	34,021	447,283
Fair value through OCI				
Strategic investments	327,821	-	415,306	-
	327,821	-	415,306	-
Fair value through profit and loss assets				
Housing Bonds	46,423	-	37,438	-
Investments	2,987,120	27,271	3,379,662	24,727
Derivatives*	6,068	11,281	-	804
	3,039,611	38,552	3,417,100	25,531
Total financial assets**	3,401,489	458,825	3,866,427	472,814
Financial Liabilities				
Amortised cost				
Trade and other payables (Note 15)	-	(55,261)	-	(37,880)
External borrowing (Note 16)	(857,707)	(21,000)	(296,052)	(96,518)
	(857,707)	(76,261)	(296,052)	(134,398)
Total financial liabilities	**(857,707)**	**(76,261)**	**(296,052)**	**(134,398)**

Loans and advances

Loans and advances comprises loans from the States of Jersey Development Company to the joint venture they are engaged with to develop the Horizon site at the Waterfront, loans to assist first time house buyers from the Dwelling Houses Loan Fund, loans to housing associations from the Housing Development Fund and other smaller loans from specific Funds (see Summary of Key Funds page 104).

* The balances stated above are recorded as a net derivative basis. The gross derivative asset value is £804,935,133 and the gross liability value is £787,586,046.

** Other Financial Assets excludes Cash and cash equivalents and Trade and Other Receivables which are already presented on the Statement of Financial Position and disclosed separately as referenced above.

4.11 Financial Instruments (continued)

Strategic Investments

Strategic Investments comprises investment holdings in utility companies (JT Group, Jersey Electricity and Jersey Water) and a logistic company (Jersey Post) summarised below. The irredeemable preference shares are a separate holding in Jersey Water and JT Group.

Strategic Investments	Shareholding	2022 £'000	2021 £'000
Jersey Electricity PLC	62% (19,000,000 Ordinary Shares of 5p)	96,900	117,800
JT Group Limited	100% (20,000,000 £1 Ordinary shares)	182,900	223,098
Jersey Waterworks Company Limited	74% (4,620,000 (100%) "A" Ordinary Shares, 2,520,000 (50%) Ordinary Shares, 900,000 (100%) 10% Cumulative Fifth Preference shares)	35,900	30,283
Jersey Post International Limited	100% (5,000,000 £1 Ordinary shares)	12,121	44,125
Total Jersey Strategic Investments		**327,821**	**415,306**

Investments

Investments are those held across various investment managers and asset classes in the Common Investment Fund. See Note 4.11(c) for further detail on the breakdown.

Derivatives

Foreign Exchange Derivatives

During the course of 2022 Sterling suffered a significant devaluation against the USD resulting in a substantial rise in the Sterling value of USD denominated assets within the Common Investment Fund.

The most material holding of US Dollar assets was through the States Equity portfolio. Under the advice of the Treasury Advisory Panel a hedging arrangement was entered into to protect some of these gains from a sudden recovery in Sterling. The hedging arrangement was implemented in steps, with initial hedging of 50% of exposure, which was increased to 75% of exposure as Sterling moved further away from its expected long term fair value.

In addition to the above some foreign currency denominated investment holdings are subject to their own hedging in line with the published Investment Strategy, the most material being USD denominated investments in the Absolute Return asset class and the debt-like investments in the Opportunities asset class which have exposure in USD and Euro, these are hedged at 90%.

Whilst these instruments hedge foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through the Operating Cost Statement. More details on the management of Foreign Exchange risk is given in Note 4.11(f).

Whilst these instruments offset foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through profit and loss. More details on the management of Foreign Exchange risk is given in Note 4.11(f). Details of gains and losses recognised on these instruments are given in Note 4.12(b).

4.11 Financial Instruments (continued)

Settlement	Currency bought	Local value	Currency sold	Local Value	Asset Value	Liability Value
		£'000		£'000	£'000	£'000
Due to mature in under 6m	GBP	8,775	EUR	(9,920)	8,775	(8,832)
	GBP	1,002	HKD	(9,400)	1,002	(1,001)
	GBP	784,773	USD	(932,350)	784,773	(773,594)
	EUR	2,902	GBP	(2,503)	2,583	(2,503)
	EUR	85	USD	(90)	75	(75)
	USD	1,282	CHF	(1,184)	1,065	(1,064)
	USD	513	EUR	(480)	426	(426)
	USD	109	GBP	(90)	90	(90)
	EUR	3,150	GBP	2,849	40	0
Due to mature in 6-12m	EUR	3,150	GBP	2,967	37	0
Open forward contracts at 31 December 2022					**798,866**	**(787,585)**
Net forward contracts at 31 December 2022						**11,281**

Interest Rate Swap Derivatives

The Group has entered into two interest rate swap agreements. Andium Homes limited entered into an interest rate swap on the 27 July 2022 to mitigate their interest rate risk on their Revolving Credit Facility. The swap has a notional value of £50m as at 31 December 2022 with interest rate of 2.58% and maturity of 27 February 2027, in line with the RCF. The carrying value of this swap is £2.915m as at 31 December 2022.

Jersey Development Company also entered into a interest rate swap agreement, which is effective from 31 March 2024, to manage their interest rate risk on their floating rate secured loan. The interest rate swap agreement has a notional amount of £22m whereby the Group receives a fixed rate of interest of 1.21% and pays interest at a variable rate equal to Compounded SONIA on the notional amount. The bank refunds JDC the proportion of SONIA variable interest paid above the hedge fixed rate. The carrying value of this swap is £3.153m as at 31 December 2022.

Financial guarantee contracts

Jersey Business Disruption Loan Guarantee Scheme

The Jersey Business Disruption Loan Guarantee Scheme was introduced in response to fears that the COVID-19 might result in temporary shortages in funding to otherwise viable local businesses causing avoidable longer term damage to the economy. The method of the scheme is to guarantee qualifying bank lending by 80% for a limited period of time, enabling £50 million of new lending capacity by local banks. The scheme became live on 1 April 2020 with 30 September 2020 being the initial pre-defined closing date for applications.

The scheme was thereafter extended a number to times until finally closing to new applications on 31 December 2021. Whereas the guarantees issued up to and including 30 September 2020 were issued under emergency legislation, subsequent approvals to extend the scheme were issued under Ministerial orders.

There are five banks participating in the Scheme: RBSI; HSBC; Lloyds; Barclays; and Santander. Each bank has a £5 million limit on the amount of loans they can issue under the scheme (with the exception of Santander which agrees amounts per customer as required).

4.11 Financial Instruments (continued)

As 31 December 2022, 40 (2021: 51) of the facilities that had been granted by banks remained active. These facilities had a total facility value of £2.9 million (2021: £3.4 million) at their respective dates of award. At 31 December 2022, reflecting repayments made in the period to the year's end, the remaining value of guarantee exposure from these facilities (including accrued interest) is £1.7 million (£2.7 million). Loan repayments will continue to diminish this guarantee exposure over time, notwithstanding that balances continue to accrue interest until full repayment.

There were no new confirmed claims in 2022 (2021: 1 claim). No other liability provision was recorded in the accounts as at 31 December 2022 based on the fact that default rates in equivalent non-pandemic Business & Commercial loans have been historically very low (1%) and that the terms of the Scheme ensure banks conclude equivalent lending processes prior to issuing guaranteed loans.

Students Loans Scheme

The States of Jersey has provided financial guarantees to four banks in respect of student loans under its Students' Loans scheme. The loan scheme provided loans of up to £1,500 per year towards tuition fees. The scheme was stopped in the academic year 2018/19 to new students but remains in place for students who were already in the scheme. The total value of loans guaranteed is £0.54 million (2021: £0.86 million). There has been insignificant default on the Jersey scheme. The equivalent scheme in the UK experiences default of around 1% per annum on the balance.

Other Financial Liabilities

Housing Trusts Letters of Comfort

The States of Jersey has provided 23 letters (2021: 25 letters) of comfort to four Housing Trusts covering loans totalling £67.45 million (2021: £74.87 million). The letters of comfort provide that the States will provide a subsidy (through the Housing Development Fund) to the housing trusts if interest rates exceed an agreed threshold. The subsidy payable would be equal to the excess interest payable. The letters of comfort cover a range of periods up to 2034. No subsidies have been paid since 2009, but changes in financial market conditions and interest rates during 2022 have exceeded the threshold for triggering subsidy payments towards the end of the year. Given the short period between the trigger date and 31st December 2022 the liability is expected to be £5,000. Forecasts for future interest rates suggest that subsidies will be payable in future years but it is expected to continue being insignificant in value for the foreseeable future.

4.11 Financial Instruments (continued)

b) Amounts Recognised in the SOCNE

2022

		Financial assets		Financial liabilities		
	Amortised Cost £'000	Fair value through OCI £'000	Fair value through OCI £'000	Amortised cost £'000	Fair value through profit and loss assets £'000	Total £'000
Interest income	(1,522)	-	(366)	-	-	(1,888)
Dividend income/distributions	-	(6,989)	(36,202)	-	-	(43,191)
Total Investment Income	(1,522)	(6,989)	(36,568)	-	-	(45,079)
Net Realised Financial Asset Gain	-	-	(37,801)	-	-	(37,801)
Net Unrealised Financial Asset Loss	-	-	251,029	-	-	251,029
Total (Gains)/Losses on Financial Asset	-	-	213,228	-	-	213,228
Interest expense	-	-	-	22,864	-	22,864
Fee expense	-	-	-	1,629	-	1,629
Total Finance Costs[i] relating to Financial Instruments	-	-	-	24,493	-	24,493
Impairment loss	3,196	-	-	-	-	3,196
Total Impairment[ii] relating to Financial Instruments	3,196	-	-	-	-	3,196
Total Income/Expenditure in Net Revenue Expenditure relating to Financial Instruments	**1,674**	**(6,989)**	**176,660**	**24,493**	**-**	**195,838**
Loss/(Gains) on Other Financial Assets	-	87,485	-	-	-	87,485
Surplus/deficit on revaluation of assets in Other Comprehensive Income	-	87,485	-	-	-	87,485
Net (Gain)/Loss for the year	**1,674**	**80,496**	**176,660**	**24,493**	**-**	**283,323**

2021

		Financial assets		Financial liabilities		
	Amortised Cost £'000	Fair value through OCI £'000	Fair value through OCI £'000	Amortised cost £'000	Fair value through profit and loss assets £'000	Total £'000
Interest income	(817)	-	(248)	-	-	(1,065)
Dividend income/distributions	-	(48,916)	(23,893)	-	-	(72,809)
Total Investment Income	(817)	(48,916)	(24,141)	-	-	(73,874)
Net Realised Financial Asset Gain	-	-	(318,459)	-	-	(318,459)
Net Unrealised Financial Asset Gain	-	-	(29,448)	-	-	(29,448)
Total (Gains)/Losses on Financial Asset	-	-	(347,907)	-	-	(347,907)
Interest expense	-	-	-	11,602	-	11,602
Fee expense	-	-	-	1,435	-	1,435
Total Finance Costs[i] relating to Financial Instruments	-	-	-	13,037	-	13,037
Impairment loss	2,135	-	-	-	-	2,135
Total Impairment[ii] relating to Financial Instruments	2,135	-	-	-	-	2,135
Total Income/Expenditure in Net Revenue Expenditure relating to Financial Instruments	**1,318**	**(48,916)**	**(372,048)**	**13,037**	**-**	**(406,609)**
Gains on Other Financial Assets	-	(73,750)		-	-	(73,750)
Surplus/deficit on revaluation of assets in Other Comprehensive Income	-	(73,750)	-	-	-	(73,750)
Net (Gain)/Loss for the year	**1,318**	**(122,666)**	**(372,048)**	**13,037**	**-**	**(480,359)**

4.11 Financial Instruments (continued)

[i]Reconciliation to SoCNE Finance Costs		
Expenses Breakdown	2022 £'000	2021 £'000
Interest Expense	22,864	11,602
Fee Expense	1,629	1,435
Pension Past Service Liabilities Interest	9,700	14,536
Finance Costs	**34,193**	**27,573**

[ii]Reconciliation to SoCNE Impairments		
Expenses Breakdown	2022 £'000	2021 £'000
Impairment Loss / (Reversals)	3,196	2,135
Impairment of PPE	14,447	14,693
Impairments	**17,643**	**16,828**

Performance Narrative

A significant component of 2022's (Gains)/Losses on Financial Asset balance is the net unrealised loss incurred by the financial instrument that relate to the uncrystalised losses incurred on the investment portfolio in the Common Investment Fund. The negative performance represents a 2022 annual loss of c.6.5%. As an active portfolio, volatilty in asset values are expected and our long term investment horizon allows these assets to be held through periods of volatility to secure long term gains. See investment commentary for details. Gains from the CIF were in excess of 10% in 2021 and over 50% of the 2022 losses were recovered in January 2023 alone with returns of 4.5% to the end of February which demonstrates our ability to hold positions to recovery.

Strategic Investments

The downwards movement in the valuation of the strategic investments is largely the result of a reduction in earnings in JT Global following the sale of the Internet of Things business in 2021 and the reinvestment of some of the proceeds in 2022. Industry comparable company valuation multiples were also lower in 2022, reflecting wider market conditions.

The Jersey Post valuation also reflects reduced earnings in 2022 due to challenging conditions. The overall industry benchmarks, used for the valuation, were lower in 2022 as comparable companies experienced similar challenges. The forecast for the company expects a return to pre-2022 earnings.

These valuation estimates are based on a single investment valuation methodology and represent an estimate based on those calculations as at the balance sheet date for the purposes of compiling these accounts.

4.11 Financial Instruments (continued)

c) Fair Value Heirarchy

Fair values of financial and non-financial assets and financial liabilities

The following table combines information about:

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;
(b) the carrying amounts of financial instruments and non-financial assets;
(c) fair values of financial instruments and non-financial assets; and
(d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels

The States' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

4.11 Financial Instruments (continued)

2022

	Carrying value						Fair value			
31 December 2022	Financial and non-financial assets			Financial liabilities			Level			
	Fair value through profit and loss	Fair value through OCI	Amortised cost	Fair value through profit and loss	Liabilities at amortised cost	Total	1	2	3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Amortised Cost										
Cash and cash equivalents (Note 14)	-	-	228,737	-	-	228,737	228,737	-	-	228,737
Trade and other receivables (Note 13)	-	-	65,141	-	-	65,141	65,141	-	-	65,141
Loans and advances	-	-	17,330	-	-	17,330	-	15,629	-	15,629
Short-term liquid investments	-	-	135,722	-	-	135,722	135,722	-	-	135,722
Preference shares	-	-	7,400	-	-	7,400	-	7,400	-	7,400
Fair value through OCI										
Strategic investments**	-	327,821	-	-	-	327,821	96,900	-	230,921	327,821
Fair value through profit and loss										
Housing Bonds	46,423	-	-	-	-	46,423	-	-	46,423	46,423
Equity Class	1,462,432	-	-	-	-	1,462,432	968,216	494,216	-	1,462,432
Government Bond Class	121,961	-	-	-	-	121,961	121,961	-	-	121,961
Corporate Bond Class	178	-	-	-	-	178	-	178	-	178
Property Class	99,974	-	-	-	-	99,974	-	-	99,974	99,974
Absolute Return Class	465,218	-	-	-	-	465,218	-	-	465,218	465,218
Absolute Return Bond Class	285,775	-	-	-	-	285,775	-	285,775	-	285,775
Opportunities Class	425,039	-	-	-	-	425,039	-	-	425,039	425,039
Alternative Risk Premia Class	153,814	-	-	-	-	153,814	-	153,814	-	153,814
Derivatives	17,349	-	-	-	-	17,349	11,204	6,145	-	17,349
Total financial assets	3,078,163	327,821	454,330	-	-	3,860,314	1,627,881	963,157	1,267,575	3,858,613
Non-Financial assets										
Investment Property	-	-	-	-	-	-	-	-	-	-
Total financial and non-financial assets	**3,078,163**	**327,821**	**454,330**	**-**	**-**	**3,860,314**	**1,627,881**	**963,157**	**1,267,575**	**3,858,613**
Financial liabilities										
Liabilities at amortised cost *										
Trade and other payables (Note 15)	-	-	-	-	(55,261)	(55,261)	(55,261)	-	-	(55,261)
External borrowing (Note 16)	-	-	-	-	(878,707)	(878,707)	(147,357)	(563,485)	-	(710,842)
Total financial liabilities	**-**	**-**	**-**	**-**	**(933,968)**	**(933,968)**	**(202,618)**	**(563,485)**	**-**	**(766,103)**

4.11 Financial Instruments (continued)

2021

	Carrying value						Fair value			
31 December 2021	Financial and non-financial assets			Financial liabilities			Level			
	Fair value through profit and loss	Fair value through OCI	Amortised cost	Fair value through profit and loss	Liabilities at amortised cost	Total	1	2	3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Amortised Cost										
Cash and cash equivalents (Note 14)	-	-	195,376	-	-	195,376	195,376	-	-	195,376
Trade and other receivables (Note 13)	-	-	83,917	-	-	83,917	83,917	-	-	83,917
Loans and advances	-	-	16,760	-	-	16,760	-	16,760	-	16,760
Short-term liquid investments	-	-	177,851	-	-	177,851	177,851	-	-	177,851
Preference shares	-	-	7,400	-	-	7,400	-	7,400	-	7,400
Fair value through OCI										
Strategic investments**	-	415,306	-	-	-	415,306	117,800	-	297,506	415,306
Fair value through profit and loss										
Housing Bonds	37,438	-	-	-	-	37,438	-	-	37,438	37,438
Equity Class	1,907,069	-	-	-	-	1,907,069	1,328,296	578,773	-	1,907,069
Government Bond Class	128,326	-	-	-	-	128,326	128,326	-	-	128,326
Corporate Bond Class	10,943	-	-	-	-	10,943	-	10,943	-	10,943
Property Class	116,945	-	-	-	-	116,945	-	-	116,945	116,945
Absolute Return Class	492,355	-	-	-	-	492,355	-	-	492,355	492,355
Absolute Return Bond Class	324,560	-	-	-	-	324,560	-	324,560	-	324,560
Opportunities Class	287,190	-	-	-	-	287,190	-	-	287,190	287,190
Alternative Risk Premia Class	137,001	-	-	-	-	137,001	-	137,001	-	137,001
Derivatives	804	-	-	-	-	804	804	-	-	804
Total financial assets	3,442,631	415,306	481,304	-	-	4,339,241	2,032,370	1,075,437	1,231,434	4,339,241
Non-Financial assets										
Investment Property	17,900	-	-	-	-	17,900	-	-	17,900	17,900
Total financial and non-financial assets	**3,460,531**	**415,306**	**481,304**	**-**	**-**	**4,357,141**	**2,032,370**	**1,075,437**	**1,249,334**	**4,357,141**
Financial liabilities										
Liabilities at amortised cost *										
Trade and other payables (Note 15)	-	-	-	-	(37,880)	(37,880)	(37,880)	-	-	(37,880)
External borrowing (Note 16)	-	-	-	-	(392,570)	(392,570)	(148,890)	(376,160)	-	(525,050)
Total financial liabilities	**-**	**-**	**-**	**-**	**(430,450)**	**(430,450)**	**(186,770)**	**(376,160)**	**-**	**(562,930)**

* Loans and receivables and liabilities at amortised cost are disclosed in this Note in accordance with IFRS 7, but are carried at amortised cost in the Statement of Financial Position.

** The States' Strategic Investments are held through instruments that are unlisted. Therefore, they are all classified as Level 3 instruments following the fair value basis of "Unquoted Strategic Investments" described in 14b except for Jersey Electricity PLC which has been valued using unheld quoted ordinary share price therefore being deemed as level 1.

4.11 Financial Instruments (continued)

Valuation processes

The Treasury and Investments Team of the Treasury & Exchequer Department is responsible for obtaining valuations of financial instruments used for financial reporting, including level 3 fair values. Separately the Board of Jersey Development Company is responsible for obtaining valuations of directly held investment property.

Discussions of valuation processes and results for financial instruments are held between the Director of Treasury and Investment Management, the Head of Treasury and Investment Management and the Treasury Advisory Panel at least quarterly.

Valuation of pooled investments at level 3 are based on the latest manager valuation reports adjusted for any capital calls and distributions since the valuation report. Valuations are subject to a layered assurance process comprising:

a. independent review of valuations applied by the custodian, Northern Trust;

b. review of the valuation process by the independent investment advisor, Aon;

c. where they are available, review of the SOC1 internal controls reports for fund managers, custodian and administrators; and

d. back testing to validate manager valuations to compare published audited outturn results against the valuations.

The valuation of Strategic Investments is supervised by the Director of Treasury and Investment Management including the selection of appropriate comparable companies in similar sectors and the calculation of the income multiples. The valuation for Jersey Post International Ltd, JT Global Ltd and Jersey New Waterworks Ltd is based on a “market pricing” approach using the comparable companies technique. The valuation of Jersey Electricity plc is based on the quoted share price.

The valuation of investment property is undertaken by D2 Real Estate, independent valuers appointed by Jersey Development Company. At each financial year-end, the Executive Directors:

a. verify all major inputs to the valuation report;

b. assess property valuation movements against the previous year valuation report; and

c. discuss the results with the independent valuer.

4.11 Financial Instruments (continued)

d) Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the States has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 December 2022.

Description of asset	Assessed valuation range +%	-%	Value at 31 December 2022 £'000	Value on increase £'000	Value on decrease £'000
Property Class	10.0%	-10.0%	99,974	109,971	89,977
Absolute Return Class	10.0%	-10.0%	465,218	511,740	418,696
Opportunities Class	12.5%	-12.5%	425,039	478,169	371,909
Total			**990,231**	**1,099,880**	**880,582**

Please refer to Note 4.11(e) for sensitivity analysis of unquoted strategic investments. We have not disclosed sensitivity analysis of housing bonds because we do not expect changes in the valuation input of the carrying balance of the bonds to result in material variances.

2022	Opening balance £'000	Transfers in/(out) of Level 3 £'000	Reclassification from/(to) Inventories £'000	Net Purchases/(Sales) £'000	Unrealised gains/(losses) £'000	Realised gains/(losses) £'000	Closing balance £'000
Common Investment Fund							
Property Pool	116,945	-	-	-	(16,726)	(245)	99,974
Absolute Return Pool	492,355	-	-	(12,713)	24,266	(38,690)	465,218
Opportunities Pool	287,190	-	-	122,428	15,125	296	425,039
Total movements within the Common Investment Fund	896,490	-	-	109,715	22,665	(38,639)	990,231
Unquoted Strategic Investments	297,506	-	-	-	(66,585)	-	230,921
Housing bonds	37,438	-	-	5,017	3,968	-	46,423
Investment Property	17,900	-	(17,900)	-	-	-	-
Total movements outside the Common Investment Fund	**352,844**	**-**	**(17,900)**	**5,017**	**(62,617)**	**-**	**277,344**

There were no transfers of assets between levels 1 or 2 and level 3 during the year.

Description of asset	Assessed valuation range +%	-%	Value at 31 December 2021 £'000	Value on increase £'000	Value on decrease £'000
Property Class	10%	-10%	116,945	128,640	105,251
Absolute Return Class	10%	-10%	492,355	541,591	443,120
Opportunities Class	13%	-13%	287,190	323,089	251,291
Total			**896,490**	**993,320**	**799,662**

4.11 Financial Instruments (continued)

2021	Opening balance	Transfers into Level 3	Transfers out of Level 3	Net Purchases/ (Sales)	Unrealised gains/(losses)	Realised gains/(losses)	Closing balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Common Investment Fund							
Global Equities	13	-	-	(13)	-	-	-
Property Pool	104,024	-	-	-	11,898	1,023	116,945
Absolute Return Pool	460,182	-	-	(1,989)	40,250	(6,088)	492,355
Opportunities Pool	143,929	-	-	116,352	7,713	19,196	287,190
Total movements within the Common Investment Fund	**708,148**	**-**	**-**	**114,350**	**59,861**	**14,131**	**896,490**
Unquoted Strategic Investments	241,370	-	-	-	56,136	-	297,506
Housing bonds	30,162	-	-	2,959	4,317	-	37,438
Investment Property	17,340	-	-	-	560	-	17,900
Total movements outside the Common Investment Fund	**288,872**	**-**	**-**	**2,959**	**60,453**	**-**	**352,284**

There were no transfers of assets between levels 1 or 2 and level 3 during the year.

4.11 Financial Instruments (continued)

e) Fair value - Basis of valuation

The basis of the valuation of each class of asset and liability measured at fair value is set out below. There has been no change in the valuation techniques used during the year. All assets and liability have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities
Cash and cash equivalents, trade and other receivables, and trade and other payables	1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments.	Not required.	Not required.
Quoted bonds and equity *	1	Quoted price.	Not required.	Not required.
Quoted strategic investments	1	Share price.	Not required.	Not required.
Forward Foreign Exchange derivatives	1	Market forward exchange rates at the year-end.	Exchange rates.	Not required.
Interest Rate Swaps	2	The present value of the estimated future cash flows based on observable yield curves	Interest rates.	Not required.
Loans and advances, finance leases and external borrowing	2	Fair values have been estimated by discounting the remaining cashflows of the instruments using the rates from the Public Works Loans Board as a proxy for the rates at which the States might lend and borrow.	Observable inputs: rates vary from 1.98% to 3.75% depending on the remaining period of the financial instrument. Unobservable inputs: remaining period of the financial instruments varies from 1 to 34 years.	Not required.
Pooled equity *	2	Closing price where bid and offer prices are published.	NAV based pricing though pricing underlying listed equity.	Not required.
Corporate bonds	2	Closing price where bid and offer prices are published.	NAV based pricing though pricing underlying listed debt.	Not required.
Emerging market pooled fund	2	Closing price where bid and offer prices are published.	NAV based pricing though pricing underlying listed equity.	Not required.
Special equity pooled fund	2	Closing price where bid and offer prices are published.	NAV based pricing though pricing underlying listed equity.	Not required.
Alternative Risk Premia	2	Closing bid price where bid and offer price are published.	NAV based on third party valuation of underlying assets, all of which are level 1/2.	Not required.
Absolute Return bond	2	Closing bid price where bid and offer price are published.	NAV based on third party valuation of underlying assets, all of which are level 1/2.	Not required.
Pooled property fund	3	Valuations are calculated monthly by the manager on the basis of the open market value as defined in the 'Appraisal and Valuation Manual' of the Royal Institution of Chartered Surveyors.	NAV based on unaudited quarterly valuation statement, which is valued by the Manager.	The Fund holds a diversified portfolio of UK property, but is exposed to the material events impacting the UK property market. Valuations will be impacted by factors such as occupancy rates, lease terms, covenant terms, transactional activity in sector.

* The Equity Class contains both directly held Quoted Equity deemed level 1, and Pooled Equity, deemed level 2.

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities
Absolute Return Pool	3	Valued monthly at NAV based on manager valuation models.	Investment valuations are determined by the Manager. Hedge Funds apply proprietary models to value assets, using a variety of sources. The manager will utilise mark to model values which are derived from a variety of asset specific models.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around factors such as Liquidity discounts, EBITDA multiples etc.
Opportunities Fund	3	Valued quarterly at NAV based on manager valuation models. Valuations are adjusted to capital calls / distributions in the quarter.	Investment valuations are determined by the Manager. Managers apply proprietary models to value assets, using a variety of sources. The manager will utilise mark to model values which are derived from a variety of asset specific models.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around recent arm's length transactions, referring to other instruments that are substantially the same and/or discounted cash flow analysis.
Unquoted strategic investments	3	Priced using income multiples based on similar companies.	Forecast EBITDA of the companies. Industry valuation multiples. Financial results of the comparable companies.	Valuations are primarily influenced by the income multiple and the discount factor. An increase/(decrease) in the income multiple of 1 would increases/(decreases) the value by £18.712m 5% increase/(decrease) in discount rate (decreases)/ increases the value by £7.376m

4.11 Financial Instruments (continued)

f) Financial Risks

Risk and Risk Management

The primary long-term risk to the States is that it fails to meet its investment objectives. The States recognises that risk is inherent in any investment activity. The objective of risk management is to identify, manage and control risk exposure within acceptable parameters, whilst optimising the return on that risk. The States has an active risk management programme in place and the measures it uses to control key risks are set out in the States of Jersey Investment Strategies (September 2022) Document (ISD).

The ISD is subject to ongoing review by the Treasury Advisory Panel (TAP) who recommend its adoption to the Minister. On approval by the Minister the strategy is presented to the States. The most recent review of the ISD was presented to the States in September 2022.

The ISD sets out the investment strategies for all the participant States' funds invested in the Common Investment Fund (the CIF). The CIF is a pooling arrangement allowing States' funds together with charitable funds administered by the States, to be managed as a cohesive whole to maximise investment opportunity and reduce risk, while recognising that participant Funds have different investment objectives depending on their purpose.

The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters). The means by which the States minimises operational risk and constrains investment risk is set out in further detail in its ISD.

In addition, the States has controlling interests in seven subsidiary companies, four of which are referred to as Strategic Investments. The purpose for holding these investments is to provide security of key utility services for the Island and to assist with the delivery of Government policy.

These companies will face many of the same risks to which the States is exposed but these are managed directly by the individual Boards and Executive Management teams. Details on how these risks are managed can be found in each company's own annual report.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors. Market risk is inherent in all asset classes but is considered to be higher in the more volatile asset classes such as equity.

The States seeks to limit its exposure to market risk through diversification and through active management by its underlying portfolio of managers. The level of exposure to market volatility is determined at a Fund level and controlled through the asset allocation set in individual Funds strategies.

4.11 Financial Instruments (continued)

i) Price Risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The States is exposed to price risk from the equity securities held in investments (note 4.11(a)) held by the Group.

To manage its price risk arising from investments in equity securities, the States diversifies its Equity Class portfolio. Diversification of the portfolio is done in accordance with the limits set by the Treasurer. Price risk is managed via asset allocation at the strategic level but also managed by Investment Managers at the operational level through tools such as diversification and selection of individual securities. The operational controls employed by the managers are included within their investment management agreements, scheme rules or equivalent.

In consultation with its investment advisors, the States has determined that the following movements in market price risk are reasonably possible for 2022, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

2022

Asset type	Value at 31 December 2022 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease
Equity Class	1,462,432	19.3%	1,744,681	1,180,183
Strategic investments	327,821	17.4%	384,764	270,878
Total	**1,790,253**		**2,129,445**	**1,451,061**

2021

Asset type	Value at 31 December 2021 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Equity Class	1,907,069	18%	2,250,341	1,563,797
Strategic investments	415,306	16.2%	420,705	409,907
Total	**2,322,375**		**2,671,046**	**1,973,704**

4.11 Financial Instruments (continued)

ii) Interest Rate Risk

Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The States is exposed to interest rate risk through holdings in interest bearing assets held both directly or indirectly through Fund structures such as: UK Corporate Bonds, Absolute Return Bonds and the Opportunities class.

UK Government Bonds are held directly within the Short-Term Government Bond and Index Linked Government Bond Pool of the CIF, which are passively managed and interest rate risk managed by limiting the duration of the States holdings.

Cash, UK Corporate Bond, Absolute Return Bond and Opportunities class assets are actively managed by external managers within the scope of their respective investment management agreements. Some managers may utilise derivative instruments such as futures, options and swap agreements to modify duration, subject to restrictions.

The table below illustrates a 1% change in value on the assets deemed to be affected by interest rate movements.

2022

Assets exposed to interest rate risk	Value at 31 December 2022 £'000	Potential movement on 1% change in interest rates £'000	Value on increase £'000	Value on decrease £'000
Alternative Risk Premia class	153,814	1,538	155,352	152,276
Absolute Return class	465,218	4,652	469,870	460,566
Bonds	407,914	4,079	411,993	403,835
Total change in assets available	**1,026,946**	**10,269**	**1,037,215**	**1,016,677**

2021

Assets exposed to interest rate risk	Value at 31 December 2021 £'000	Potential movement on 1% change in interest rates £'000	Value on increase £'000	Value on decrease £'000
Alternative Risk Premia class	118,144	1,181	119,325	116,963
Absolute Return class	460,182	4,602	464,784	455,580
Bonds	455,779	4,558	460,337	451,221
Total change in assets available	**1,034,105**	**10,341**	**1,044,446**	**1,023,764**

4.11 Financial Instruments (continued)

iii) Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The States is exposed to currency risk on financial instruments denominated in currencies other than sterling. Exposure to currency risk is controlled in line with the Statement on Currency Hedging included within the ISD. The ISD aims to mitigate this risk as follows:

- Exposure to currency risk is typically managed by the underlying investment managers whose performance is linked to a sterling benchmark
- Where a non-sterling share class is utilised, a hedging decision will be made on investment under the advice of the TAP and will typically see 95% of the exposure hedged
- Under advice of the TAP a special hedging arrangement was entered into to protect some of these gains from a sudden recovery in sterling and remains in place.

The following table demonstrates the change in value of the States investments had there been a 6% strengthening/weakening of the pound against foreign currencies.

Assets exposed to currency risk	Value at 31 December 2022	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Equity Class	1,257,720	75,463	1,333,183	1,182,257
Opportunities Pool	155,811	9,349	165,160	146,462
Absolute Return class	102,436	6,146	108,582	96,290
Alternative Risk Premia class	152,083	9,125	161,207	142,958
Cash and cash equivalents	21,781	1,307	23,088	20,474
Total change in assets available	**1,689,831**	**101,390**	**1,791,220**	**1,588,441**

Assets exposed to currency risk	Value at 31 December 2021	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Equity Class	1,700,571	102,034	1,802,605	1,598,537
Opportunities Pool	108,979	6,539	115,517	102,440
Absolute Return class	106,777	6,407	113,184	100,370
Alternative Risk Premia class	121,265	7,276	128,541	113,990
Total change in assets available	**2,037,592**	**122,256**	**2,159,847**	**1,915,337**

4.11 Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

The main exposure to credit risk arises from investment in fixed income, loans and advances, trade and other receivables and cash class assets, which includes cash and cash equivalents held for operational purposes. Credit risk is managed as follows:

- UK Gilts are held within the Short-Term Government Bond Pool and Index Linked Gilt Pool depend on the solvency of the UK Government. The credit rating of the UK Government is AA (Moody's). Credit rating is monitored regularly by the States.
- UK Corporate bonds and absolute return bonds are invested via collective investment vehicles, which indirectly expose the States to credit risk. Credit risk within the vehicles is managed through diversification and selection of securities/counterparty which is delegated to individual Investment Managers. Risk management within the collective investment vehicles is undertaken in line with the investment mandate for each Manager, which may also include use of derivatives for hedging purposes, subject to restrictions.
- Cash held for investment purposes is managed on the States' behalf by Ravenscroft Asset Management (RAM) on a daily basis. RAM operate within a mandate which manages credit risk through limits on counterparty rating, concentration and maturity.
- Loans and advances comprise of Andium Housing Limited Bonds. Housing bonds are issued to eligible purchasers of housing stock initially valued as the difference between the agreed cash price and the fair market value of the property. The bond is repaid to the Company when the property is next conveyed. Subsequently, the bond value is measured at fair value which is linked to the fair value of the underlying housing property. All housing bonds are fully backed by collateral.
- Following the adoption of IFRS 9 Expected credit loss (ECL) "forward-looking model", it is no longer necessary for a loss event to have occurred before credit losses are recognised. States of Jersey entities are now required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model applies to both debt instruments accounted for at amortised cost and at FVTOCI. Significant judgement may be involved where there is an absence of market comparisons.

4.11 Financial Instruments (continued)

Liquidity risk

Liquidity risk represents the risk that the States will not be able to meet its financial obligations as they fall due.

Cashflows are forecast for relevant States Funds to ensure that sufficient short-term cash is available to meet monthly cash requirements. Sufficient liquid assets are maintained in the Consolidated Fund to meet all States' short-term requirements. Liquidity requirements are monitored regularly by the TAP throughout the year.

The States' financial liabilities as at 31 December 2022 and 2021, stated at their gross, contractual and undiscounted amounts, fall due as indicated in the following table:

2022

Financial Liabilities	Less than one year £'000	Between one to five years £'000	Greater than 5 years £'000	Total £'000
Trade and other payables (Note 15)	(55,261)	0	0	(55,261)
External borrowing (Note 16)	(31,535)	(147,961)	(1,454,566)	(1,634,062)
Total	**(86,796)**	**(147,961)**	**(1,454,566)**	**(1,689,323)**

2021

Financial Liabilities	Less than one year £'000	Between one to five years £'000	Greater than 5 years £'000	Total £'000
Trade and other payables (Note 15)	(37,880)	0	0	(37,880)
External borrowing (Note 16)	(95,181)	(100,583)	(507,813)	(703,577)
Total	**(133,061)**	**(100,583)**	**(507,813)**	**(741,457)**

4.12 Inventories

Accounting Policies

Inventory includes:

- Raw materials, consumables, work-in-progress and finished goods;
- Development property; and
- Currency not issued.

Inventory comprising raw materials, consumables, work-in-progress and finished goods are valued at the lower of cost and current replacement cost.

In the case of property held as inventory by the States of Jersey Development Company, costs represents the purchase price plus any directly attributable costs including professional fees and expenses incurred directly associated with the land's development since acquisition. Directly attributable costs also include salaries and related expenses. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

Currency not issued is recognised at cost.

Analysed by Type:

	2022 £'000	2021 £'000
Raw Materials, Consumables, Work in Progress and Finished Goods	12,684	12,462
Development Property Inventories	61,022	25,709
Total Inventories	**73,706**	**38,171**

During the year the following amounts relating to Inventory were recognised as expenditure.

	Raw Materials, Consumables, Work in Progress and Finished Goods		Development Property Inventories	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Inventory used during the year	34,023	35,035	-	-
Inventory written off	1,281	651	1,405	531
Reclassification	-	-	-	-
Total	**35,304**	**35,686**	**1,405**	**531**

4.12 Inventories (continued)

Performance Narrative

The increase in Development Property Inventories primarily reflects the progress of the third building at the International Finance Centre which is held as inventory. The anchor tenant, Aztec Group, will move into their new headquarters in December 2023, with construction being undertaken by Rok Regal Construction. More detail is available within the Jersey Development Company Annual Report and Accounts.

4.13 Trade and Other Receivables

Accounting Policies

Tax Receivables

Tax receivables are recognised in the Consolidated Statement of Financial Position (SOFP) on an accruals basis based on individual tax assessments less payments received from the individual taxpayer.

Impairment of statutory receivables - taxes due
Impairment losses for taxes due are recognised as incurred. Impairment for large tax receivables are estimated on an individual assessment basis, with a default percentage impairment rate (based on historical collectability rates) applied to debts where the taxpayer is insolvent or has entered into a payment arrangement. The remaining tax receivables impairment loss is derived using a model which allows large debt populations to be examined and provides for statistical credibility, in conjunction with interpretive judgement.

Accrued Income

Taxation revenue is recognised as tax accrued income which is the estimated tax revenue accruing to the year of economic activity, based on economic forecasts produced by the States' Economic Unit in the case of Personal Income Tax. Other tax revenue is accrued by Revenue Jersey based on relevant taxpayer data.

Impairment of Non-Financial Assets

Non-financial assets are assessed at the year-end as to whether there is any indication that they may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated, and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

4.13 Trade and Other Receivables (continued)

Amounts falling within one year

	2022 £'000	2021 £'000
Levied by the States of Jersey Receivables: Amounts falling due within one year		
Income Tax Receivables	200,794	152,614
Income Tax Accrued Income	105,422	72,780
GST Receivables	26,844	23,417
GST Accrued Income	29,630	32,376
Social Security Receivables	40,725	39,116
Social Security Accrued Income	31,893	57,580
Island Rates, Duties, Fines and Penalties Receivables	23,531	14,339
Island Rates, Duties, Fines and Penalties Accrued Income	1,384	818
Provision for Levied by the States of Jersey Receivables	(15,385)	(14,103)
Total Levied by the States of Jersey Receivables	444,838	378,937
Earned Through Operations Receivables: Amounts falling due within one year		
Trade Receivables	20,612	37,147
Prepayments and Accrued income	30,049	31,366
Contract Assets	9,038	7,505
Expected Credit Loss Allowance for Earned through Operations Receivables	(6,302)	(2,369)
Total Earned Through Operations Receivables	53,397	73,649
Total Receivables due within one year	498,235	452,586
Levied by the States of Jersey Receivables: Amounts falling due after more than one year		
Taxation Receivables [1]	316,191	331,373
Social Security Receivables	-	1,290
Total Levied by the States of Jersey Receivables due after more than one year	316,191	332,663
Earned Through operations Receivables: Amounts falling due after more than one year		
Trade and Other Receivables	11,744	10,267
Total Earned Through Operations Receivables due after more than one year	11,744	10,267
Total Receivables due after more than one year	327,935	342,930
Total Receivables	**826,170**	**795,516**

The provision for impairment of receivables is analysed below:

Trade and Other Receivables Categories	2022 £'000	2021 £'000
Income Tax Receivables	9,113	8,564
GST Receivables	485	456
Social Security Receivables	4,880	4,191
Island Rates, Duties, Fines and Penalties Receivables	907	892
Trade Receivables	1,627	1,375
Contract Assets	4,675	994
Total provision for impairment of receivables	**21,687**	**16,472**

4.13 Trade and Other Receivables (continued)

Performance Narrative

The increase in Income Tax receivables reflects the overall increase in both personal income tax (£41.5m) and companies tax (£40.3m) recognised in 2022. In addition, Revenue Jersey have taken additional steps to complete all 2021 Year Of Assessment assessments before the end of 2022.

[1] On 4 November 2020 the States Assembly agreed to move all prior year taxpayers onto a current year basis of assessment.

This means that, for all prior year taxpayers, the payments made in 2020 towards 2019 tax bills have now been used to pay 2020 tax liabilities. From 2021 all taxpayers became current year taxpayers and 2019 tax bills were frozen but will have to be paid in the future. This frozen tax debtor has been recognised within Taxation Receivables falling due after one year. (More information can be found here: https://www.gov.je/taxesmoney/incometax/individuals/payingtaxearnings/pages/prioryearbasistaxreformproposal.aspx)

4.14 Cash and cash equivalents

Accounting Policies

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and amounts on deposits that are immediately available without penalty. The carrying amount of these assets approximates to their fair value. Cash equivalents are highly liquid investments that mature in no more than three months and that are readily convertible to known amounts of cash with low risk of change in value.

	2022 £'000	2021 £'000
Bank Deposit Accounts	141,341	62,207
Bank Current Accounts	39,296	37,941
Cash in Hand and in Transit	602	339
Cash Equivalents[i]	47,498	94,889
Total Cash and Cash Equivalents	**228,737**	**195,376**

Performance Narrative

Overall, the rise in cash and cash equivalents is due to a restructure between types of cash instruments held by the States of Jersey leading to a reduction (£42 million less compared to the previous year) of cash meeting the liquid investments criteria recognised within financial instruments (Note 4.11).

Cash and cash equivalents are held to meet investment objectives and drawdown requirements in the Common Investment Fund and operational requirements for monies held outside of this portfolio.

Operational holdings are structured by our cash manager in line with investment restrictions detailed within their Investment Management Agreement. Positioning is determined to best meet the short term cash flow requirements, considered in line with diversification and liquidity rules.

Values of holdings are expected to vary reflecting timing differences between receipt, and allocation to holding portfolios or settlement of payments.

Notes

i. Cash Equivalents include highly liquid investments held by the States Cash Manager. Any deposits with a maturity greater than 3 months are recognised as Liquid Investments within Financial Instruments (Note 4.11)

4.15 Trade and other payables

Accounting Policies

Tax Receipts in Advance

Tax receipts in advance are recognised where cash receipts from the taxpayer exceed the tax assessments processed to date and there are no outstanding appeals on the taxpayers' account. Tax receipts in advance are applied to future year's tax liability.

Trade and Other Payables

Trade and other payables, including accruals, are recorded when SOJ entities are required to make future payments as a result of a purchase of assets or services. Payables are initially recognised at fair value and are subsequently measured at amortised cost. Most payables are expected to be settled within 12 months.

	2022 £'000	2021 £'000
Levied by the States of Jersey Payables: Amounts falling due within one year		
Income Tax Payables and Receipts in Advance	114,393	97,403
GST Payables and Receipts in Advance	21,815	20,398
Social Security Payables and Receipts in Advance	7,510	11,115
Total Levied by the States of Jersey Payables falling due within one year	143,718	128,916
Earned Through Operations Payables: Amounts falling due within one year		
Trade Payables	55,261	37,880
Accruals and Deferred Income	36,397	40,012
Receipts in Advance	11,001	8,641
Contract Liabilities	15,228	13,440
Total Earned Through Operations Payables falling due within one year	117,887	99,973
Total Payables falling due within one year	261,605	228,889
Amounts falling due after more than one year		
Trade Payables	-	-
Total Payables due after more than one year	-	-
Total Payables	**261,605**	**228,889**

The average credit period taken for purchases in 2022 was 25 days (2021: 24 days).

The States considers that the carrying value of trade payables approximates to their fair value

Contract liabilities are recognised where an entity has received consideration from a customer prior to the transfer of goods and services. These items would have previously been recognised as deferred income in the prior year.

4.16 External borrowings

Accounting Policies

All external borrowings are financial liabilities, refer to Note 4.11 for financial instruments' accounting policy.

	2022 £'000	2021 £'000
Amounts falling due within one year		
States of Jersey Revolving Credit Facility	11,000	85,806
Jersey Development Company (JDC) Limited Bank Borrowings	-	712
Ports of Jersey Bank Borrowings	10,000	10,000
Total borrowings due within one year	21,000	96,518
Amounts falling due after more than one year		
Jersey Development Company (JDC) Limited Bank Borrowings	26,003	25,197
Andium Bank Borrowing	100,354	27,175
Government of Jersey £500m Bond 2022 Issuance	487,562	
Government of Jersey £250m Bond 2014 Issuance	243,788	243,680
Total borrowings due after more than one year	857,707	296,052
Total Borrowings Due	**878,707**	**392,570**

Movement during the year

	2022 £'000	2021 £'000
Opening Balance	**392,570**	**254,671**
Proceeds of External Borrowings	597,288	137,500
Finance Cost	22,864	12,161
Repayment of External Borrowings	(110,806)	-
Bond Interest Paid	(19,596)	(9,916)
Other Finance Cost Paid	(3,613)	(1,846)
Closing Balance	**878,707**	**392,570**

States of Jersey Revolving Credit Facility. On 7 May 2020, a £500m revolving credit facility was agreed with: HSBC Bank Plc, Jersey Branch (£100m), Barclays Bank Plc (£100m), the Royal Bank of Scotland International Limited (£100m), Lloyds Bank Corporate Markets Plc, Jersey Branch (£100m) and Butterfield Bank (Jersey) Limited (£100m). An option has been exercised to extend the term to 7 May 2023 with an additional option to extend the term for a further 1 year period. Interest is at a margin over SONIA (Sterling Overnight Index Average)

States of Jersey Bond 2022 Issuance. This Bond was issued in 6 May 2022 - the proceeds may be used for general government purposes. The unsecured Bond was issued at £489m (nominal amount of £500m, but issued at a discount) with a coupon rate of 2.875%, and a term of 30 years with the final instalment due to be repaid in 2052. The effective interest rate for the year was 2.96%.

4.16 External borrowings (continued)

States of Jersey Bond 2014 Issuance. The Bond was issued in June 2014, and the proceeds may be used to fund affordable housing through providers such as Andium Homes Limited. The unsecured Bond was issued at £244m (nominal amount of £250m, issued at a discount) with a coupon rate of 3.75% and a term of 40 years, with the final instalment due to be repaid in 2054. The Bond's effective interest rate for the year was 3.9% (2021: 3.9%).

Jersey Development Company bank borrowings. This loan is secured on inventory and investment property and bears an average interest rate of 3.08% (2021: 3.62%).

Ports of Jersey bank borrowing. A £40m revolving credit facility was agreed on 16 October 2020 with Royal Bank of Scotland International Limited (£20m) and Lloyds Bank Corporate Markets Plc, Jersey Branch (£20m). The facility terminates on 16 October 2023, but with an option for two further 1 year extensions, the first of these options has been exercised. Interest is at a margin over SONIA.

Andium Homes Ltd Revolving Credit Facility. A revised £225m revolving credit facility was agreed on 23 December 2021 with HSBC Bank Plc (£75m), NatWest International (£75m) and Lloyds Bank Corporate Markets Plc, Jersey Branch (£75m). The facility terminates on 28 February 2027, with an option for two further 1 year extensions. The facility is subject to an asset cover and interest cover covenant. Interest is at a margin over the SONIA.

Performance Narrative

The most significant change in 2022 is the issue of the additional States of Jersey bond in 2022. The bond proceeds were used to repay the pension past service liabilities during the year as agreed by the States Assembly. There is a corresponding reduction in those liabilities reported in 2022 in note 4.20. As approved by the States Assembly, the balance of the proceeds was identified as funding for the Our Hospital project.

4.17 Currency in Circulation

Accounting Policies

Under the "Currency Notes (Jersey) Law 1959" the States produce and issue bank notes and coins. These are accounted for, at cost, as stock until they are formally issued by the States Treasury and Exchequer department. Once issued the liability value of the currency is recognised at its face value in Currency in Circulation in liabilities within the Statement of Financial Position (SOFP). Cash received in payment for this currency is held in the Currency Fund against this liability.

	2022 £'000	Movement £'000	2021 £'000
Jersey Notes issued	121,422	(13,317)	134,739
Less: Jersey Notes held	(26,363)	1,064	(27,427)
Total Jersey Notes in Circulation	95,059	(12,253)	107,312
Jersey Coinage issued	10,305	-	10,305
Less: Jersey Coinage held	(682)	-	(682)
Total Jersey Coinage in Circulation	9,623	-	9,623
Total Currency in Circulation	**104,682**	**(12,253)**	**116,935**

4.18 Leasing

Accounting Policies

At their inception, leases are classified as operating or finance leases. Leases in which substantially all of the risks and rewards of ownership are transferred to the lessor are classified as finance leases, other leases are classified as operating leases.

Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is generally assumed to be held under an operating lease unless the title transfers to the States at the end of the lease.

The States as lessee

Operating leases are charged to Net Revenue Expenditure/Income on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the minimum non-cancellable period of the lease.

The States as lessor

Where the States of Jersey is the lessor under an operating lease, leased assets are recorded as assets and depreciated over their useful economic lives in accordance with the relevant accounting policy. Rental income from operating leases is recognised on a straight-line basis over the minimum non-cancellable period of the lease.

The States as lessee

Operator leases

The States of Jersey has a number of properties and equipment held under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	2022 £'000	2021 £'000
Within one year	5,055	5,397
Within two to five years	16,387	13,644
Later than five years	8,177	8,478
Total	**29,619**	**27,519**

4.18 Leasing (continued)

During 2021, GOJ entered into an agreement for the development of a new Office Headquarters. No lease currently exists, and so no amounts are recognised above. However, the agreement will result in an operating lease after completion and an "election period", unless the GOJ elects to purchase the building under the agreement during that period. GOJ will pay a licence between completion and this point.

The States as lessor

Operator leases

The States leases out property and equipment under operating leases for the following purposes:

a. for the provision of affordable housing through its subsidiary, Andium Homes Limited

b. to utilise existing property and other assets for the direct provision of services or to supplement the funding of services.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2022 £'000	2021 £'000
Within one year	28,366	25,333
Within two to five years	58,003	52,106
Later than five years	117,343	49,312
Total	**203,712**	**126,751**

4.19 Provisions

Accounting Policies

Provisions are recognised where the States has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Statement of comprehensive net expenditure (SOCNE) in the year that the States becomes aware of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account relevant risks and uncertainties.

Provisions as at 31 December 2022 and 2021 were made up of:

2022

	2022 Balance b/f	Increase in provision	Used in year	Written back	2022 Balance c/f	Due within 12 months	Due after 12 months
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dormant Bank Accounts	26,978	10,748	-	-	37,726	-	37,726
Insurance Provision	4,945	3,322	-	-	8,267	-	8,267
Decommissioning Provision	1,003	-	-	-	1,003	-	1,003
Other Provisions	6,470	1,077	(1,302)	(3,070)	3,175	924	2,251
Total	**39,396**	**15,147**	**(1,302)**	**(3,070)**	**50,171**	**924**	**49,247**

2021

	2021 Balance b/f	Increase in provision	Used in year	Written back	2021 Balance c/f	Due within 12 months	Due after 12 months
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dormant Bank Accounts	19,010	8,157	(189)	-	26,978	-	26,978
Insurance Provision	5,375	-	-	(430)	4,945	-	4,945
Decommissioning Provision	1,003	-	-	-	1,003	-	1,003
Other Provisions	2,694	4,270	(325)	(169)	6,470	4,758	1,712
Total	**28,082**	**12,427**	**(514)**	**(599)**	**39,396**	**4,758**	**34,638**

Dormant bank accounts

Money received in respect of the Dormant Bank Accounts (Jersey) Law 2017 is recognised as income when agreed by the Banks with a corresponding provision reducing the income to zero, to recognise that the money can be reclaimed by the Banks upon proof of ownership at any point or will be transferred to an independent organisation to be distributed for charitable purposes in accordance with the law.

Insurance provision

A provision has been made to meet known and anticipated liabilities on claims under the States' insurance arrangements. This is assessed by a professional insurance advisor on an annual basis.

4.19 Provisions (continued)

Decommissioning provision

This is a provision for the costs of de-commissioning the Energy from Waste plant at the La Collette site at the end of its useful life, which is approximately 2040.

Other provisions

Other provisions include property dilapidations, court decisions and other potential liabilities.

Performance Narrative

The most significant change in 2022 is the increase in the Dormant Bank Account fund provision which reflects the increase in the overall balance of the fund per the above note.

4.20 Past service pension provision

Accounting Policies

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end and include salaries and wages and other employee benefits relating to States Staff, Non-States Staff and other expenditure relating to the employment of Staff. These costs are reported within the Staff Costs Statement of Comprehensive Net Expenditure (SOCNE)

Staff costs that can be attributed directly to the construction of an asset have been capitalised. These are not included in staff costs, but make up the value of assets recognised in Note 4.9.

The States accrues for the cost of accumulated compensated absences, for example, untaken leave entitlement. This is accounted for when an employee renders services that increase their entitlement to future compensated absences. It is calculated based on salary and allowances.

Post-employment benefits

As part of the terms and conditions of employment of its staff the States of Jersey makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the States has a commitment to fund the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The States of Jersey run the following schemes in respect to post employment benefits, all of which are administered by the States of Jersey:

- The Public Employees Pension Fund (PEPF) for non-teaching staff comprising of a final-salary scheme known as the Public Employees Contributory Retirement Scheme (PECRS) for all non-teaching staff which is now closed to new members and a replacement scheme open to all new non-teaching staff which is a career average revalued earnings (CARE) scheme referred to as the Public Employees Pension Scheme (PEPS).
- The Jersey Teachers Superannuation Scheme.

Defined Contributions Pension Schemes

Both schemes are funded schemes with benefits being paid from a combination of contributions from employees and employers together with returns from the investment of surplus funds.

Both schemes are subject to cost-cap mechanisms which ensure that the States is not liable for future obligations. Consequently, both schemes are accounted for as defined contribution schemes and no liability for future retirement benefits is recognised in the Statement of Financial Position (SoFP).

Departments are charged with employers contributions payable to the Public Employees and Jersey Teachers Pension Schemes in the year and are reported as part of Staff Costs in the SoCNE.

Both principal pension schemes were re-configured in 2007, so that the past service pension provision at that date was crystallised into a bond-like debt to be repaid over a set period of time subject to actuarial review. The past service pension provision is disclosed and reported in the Statement of Financial Position (SOFP) and has been classified as a provision subject to periodic actuarial revaluation. Contributions to the past service pension provision for both schemes are charged to Staff Costs within Net Revenue Expenditure within the SoCNE. Movements arising from re-measurement of the past service pension provision are reported in the Movements in Pension Liability line within Net Revenue Expenditure.

4.20 Past service pension provision (continued)

(a) Public Employees Contributory Retirement Scheme (PECRS) pre-1987 debt

The framework for dealing with the pre-87 debt is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under the Regulations, the States may extinguish its liability to make contributions by paying an amount equal to the pre-1987 liabiity as determined by the Scheme Actuary.

In December 2021, the States Assemby approved the refinancing of the PECRS pre-87 pension increase liability as part of the Government Plan 2022-25. In April 2022 the Government issued debt in accordance with the principles of the Debt Strategy to repay the PECRS pre-87 liability.

On 31st May 2022, the States made full and final settlement of the PECRS pre-87 pension increase liability through the payment of £337,523,873 to the Public Employees Contributory Retirement Scheme (PECRS).

	2022 £'000	2021 £'000
Balance at 1 January	341,820	326,641
Finance Charge	6,195	14,536
Payment in Year	(3,915)	(9,057)
Movement in Liability Amount	(6,576)	9,700
Repayment	(337,524)	
Balance at 31 December	-	**341,820**
Amounts falling due:		
Within one year	-	9,003
After one year	-	332,817
Balance at 31 December	-	**341,820**

The calculation of the liability uses the following assumptions:

	2022 %	2021 %
Average future increase in staff expenditure	4.65	5.25
Discount rate	4.35	4.50

4.20 Past service pension provision (continued)

(b) JTSF Past Service Liability

The Teachers' Superannuation Scheme was restructured in April 2007 and as a result a provision for past service liability, similar to the PECRS pre-87 past service liability, was recognised. In 2012 the Scheme's Management Board made a proposal to the Government on the treatment of the pension increase debt.

In December 2021, the States Assemby approved the refinancing of the JTSF pension increase liability as part of the Government Plan 2022-25. In April 2022 the Government issued debt in accordance with the principles of the Debt Strategy to repay the JTSF pension incresase liability.

On 31st May 2022, the States made full and final settlement of the JTSF pension incresase liability through the payment of £135,206,819 to the Jersey Teachers Superannuation Fund (JTSF).

	2022 £'000	2021 £'000
Balance at 1 January	133,295	128,776
Finance Charge	3,505	8,251
Payment in Year	(1,593)	(3,732)
Repayment	(135,207)	
Balance at 31 December	**-**	**133,295**

The calculation of the liability uses the following assumptions:

	2022 %	2021 %
Rate of salary increases (Jersey inflation plus 1% p.a. plus promotional increases of 1.3% p.a.)	5.60	5.60
Discount rate	6.50	6.50

Actuarial Gains and Losses on both scheme assets and liabilities are recognised through Other Comprehensive Income.

Performance Narrative

These liabilities were fully paid in 2022 using the proceeds from the issuance of a bond. See note 4.16 External Borrowing for more detail.

4.21 Defined benefit pension schemes

Accounting Policies

The States manages three defined benefits pension schemes all of which are closed to new members:

- The Jersey Post Office Pension Fund (JPOPF) providing benefits to employees of Jersey Post International Limited. The scheme is in run-off as the last active member left in 2009;
- The Discretionary Pension Scheme (DPS) which is in run-off as it only has one member; and
- The Civil Service Scheme (CSS) which is a non-contributory scheme predating the formation of the PEPF in 1967. There are no active members remaining in service.

The JPOPF and DPS are funded schemes with scheme assets invested in funds administered by the States of Jersey. The CSS is an unfunded scheme. All three schemes are accounted for as defined benefits schemes under IAS 19.

The liabilities of the defined benefits pensions schemes are recognised in the Statement of Financial Position (SOFP) on an actuarial basis. The basis of calculation of the defined benefit obligation is the projected unit method undertaken by Aon Hewitt, independent actuaries to the States.

The present value of the projected future liability is determined by discounting the future cashflows by reference to market yields for high quality corporate bonds at the year-end date.

The assets of the two funded schemes are included in the Statement of Financial Position (SOFP) at their fair value.

The change in the net pensions liability is analysed into the following components:

a) Service cost comprising current service and net interest expense of the defined benefit liability both of which are charged to Net Revenue Expenditure with the Consolidated Statement of Comprehensive Net Expenditure (SOCNE)

b) Remeasurements - charged to Other Comprehensive Income within the Consolidated Statement of Comprehensive Net Expenditure (SOCNE) comprising:

   - The return on plan assets – excluding amounts included in net interest in the net defined benefit liability;
   - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions;

c) Contributions from the States to the three closed (JPOPF, DPS and CSS) schemes charged to Staff Costs in the Consolidated Statement of comprehensive net expenditure (SOCNE).

4.21 Defined benefit pension schemes (continued)

The States of Jersey operates three defined benefits pension schemes closed to new members which operate under the following legislation. All three schemes are final salary schemes and all current members of these schemes are receiving pension benefits.

Scheme	Governing Legislation
Jersey Post Office Pension Fund Civil Service Scheme States of Jersey Employment Board Discretionary Pension Scheme	Civil Service Administration (Pensions)(Jersey) Rules 1963

Risks associated with the Schemes

Changes in bond yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes.

Inflation risk

Pension liabilities are linked to price inflation. Higher inflation, or higher expectations of future inflation, will lead to a higher liability value.

Life expectancy

The obligations under each Scheme are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Transactions relating to post-employment benefits

The following transactions have been recognised in the Consolidated Statement of Net Expenditure

	2022 £'000	2021 £'000
Net Revenue Expenditure		
Current service cost	1	1
Net interest expense	63	50
Total Post-Employment Benefits charged to Net Revenue Expenditure	64	51
Other Comprehensive Income		
Remeasurement of the net defined benefit liability comprising:		
The return on plan assets, excluding the amount included in the net interest expense		(97)
Actuarial gains/(losses) arising from changes in financial assumptions	(1,580)	(119)
Other (if applicable)		(236)
Total Remeasurement of Defined Benefit Pension Scheme Liability recognised in Other Comprehensive Income	(1,580)	(452)
Total charged to the Consolidated Statement of Net Expenditure	**(1,516)**	**(401)**

4.21 Defined benefit pension schemes (continued)

The amount included in the Statement of Financial Position (SOFP) arising from the States' obligation in respect of its defined benefits plans is as follows:

2022

	Asset £'000	Liability £'000	Net Liability £'000
Jersey Post Office Pension Fund	5,578	(4,429)	1,149
Discretionary Pension Scheme	162	(420)	(258)
Jersey Civil Service Scheme (pre-1967)	-	(2,308)	(2,308)
Total defined benefits schemes	**5,740**	**(7,157)**	**(1,417)**

2021

	Asset £'000	Liability £'000	Net Liability £'000
Jersey Post Office Pension Fund	5,460	(5,602)	(142)
Discretionary Pension Scheme	213	(569)	(356)
Jersey Civil Service Scheme (pre-1967)	-	(2,771)	(2,771)
Total defined benefits schemes	**5,673**	**(8,942)**	**(3,269)**

Reconciliation of the movements in scheme assets

	2022 £'000	2021 £'000
Opening fair value of asset	5,673	6,050
Interest income	108	75
Remeasurement gain/(loss):	463	
The return on plan assets, excluding the amount included in the net interest expense		97
Contributions from employer	14	334
Net benefits paid out	(518)	(883)
Closing fair value of assets	**5,740**	**5,673**

Reconciliation of the movements in scheme liabilities

	2022 £'000	2021 £'000
Opening present value of liabilities	(8,942)	(10,054)
Current service cost	(1)	(1)
Interest cost	(170)	(125)
Remeasurement gain/(loss):		
- Actuarial gains/(losses) arising from changes in demographic assumptions	67	-
- Actuarial gains/(losses) arising from changes in financial assumptions	1,625	119
- Other (if applicable)	(575)	236
Benefits paid	839	883
Closing present value of liabilities	**(7,157)**	**(8,942)**

4.21 Defined benefit pension schemes (continued)

Scheme assets comprised

	2022 £'000	2021 £'000
Index-linked gilts	4,947	4,947
Cash and net current assets	281	163
Other	512	563
Secured pension (Annuity)		0
Total	**5,740**	**5,673**

The annuity is the sole asset of the defined benefits pensions schemes. All the remaining assets are in respect of the Jersey Post Office Pension Fund.

Basis for estimating assets and liabilities

All scheme liabilities have been estimated by Aon Hewitt Ltd, an independent firm of actuaries, based on the latest full valuation of each scheme, which was 31 December 2016.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, using the following main assumptions:

	2022	2021	2020
Demographic assumptions:	Years	Years	Years
Longevity of pensioners after 65			
Men	22	22	22
Women	24	24	23
Financial assumptions:	% p.a.	% p.a.	% p.a.
Inflation	3.1	3.3	3.0
Pensions increase	3.1	3.3	3.0
Discount rate	4.9	2.0	2.0

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	2022		2021	
Impact on the defined benefit obligation	Increase in assumption £'000	Decrease in assumption £'000	Increase in assumption £'000	Decrease in assumption £'000
Discount rate (increase/decrease of 0.1%)	(44)	44	(79)	79
Rate of increase in pensions (increase/decrease of 0.1%)	44	44	78	(79)
Post retirement mortality assumption (increase/decrease of 1 year)	(440)	440	(491)	502

4.22 - 4.29 Other Notes and disclosures

4.22 Contingent assets and liabilities

Accounting Policies

Contingent liabilities and contingent assets are not recognised as liabilities or assets in the statement of financial position (SOFP), but are disclosed in the notes to the accounts.

Contingent assets

There are no contingent assets as at 31 December 2022 (2021: none).

Contingent liabilities

There are several cases where a possible obligation exists (as a result of past events) and where the existence of the liability will be confirmed only by future events, including court cases, outside of the control of the States of Jersey.

Civil claims against the States of Jersey continue to be a possible obligation. The effect of the Supreme Court judgement in June 2019 in the case CN vs Poole Borough Council and subsequent decisions in the English Courts have significantly narrowed the prospects of such claims succeeding if the Jersey Courts adopt a similar approach. Provision for these liabilities is not made in the Accounts because legal liability is disputed.

In addition to these potential claims, other possible liabilities exist in the following areas: employment issues, medical claims, breaches of legal rights, losses arising from the issuing of incorrect guidance or incorrect application of law.

Even if all claims identified were successfully pursued against the States of Jersey, the total financial impact of these possible liabilities is not estimated to exceed £10 million.

4.23 Losses and Special Payments

Accounting Policies

Special Payments are those which fall outside the normal day-to-day business of the entity.

Losses are recognised when they occur. Special Payments are recognised when there is a legal or constructive obligation for them to be paid.

	2022 £'000	2021 £'000
Losses		
Losses of cash		
Overpayment of Social Benefits	175	250
Total losses of cash	175	250
Fruitless Payments		
Fruitless Payments	622	-
Total Fruitless Payments	622	-
Bad debts and claims abandoned		
Uncollectible Tax	1,280	988
Other Tax Receivables written off	178	197
Other claims abandoned	86	2
Total bad debts and claims abandoned	1,544	1,187
Damage or loss of inventory		
Write off of expired stock	14	28
Other inventory write offs	954	902
Total damage or loss of inventory	968	930
Impairment of fixed assets		
Impairment of fixed assets	8,376	-
Total impairment of fixed assets	8,376	-
Total Losses	11,685	2,367
Special Payments		
Total compensation payments	31	-
Total ex gratia and extra contractual payments	1,331	2,727
Total Severance Payments	263	327
Total Special Payments	1,625	3,054
Total Losses and Special Payments	**13,310**	**5,421**

Performance Narrative

The fruitless payments recognised in 2022 predominantly relate to costs incurred across a number of projects on feasibility or pre-feasibility work that did not then go ahead. A breakdown is provided in Section 2 on page 213.

The increase in uncollectible tax and tax receivables written off reflects the continual review of tax amounts owed to Revenue Jersey.

Performance Narrative (continued)

The fixed asset impairment is an estimate recognised to reflect the decision to review and amend the Our Hospital project solution from a single site at Overdale. While there is still uncertainty pending a confirmed specific solution, this is an estimate of the amounts already incurred and recognised as an asset within Assets Under the Course of Construction in the Property, Plant and Equipment balance on the Statement of Financial Position that will no longer contribute to the revised solution. For example, costs incurred on specific elements of the Our Hospital project that only support the single site at Overdale solution.

More information on the minimum and maximum impairment and the range of scenarios is provided in Note 4.3 Key Sources of Estimation Uncertainty.

Ex gratia payments includes a settlement to a software supplier in respect of licence agreements during the migration from one software package to another.

4.24 Related Party Transactions

Accounting Policies

Transactions between entities within the States of Jersey Group are eliminated on consolidation so are not disclosed in this note.

Transactions with utility companies and government departments that are a result of their role as such are excluded in line with accounting standards. This includes:

- Electricity provided by Jersey Electricity
- Water provided by Jersey Water
- Postage services provided by Jersey Post
- Telephone charges from JT

Transactions relating to salaries and statutory amounts such as taxes are excluded.

Where the party is related through a Minister or Assistant Minister, only transactions occurring whilst in office are included.

Further to the transactions listed in this note, the States of Jersey acts as an agent in some cases to administer transactions with related parties.

For example, there are cases where recipients of benefits instruct the States to pay their designated care provider directly rather than receive the benefit and pass it on to the provider.

These transactions with the care provider do not form part of the balances included in the States of Jersey financial statements but the associated benefits expenditure does.

4.24 Related Party Transactions (continued)

2022

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Directly Controlled Entities - Strategic Investments					
Jersey Electricity plc	8,082	1,658	314	-	Income includes dividends of £4,228k
Jersey Post International Limited	735	396	189	-	Income includes dividends of £298k
JT Group Limited	5,658	1,005	331	-	Income includes dividends of £5,400k
The Jersey New Waterworks Company Limited	2,661	194	44	-	Income includes dividends of £2,464k
Directly Controlled Entities - Other					
Bel Royal School	1	-	-	-	
Grouville School Fund	-	-	-	-	
Haute Vallee School	-	52	-	-	
Hautlieu School	-	66	-	-	
Le Rocquier School	-	8	-	-	
Les Landes School Fund	3	-	-	-	
Les Quennevais School Fund	7	1	-	-	
Les Vaux Housing Trust	-	-	-	-	
Mont A L'Abbe School	-	-	-	-	
Plat Douet School Fund	1	-	-	-	
St Lukes School	1	-	-	-	
St Saviours School Fund	-	-	-	-	
Samares School Fund	1	-	-	-	
Trinity Youth Centre Trust Inc	-	208	-	-	
Victoria College	2	68	-	-	
Victoria College Prep	-	4	-	-	
Indirectly Controlled Entities - Subsidiaries of Strategic Investments					
JE Building Services	-	204	-	-	Subsidiary of JEC
Jersey Deep Freeze Ltd	1	165	-	-	Subsidiary of JEC
Jersey Energy	-	3	-	-	Subsidiary of JEC
Retirement Schemes					
PECRS	399	-	-	-	Income related to services provided by the Treasury Department.
JTSF	195	-	-	-	Income related to services provided by the Treasury Department.
PEPF	57	-	-	-	Income related to services provided by the Treasury Department.
Controlled or influenced by Key Management Personnel or members of their close family					
Autism Jersey	5	936	-	-	Deputy Helen Miles (Minister) is a trustee.
Beauvoir Ltd	-	113	-	-	Gregory Guida (former Minster) is director and shareholder.
Brighter Futures	-	1	-	-	Deputy Kirsten Morel (Assistant Minister) is a director.
Bureau des Iles Anglo Normandes	-	163	-	-	Kate Halls-Nutt (Chief Officer for External Relations) is co-chair.
Channel Islands Brussels Office	-	325	-	-	Kate Halls-Nutt (Chief Officer for External Relations), is a director.
De La Salle College	-	2,135	-	-	Mike Cutland (Chief Probation Officer) is a governor.
Dickinson Gleeson, Advocates	1	-	-	-	The spouse of Deputy Kristina Moore (Chief Minister) is a partner.
Focus on Mental Illness	-	4	-	-	Deputy Karen Wilson (Minster) and Deputy Tom Binet (Minister) are trustees.
Government of Jersey London Office	-	1,396	-	-	Kate Halls-Nutt (Chief Officer for External Relations) is chair-person.
Institute of Law	77	251	3	-	Deputy Elaine Miller (formerly the Viscount and current Minister) is a governor
Jersey Cares Ltd	1	231	-	-	Deputy Ian Gorst (Minister) is a director.
Jersey Heritage	-	7,198	52	-	Steven Cartwright (Chief Officer of Bailiffs Chambers) is a trustee.
The Jersey Farmers (Trading) Union Ltd	1	77	-	-	Deputy Tom Binet (Minister) and Deputy Rose Binet (Assistant Minister) are directors and shareholders.
National Trust for Jersey	3	12	-	-	Alec le Sueur (Practice Director of Law Officers' Department) is a council member.
XRM Architects Ltd	-	18	-	-	The spouse of Deputy Lucy Stephenson (Assistant Chief Minister and Assistant Minister) is a director.

2021

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
Directly Controlled Entities - Strategic Investments					
Jersey Electricity plc	5,990	7,441	12	371	Income includes dividends of £4,014k
Jersey Post International Limited	502	405	163	4	
JT Group Limited	43,063	5,705	233	-	Income includes dividends of £42,463k
The Jersey New Waterworks Company Limited	2,351	256	35	15	Income includes dividends of £2,190k
Directly Controlled Entities - Other					
Bel Royal School	1	-	-	-	
Grouville School Fund	2	-	-	-	
Haute Vallee School	3	7	-	-	
Hautlieu School	-	3	-	-	
Le Rocquier School	-	-	-	-	
Les Landes School Fund	1	4	-	-	
Les Quennevais School Fund	-	2	-	-	
Les Vaux Housing Trust	1	-	-	-	
Mont A L'Abbe School	1	-	-	-	
Plat Douet School Fund	2	-	-	-	
St Lukes	-	-	-	-	
St Saviours School Fund	2	1	-	-	
Samares School Fund	1	-	-	-	
Trinity Youth Centre Trust Inc	-	621	-	-	
Victoria College Prep	-	2	-	-	
Victoria College	-	40	-	-	
Indirectly Controlled Entities - Subsidiaries of Strategic Investments					
JE Building Services	-	232	-	-	Subsidiary of JEC
Jersey Deep Freeze Ltd	3	219	-	-	Subsidiary of JEC
Jersey Energy	-	46	-	-	Subsidiary of JEC
Retirement Schemes					
PECRS	412	-	-	-	Income related to services provided by the Treasury Department.
JTSF	149	-	-	-	Income related to services provided by the Treasury Department.
PEPF	38	-	-	-	Income related to services provided by the Treasury Department.
Controlled or influenced by Key Management Personnel or members of their close family					
Bureau des Iles Anglo Normandes	-	75	-	-	Kate Halls-Nutt (Chief Officer for External Relations) is co-chair.
Caritas Jersey	-	1	-	-	Mike Cutland (Chief Probation Officer) is a director.
Channel Islands Brussels Office		319			Kate Halls-Nutt (Chief Officer for External Relations) is a director.
De La Salle College	-	2,040	-	-	Mike Cutland (Chief Probation Officer) is a governor.
Government of Jersey London Office	-	975	-	-	Kate Halls-Nutt (Chief Officer for External Relations) is chair-person.
Jersey Cares Ltd	-	198	-	-	Deputy Ian Gorst (Minister) is a director.
Jersey Heritage	-	5,036	22	-	Steven Cartwright (Chief Officer of Bailiffs Chambers) and the spouse of Mark Egan (Greffier of the States), are trustees.
National Trust for Jersey	-	608	-	-	Alec le Sueur (Practice Director of Law Officers' Department) is a council member.

4.25 Third Party Assets

Accounting Policies

The States of Jersey holds certain monies and other assets on behalf of third parties. These are not recognised in the accounts where the States of Jersey does not have a direct beneficial interest in them.

The States of Jersey, in the course of its normal activities, has reason to hold assets on behalf of third parties. The Viscount's Department is a non-minsterial department and, as a matter of law, third party assets held by the Viscount are not held for the States of Jersey.

The Viscount of the Royal Court undertakes a number of activities that give rise to holding assets on behalf of third parties. The largest proportion by value is held pursuant to court orders made in connection with proceeds of crime legislation. The main activities that give rise to this are:

- Désastres: assets gathered in by the Viscount as part of administration of bankruptcies for onward distribution to creditors under the relevant law.
- Delegates: funds held on behalf of those who cannot manage their own property and affairs and where the Viscount has been appointed as delegate of last resort.
- Enforcement: judgements and compensation monies for onward payment to creditors and beneficiaries.
- Bail: monies held on behalf of bailors.
- Saisies judiciaires: assets seized pending investigation and court cases relating to drug trafficking and proceeds of crime. Following a conviction, property adjudged to represent the benefit of proceeds of crime is liquidated and the proceeds remitted to statutory funds such as the Criminal Offences Confiscations Fund; if a third party is found not guilty or the saisie is discharged, property is returned. (Assets can also be seized pursuant to laws relating to anti-terrorism, forfeiture and civil asset recovery).

Monies held on behalf of third parties are set out below:

Liquid Assets	2022 £'000	2021 £'000
Viscount's	299,992	38,772
Health and Community Services	328	298
Justice and Home Affairs	24	28
Charitable Funds	38,322	46,240
Total Liquid Assets held on behalf of third parties	**338,666**	**85,338**

In addition to the liquid assets listed above the Viscount's Department holds property and contents with an approximate total value of £5,569.6 million (2021: £12.2 million). The value used for the majority of this disclosure is in accordance with a press release made by the Attorney General in respect of the associated case.

In addition to monies listed above the Health and Community Services Department holds equipment on trial and various consignment stocks, valued at £0.48 million (2021: £0.46 million)

In addition to the items listed above the Non-Ministerial Department holds various works of art, valued at £0.6 million (2021: £1.1 million).

4.25 Third Party Assets (continued)

The States arrangement to pool funds for investment purposes, is known as the 'Common Investment Fund' (CIF) Included within the CIF are monies held on behalf of entities outside of the States of Jersey group boundary, referred to as Out of Group Funds.

Performance Narrative

The significant balance disclosed as investments held by the Viscount almost entirely relates to a saisie judiciaire relating to ongoing criminal proceedings in respect of a Russian individual and, as such, there can only be limited disclosure of specifics of this matter. In addition, there are challenges to providing an accurate valuation.

4.26 Entities within the Accounting Boundary

The Accounting Boundary is set out in the JFReM based on direct control of entities as evidenced by the Government, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets of liabilities of the entity.

Entities consolidated within the accounting boundary

Government Departments	Non-Ministerial Bodies
Chief Operating Office	Bailiff's Chambers
Children, Young People, Education and Skills	Judicial Greffe
Customer and Local Services	Law Officers' Department
Department for the Economy	Office of the Comptroller and Auditor General
Health and Community Services	Office of the Lieutenant Governor
Infrastructure, Housing and Environment	Official Analyst
Justice and Home Affairs	Probation Department
Office of the Chief Executive	Viscount's Department
Strategic Policy, Planning and Performance	
Treasury and Exchequer	
The States Assembly and its Services	**Other**
Assemblee Parlementaire de la Francophonie - Jersey Branch	Jersey Overseas Aid
Commonwealth Parliamentary Association - Jersey Branch	
States Funds	
Dwelling Houses Loan Fund	Stabilisation Fund
Assisted House Purchase Scheme	Currency Fund (comprising Jersey Currency Notes and jersey Coinage)
99 Year Leaseholders Fund	Insurance Fund
Agricultural Loans Fund	Jersey Reclaim Fund
Tourism Development Fund	Climate Emergency Fund
Channel Islands Lottery (Jersey) Fund	Fiscal Stimulus Fund
Jersey Innovation Fund	Ecology Fund
Housing Development Fund	Fishfarmer Loan Scheme (Dormant)
Criminal Offences Confiscation Fund	
Civil Asset Recovery Fund	**Trading Operations**
Technology Accelerator Fund	Jersey Car Parking
Strategic Reserve	Jersey Fleet Management
Social Security Funds	
Health Insurance Fund	
Social Security Fund	
Social Security (Reserve) Fund	
Long-Term Care Fund	
Jersey Dental Scheme	
Consolidated Subsidiary Companies	
For further information in regards to the accounting principles behind recognition of these entities are detailed in the accounting policy.	
States of Jersey Development Company (and its subsidiaries)	
Andium Homes Limited (and its subsidiaries)	
Ports of Jersey Limited (and its subsidiaries)	
Strategic Investments (not consolidated however elected to be held at Fair Value through other Comprehensive Income)	
For further information in regards to the accounting principles behind recognition of these entities are detailed in the accounting policy.	
Jersey Electricity PLC	
JT Group Limited	
Jersey Waterworks Company Limited	
Jersey Post International Limited	

Core Entities

Whole Group

4.26 Entities within the Accounting Boundary (continued)

Minor Entities not consolidated but within the accounting boundary

There are a number of smaller entities which fall within the accounting boundary of the States of Jersey but which are not consolidated as they are immaterial to the financial statements as a whole. These are referred to as "Minor Entities" and comprise:

Government of Jersey London Office	Jersey Sport Limited
Digital Jersey Limited	Jersey Legal Information Board
Jersey Business limited	Bureau des Iles Anglo-Normandes
Jersey Finance Limited	Channel Islands Brussels Office
Visit Jersey Limited	

4.27 Social Security Funds

Statements of Comprehensive Net Expenditure*

	2022					2021				
	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
Revenue										
Social Security Contributions	(214,081)	(41,111)	-	(38,854)	-	(196,542)	(35,686)	-	(32,357)	-
States Grants to Social Security Funds	-	-	-	(31,802)	-	-	-	-	(30,996)	-
Sales of goods and services	-	-	-	-	-	-	-	-	-	(48)
Investment income	(208)	3,178	157,935	131	(130)	2	(5,506)	(230,471)	76	-
Other revenue	-	-	-	-	-	1	-	-	(4)	(68)
Total Revenue	(214,289)	(37,933)	157,935	(70,525)	(130)	(196,539)	(41,192)	(230,471)	(63,281)	(116)
Expenditure										
Social Benefit Payments	280,379	34,615	-	61,057	-	260,913	37,473	-	57,399	-
Other Operating expenses	5,173	4,116	-	1,094	125	5,232	3,368	(1)	1,364	113
Grants and Subsidies payments	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	581	-	-	10	-	601	-	-	25	-
Impairments	190	41	-	21	-	261	55	-	20	-
Finance costs	-	-	-	-	-	-	-	-	-	1
Total Expenditure	286,323	38,772	-	62,182	125	267,007	40,896	(1)	58,808	114
Net Revenue Expenditure/(Income)	72,034	839	157,935	(8,343)	(5)	70,468	(296)	(230,472)	(4,473)	(2)
Other Comprehensive Income										
Revaluation of Property, Plant and Equipment	-	-	-	-	-	(6,087)	-	-	-	-
Total Other Comprehensive Income	-	-	-	-	-	(6,087)	-	-	-	-
Total Comprehensive Expenditure/ (Income)	**72,034**	**839**	**157,935**	**(8,343)**	**(5)**	**64,381**	**(296)**	**(230,472)**	**(4,473)**	**(2)**

*These are the financial information of Social Security Funds and not the primary statements of States of Jersey.

4.27 Social Security Funds (continued)

Statements of Financial Position*

	2022					2021				
	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000	Social Security Fund £'000	Health Insurance Fund £'000	Social Security (Reserve) Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
Non-Current Assets										
Property, Plant and Equipment	6,619	-	-	-	-	6,538	-	-	-	-
Intangible Assets	3,040	-	-	136	-	1,724	-	-	122	-
Investments held at Fair Value through Profit or Loss	-	92,031	2,030,706	16,058	-	-	95,208	2,267,141	16,528	-
Trade and Other Receivables	-	-	-	3,741	-	-	-	-	2,485	-
Total Non-Current Assets	9,659	92,031	2,030,706	19,935	-	8,262	95,208	2,267,141	19,135	-
Current Assets										
Trade and Other Receivables	38,193	2,314	-	15,658	-	58,104	5,366	-	18,617	-
Amounts due from the Consolidated Fund	-	13,087	-	9,852	-	-	8,007	-	-	-
Cash and Cash Equivalents	40,550	-	-	8,211	49	25,129	-	-	17,574	48
Total Current Assets	78,743	15,401	-	33,721	49	83,233	13,373	-	36,191	48
Total Assets	88,402	107,432	2,030,706	53,656	49	91,495	108,581	2,267,141	55,326	48
Current Liabilities										
Trade and Other Payables	-	(2,736)	(26)	(4,281)	(16)	(46)	(6,177)	(29)	(6,566)	(19)
Amounts due to the Consolidated Fund	(18,544)		44	-	-	(25,197)	(6,332)	(3,452)	(7,729)	-
Total Current Liabilities	(18,544)	(2,736)	18	(4,281)	(16)	(25,243)	(12,509)	(3,481)	(14,295)	(19)
Assets Less Liabilities	69,858	104,696	2,030,724	49,375	33	66,252	96,072	2,263,660	41,031	29
Taxpayers' Equity										
Accumulated Revenue and Other Reserves	63,132	104,696	2,030,724	49,375	33	60,165	96,072	2,263,660	41,031	29
Revaluation Reserve	6,726	-	-	-	-	6,087	-	-	-	-
Total Taxpayers' Equity	**69,858**	**104,696**	**2,030,724**	**49,375**	**33**	**66,252**	**96,072**	**2,263,660**	**41,031**	**29**

*These are the financial information of Social Security Funds and not the primary statements of States of Jersey.

4.28 Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. The Minister for Treasury and Resources approved the Annual Report and Accounts to be presented to the States Assembly on the date in the Audit Report in section 2.4.

Non-Adjusting Events

Grand Vaux flooding

On 17 January 2023, following significant rainfall, a number of homes owned by Andium Homes in the Grand Vaux area were evacuated due to flooding. The majority of clients were able to move back into their properties the next day, however, 16 homes were significantly affected, with additional refurbishment work required prior to those tenants being able to move back in. This work is ongoing and will be completed shortly.

Camerons Limited and Garenne Construction Group

On 28 February 2023 the building contractor Camerons Limited went into liquidation with it's parent company Garenne Construction Group subsequently appointing liquidators in early April. Camerons Limited was the contractor engaged by Andium Homes for the Cyril Le Marquand Court development. Andium immediately appointed another contractor to complete the development. While they were also involved in other government projects, this was either on a design only basis or the projects were complete so there is no direct financial implication.

We have identified no costs associated with these events that should be recognised by the States of Jersey Group as at the reporting date. If any costs are incurred during 2023, they will be included in the 2023 financial statements.

4.29 Publication and Distribution of the Annual Report and Accounts

In accordance with the Public Finances (Jersey) Law 2019, the Annual Report and Accounts for the year ended 31 December 2022 have been approved by the Minister for Treasury and Resources and were presented to the States for publication and distribution.

Glossary

ACCOUNTING POLICIES

The rules and practices adopted by the States of Jersey that determine how transactions and events are reflected in the accounts.

ACCRUALS

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid
as at 31 December.

ACTUARIAL GAINS AND LOSSES

In respect of defined benefit pension schemes, these arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

AMORTISATION

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

AVAILABLE-FOR-SALE ASSETS

Non-derivative assets classified as “available for sale” or not classified as any of the other three categories of financial assets.

CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement or replacement of tangible fixed assets such as land, buildings, roads, and computer equipment, and intangible assets.

CONTINGENT LIABILITY

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by uncertain future events or it is a present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably estimated.

CONTINGENT ASSET

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the States.

DEFINED CONTRIBUTION PENSION SCHEMES

These are pension schemes where the employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits. Examples include the Public Employees Pension Scheme and the Jersey Teachers Superannuation Scheme.

DEFINED BENEFITS PENSION SCHEMES

These are pension schemes where post-employment benefits are determined independently of the investments in the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Examples include the Public Employees Contributory Retirement Scheme (PECRS), the Jersey Post Office Pension Fund (JPOPF), the Discretionary Pension Scheme (DPS) and the Civil Service Scheme (CSS).

DEPRECIATION

A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

DERIVATIVE

A derivative is a financial instrument or other contract within the scope of IAS 32 and IAS 39 with all three of the following characteristics:

- its value changes in response to the change in an underlying variable (e.g. interest rates, equity share prices, exchange rates etc.);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

EVENTS AFTER THE REPORTING DATE

These events, both favourable and unfavourable, occur between the financial year-end (31 December) and the date on which the statement of accounts are signed.

FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets (including derivatives) held for trading or designated as at fair value through profit and loss.

FINANCE LEASE

A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

FINANCIAL GUARANTEES

These are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payments when due, in accordance with the terms of a debt instrument.

FINANCIAL INSTRUMENTS

Financial instruments are contracts giving rise to a financial assets of one entity and a financial liability or equity instrument of another entity.

FIXED ASSETS

Assets that yield benefit to the States of Jersey and the services it provides for a period of more than one year.

GENERAL REVENUE INCOME

This represents the areas of income approved by the States Assembly in the Budget Statement Summary Table A (Government Plan from 2020) to include income tax, GST, Impots, Stamp Duty, Island Rates and other income. Figures in these approvals are generally presented net of direct expenditure.

HERITAGE ASSETS

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the States of Jersey entity in pursuit of its overall objectives in relation to the maintenance of the heritage of the Island.

IMPAIRMENT

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

INTEREST

For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

For all other transactions interest is consideration for the time value of money associated with the principal outstanding during a particular period of time, adjusted for risk and costs where applicable.

INTANGIBLE ASSETS

'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the States of Jersey through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

LEASES

Leases are agreements whereby the lessor conveys the right to use an asset for an agreed period in return for payments.

LOANS AND RECEIVABLES

Non-derivative assets with fixed at determinable payments that are not traded in an active market.

LONG TERM RECEIVABLES

These debtors represent the capital income still to be received, for example, from the sale of an asset or the granting of a mortgage or a loan.

NEAR CASH

Near Cash Expenditure represents amounts that transacted in cash during the year, or will be shortly after (e.g. departmental income charged that will be collected after the year end). It excludes amounts relating to the use of Fixed Assets, such as depreciation and impairments. Accountable Officers are accountable for Near-Cash expenditure.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

NET REALISABLE VALUE

The amount at which an asset could be sold after the deduction of any direct selling costs.

NETWORKED ASSETS

Networked assets comprise assets that form part of an integrated network servicing a significant geographical area. These assets usually display some or all of the following characteristics:

- they are part of a system or network;
- they are specialised in nature and do not have alternative uses;
- they are immovable; and
- they may be subject to constraints on disposal.

Examples include the road network, the foul and surface water network and the Island's sea defence network.

NON-CASH

Other areas of income and expenditure that are reported through the SoCNE that are not included in Near Cash. For example, depreciation, amortisation and impairments.

NON-OPERATIONAL ASSETS

Fixed assets held by the States of Jersey but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASE

A lease other than a finance lease. This is a method of financing assets which allows the States of Jersey to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the States of Jersey, who then pays the lessor an annual rental charge for the use of the asset.

OPERATIONAL ASSETS

Assets held for their service potential used to deliver either front line services or back officer functions.

PAST SERVICE COST

In relation to defined benefit pension schemes, this is a cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

PRIOR YEAR ADJUSTMENT

A material adjustment applicable to prior years arising from changes in accounting policies or correction of fundamental errors.

PROJECTED UNIT METHOD – PENSION FUND VALUATION

In relation to defined benefit pension schemes, this is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

PROVISIONS

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits and for which a reasonable estimate can be made of the sum required to settle the obligation.

RELATED PARTIES

A related party is a person or entity that is related to the States of Jersey.

(a) A person or a close member of that person's family is related to the States of Jersey if that person:

i. has control or joint control of the States;

ii. has significant influence over the States; or

iii. is a member of the key management personnel of the States.

(b) An entity is related to the States if any of the following conditions applies:

i. The entity and the States are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity

v. The entity is a post-employment benefit plan for the benefit of employees of either the States or an entity related to the States.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the States.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision of services to a related party,; and
- transactions with individuals who are related parties of the States of Jersey, except those applicable to other members of the community, such as tax, rents and payments of benefits.

RETURN ON PLAN ASSETS

For a defined benefit scheme, this is interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less:

- any costs of managing plan assets; and
- any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

REVENUE EXPENDITURE

Day to day payments on the running of States services including salaries, wages, contract payments, supplies and capital financing costs.

SOCIAL BENEFIT PAYMENTS

Social benefit payments are statutory entitlements payable to private individuals and households, including the state pension.

STAFF

States Staff are defined as: Persons employed under an employment contract directly with the States of Jersey, Persons holding an office or appointment in the States (by crown appointment or otherwise), and States Members.

Non-States Staff are defined as: Persons who do not qualify as States Staff (defined above), but are acting as employees of the States of Jersey.

STRATEGIC INVESTMENTS

Companies outside the accounting boundary, but in which the States of Jersey has a controlling interest, namely:

- Jersey Telecom Group Limited
- Jersey Post International Limited
- Jersey Electricity PLC; and
- The Jersey New Waterworks Company Limited