



Jersey Bank Depositors  
Compensation Scheme

## **The Jersey Bank Depositors Compensation Board**

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**Annual Report and Audited Financial Statements**

**For the Year Ended 31 March 2013**



**BRACKEN | ROTHWELL**

Chartered Accountants

## **The Jersey Bank Depositors Compensation Board**

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## The Jersey Bank Depositors Compensation Board

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### Information

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**Board members** Roger Bignell, Chairman (appointed 7 December 2010)  
Frank Dearie (appointed 7 December 2010)  
Simon Howard (appointed 7 December 2010)  
George Dunbar Kean (appointed 7 December 2010)  
Paul Leary (appointed 7 December 2010)  
Mark Wildman (appointed 7 December 2010)

**Principal office** 5th Floor, Cyril Le Marquand House  
The Parade  
St. Helier  
Jersey  
JE4 8 UL

**Accountants** Bracken Rothwell Limited  
8th Floor, Union House  
Union Street  
St. Helier  
Jersey  
JE2 3RF

**Independent auditors** BDO Limited  
Windward House  
La Route de la Liberation  
St. Helier  
Jersey  
JE1 1BG

**Bankers** HSBC Bank Plc  
PO BOX 14  
27 Halkett Street  
St. Helier  
Jersey  
JE4 8NJ

## The Jersey Bank Depositors Compensation Board

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### Board's Report For the Year Ended 31 March 2013

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The Jersey Bank Depositors Compensation Board ("the Board") presents its annual report together with the audited financial statements for the year ended 31 March 2013.

#### Principal activities

The Board was established on 6 November 2009 and created by the Banking Business (Depositors Compensation) (Jersey) Regulations 2009 ("the Law"). It commenced receiving monies from 7 July 2012. The Board has not yet assumed its responsibilities which are still with the Minister for Economic Development ("the Minister"). It is the agreed intention that the Board will assume its full responsibilities following the notice in writing by the Minister to the Board that it should assume its functions.

The functions of the Board are generally to administer the Bank Depositors Compensation Scheme ("DCS"), including in particular establishing and maintaining arrangements in readiness for the possibility of a default of a banking group operating in Jersey and administering compensations for any such default. Its function also includes arranging for the publication of information for the public on the operation of the DCS.

In the current year, an administration levy fee was raised in accordance with the Law and received from all relevant banking groups in Jersey. No compensation levy fee was raised as there was no bank default in Jersey in the current year.

The Board has not incurred any operating expenses or received any income in the period between its creation and 1 April 2012, hence there are no comparative balances for that period.

#### Board Members

The Board members were appointed by the States of Jersey on the nomination of the Minister for Economic Development.

#### Results and dividends

The results of the Board for the period are set out in detail on page 6.

#### Auditors

The auditors, BDO Limited, were appointed on 22 May 2013 and have expressed their willingness to continue in office. The Board will propose a motion re-appointing the auditors at a meeting of its members.

This report was approved by the Board on 28 June 2013 and signed on their behalf by the Minister acting in his capacity carrying out the functions of the Board:



Minister for Economic Development

28 June 2013

Date:

## The Jersey Bank Depositors Compensation Board

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### Board's Responsibility Statement For the Year Ended 31 March 2013

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The Board is responsible for preparing the report and the financial statements in accordance with applicable Jersey law and regulations and generally accepted accounting principles.

The Banking Business (Depositors Compensation) (Jersey) Regulations 2009 ("the Law") requires the Board to prepare financial statements for each financial year. Under that Law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles. Under the Law, as applied to the Board, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the the Board and of the surplus or deficit of the Board for that period. In preparing these financial statements, the Board should:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Generally Accepted Accounting Principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the the Board will continue in business.

The Board is responsible for keeping accounting records which are sufficient to show and explain the Board's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Board and enable the Board to ensure that the financial statements comply with the requirements of the Law. The Board is also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board acknowledges the auditor's right of access at all times to the Board's records and acknowledges that it is under an obligation not to recklessly or knowingly supply information to the auditors that is false or misleading and to fail to promptly provide information requested.

The Board has taken all steps they ought to have taken to make themselves aware of any information needed by the Board's auditors for the purpose of their audit. The Board is not aware of any relevant audit information of which the auditors are unaware.



## **INDEPENDENT AUDITOR'S REPORT TO THE JERSEY BANK DEPOSITORS COMPENSATION BOARD**

We have audited the financial statements of The Jersey Bank Depositors Compensation Board (the 'Board') for the year ended 31 March 2013 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice").

This report is made solely to the Board, as a body, in accordance with Banking Business (Depositors Compensation) (Jersey) Regulations 2009. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board and auditor**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Board's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.



## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Board's affairs as at 31 March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Banking Business (Depositors Compensation) (Jersey) Regulations 2009.

A handwritten signature in blue ink, appearing to read 'BDO Limited', is written over the printed text of the firm's name.

BDO Limited  
Chartered Accountants  
Jersey  
1 July 2013

The Jersey Bank Depositors Compensation Board

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Income and Expenditure Account  
For the Year Ended 31 March 2013

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	Note	2013 £
Administration levy income	1	59,306
Travel expenses		(2,418)
Administrative expenses		(16,376)
		<hr/>
Surplus of income over expenditure for the year		40,512
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All amounts relate to continuing operations.

There were no recognised gains and losses for the year other than those included in the Income and Expenditure Account.

There is no material difference between the retained surplus for the financial year stated above and its historical cost equivalent.

The notes on pages 8 to 10 form part of these financial statements.

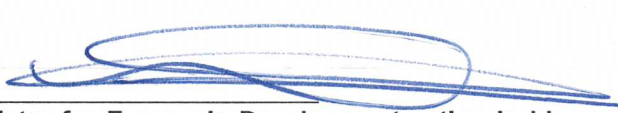


# The Jersey Bank Depositors Compensation Board

## Balance Sheet As at 31 March 2013

	Note		2013 £
<b>Current assets</b>			
Debtors	3	16,973	
Cash at bank		31,733	
			<u>48,706</u>
<b>Total assets less current liabilities</b>			<u>48,706</u>
<b>Creditors:</b> amounts falling due within one year	4		<u>(8,194)</u>
<b>Net assets</b>			<u><u>40,512</u></u>
<b>Represented by:</b>			
Retained surplus			<u>40,512</u>
			<u><u>40,512</u></u>
Total administration fund reserve			<u><u>40,512</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 June 2013. by:



Minister for Economic Development acting in his capacity carrying out the functions of the Jersey Bank Depositors Compensation Board

The notes on pages 8 to 10 form part of these financial statements.

Notes to the Financial Statements  
For the Year Ended 31 March 2013

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements of the Jersey Bank Depositors Compensation Board ("the Board") have been prepared under the historical cost convention, on a going concern basis and in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP").

The financial statements of the Board are presented in Great British Pounds ("£"), being the functional currency of the Board. The Board has determined its functional currency based on its primary economic environment.

**1.2 Statement of compliance**

The financial statements for the year ended 31 March 2013 on pages 6 to 10 have been prepared in accordance with UK GAAP and are in conformity with Banking Business (Depositors Compensation) (Jersey) Regulations 2009.

**1.3 Legal framework**

The Board was established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009 ("the Law"). The Law came into force on 6 November 2009 and has been subsequently amended on 2 October 2012 by the Banking Business (Depositors Compensation) (Amendment and Miscellaneous Provision) (Jersey) Regulations 2012.

**1.4 Going concern**

The Board has prepared the financial statements on a going concern basis. The Board considers this to be appropriate as they are in position to raise administration levies on banking groups in Jersey according to the finance needs of the Board and in particular its recurring administrative costs in a particular period.

**1.5 Cash flow**

The Board has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds of its size.

**1.6 Administration levy income**

Administration levy income is recognised by the Board in respect of the annual administration levy declared and is raised by the Board on annual basis to enable it to meet operating expenses. The income is recognised on accrual basis in relation to the period the administration levy relates to. The administration levy year runs from 1 February to 31 January annually.

**1.7 Debtors**

Trade debtors are recorded on accrual basis, do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**1.8 Creditors and accruals**

Trade creditors are recorded on an accrual basis, are not interest bearing and are stated at their nominal value.

## The Jersey Bank Depositors Compensation Board

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### Notes to the Financial Statements For the Year Ended 31 March 2013

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#### 2. Auditor's remuneration

	2013 £
Fees payable to the the Board's auditor	3,000
	<u>3,000</u>

#### 3. Debtors

	2013 £
Prepayments and accrued income	16,973
	<u>16,973</u>

#### 4. Creditors: Amounts falling due within one year

	2013 £
Accruals	8,194
	<u>8,194</u>

#### 5. Reconciliation of administration fund reserve

	2013 £
Opening balance	-
Retained surplus for the year	40,512
	<u>40,512</u>
Administration fund reserve carried forward	<u>40,512</u>

#### 6. Taxation

The Board is exempt from tax. Provision has therefore not been made in these financial statements for Jersey income tax.

#### 7. Post balance sheet events

In the opinion of the Board, there are no adjusting or non-adjusting events after the balance sheet date necessitating the revision of the financial statements or additional disclosure.

#### 8. Controlling party

The Minister for Economic Development, carries out the functions of the Board, until such time as he determines by notice in writing to the Board that it should assume its function. In the opinion of the Board, there is no ultimate controlling party or beneficial owner meeting the definitions as prescribed by the UK GAAP.

**Notes to the Financial Statements  
For the Year Ended 31 March 2013**

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**9. Set up costs**

Prior to 1 April 2012, set up costs were borne by the Economic Development Department ("EDD"). None of these costs are recoverable from the Board.

**The Jersey Bank Depositors Compensation Board**

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**Detailed Income and Expenditure Account  
For the Year Ended 31 March 2013**

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	<b>Page</b>	<b>2013 £</b>
<b>Administration levy income</b>	12	<b>59,306</b>
<b>Less: Operating expenses</b>		
Travel expenses	12	<b>(2,418)</b>
Administration expenses	12	<b>(16,376)</b>
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<b>Surplus for the period</b>		<b>40,512</b>
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**The Jersey Bank Depositors Compensation Board**

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**Schedule to the Detailed Accounts  
For the Year Ended 31 March 2013**

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	2013 £
<b>Administration levy income</b>	
Administration fees receivable	59,306
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	2013 £
<b>Travel expenses</b>	
Hotels, travel, subsistence and representation costs	2,418
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	2013 £
<b>Administration expenses</b>	
Conferences	480
Telephone charges	470
Membership fees	10,904
Auditor's remuneration	3,000
Accountancy fees	1,500
Bank charges	22
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	16,376
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