



Ministerial Decision Report

PRESENTATION TO THE STATES OF JERSEY - ACCOUNTING STANDARDS 2024

1. Purpose of Report

To provide additional information on the basis on which the States of Jersey's Annual Report and Accounts 2024 will be prepared.

2. Background

Following the Accounting Standards policy set in MD-2015-0134, the Jersey Financial Reporting Manual (JFReM) has been updated in line with the equivalent UK Financial Reporting Manual (FReM) for the year ended 31 March 2024, General Accepted Accounting Principles (GAAP) based accounting in the States of Jersey, and to ensure that the accounting standards that are applied are maintained appropriately.

The Public Finances Manual includes the following:

“The Jersey Financial Reporting Manual sets out the accounting standards to be adopted in the preparation of the States of Jersey Financial Statements. It is based on the UK Treasury Financial Reporting Manual, adapted for States of Jersey-specific situations. The accounting policies contained in the Jersey Financial Reporting Manual apply UK endorsed International Financial Reporting Standards as adapted or interpreted for the Public Sector in Jersey. The Jersey Financial Reporting Manual is published by the Minister for Treasury and Resources and presented to the States each year. The relevant annual update of this can be found in the Report section of the States Assembly website.”

A summary of the key updates from the previous JFReM and significant planned updates are set out in Appendix I – Current and Future Updates to the JFReM.

The JFReM 2024 is included in Appendix II.

3. Recommendation

That the Minister approves the Jersey Financial Reporting Manual (JFReM), which sets out the accounting standards to be adopted in the preparation of the States of Jersey Financial Statements for 2024.

4. Reason for Decision

Following the Accounting Standards policy set in MD-TR-2015-0134, the JFReM has been updated in line with the equivalent UK FReM for the year ended 31 March 2024, to implement GAAP-based accounting in the States of Jersey, and to ensure that the accounting standards that are applied are maintained appropriately.

5. Resource Implications

There are no financial or manpower implications as a result of this decision.

Appendix I – Current and Planned Updates to the JFReM

Current Updates to the JFReM

Material updates to the JFReM 2024 from the JFReM 2023 are as follows:

- a. IFRS 16 – Leases: Implementation effective from 1 January 2024.

Future Updates to the JFReM

Future updates to the JFReM, expected from JFReM 2025 onwards:

a. Accounting Boundary of the Annual Report and Accounts

One of the key differences between the UK FReM and the JFReM has been the Accounting Boundary. The UK FReM uses a control criteria by the Office for National Statistics to determine the sector classification and will only consolidate entities which are classified as 'government sector'. The JFReM used a historically agreed boundary based on direct control.

From 1 January 2025 the States of Jersey will more closely align with the UK FReM and implement a statistical boundary, based on Eurostat's guidance: Section 20.18 of the European system of accounts (ESA) 2010 and Section 1.2.3.1, 24 of the Manual on Government Deficit and Debt (MGDD) 2022. Based on analysis conducted, this change will result in the deconsolidation of the three wholly owned companies that are currently consolidated:

- States of Jersey Development Company (and its subsidiaries);
- Andium Homes Limited (and its subsidiaries); and
- Ports of Jersey Limited (and its subsidiaries).

The Annual Report and Accounting from 2025 onwards will therefore only consolidate Core Entities (i.e. Departments and States Funds).

The companies which are no longer consolidated will be held at Fair Value through Other Comprehensive Income in line with the Strategic Investments. All these companies publish audited Annual Reports that include Financial Statements. As part of our publication on the Government of Jersey website, we will provide links to their latest Annual Reports.

2024 figures will be restated (in line with accounting standards).

b. Sustainability Reporting Standards

International standards on sustainability reporting remain immature and subject to ongoing debate. The UK adopted the Taskforce on Climate-related Financial Disclosure (TCFD) model in 2024, however there has not yet been a formal evaluation of its benefits compared to the effort expended, and its applicability to smaller jurisdictions such as Jersey.

Similarly, the International Public Sector Accountability Standards Board is holding a formal consultation on new draft standards, which closes on 28 February 2025. There is not yet a consensus on the direction that this will take. Jersey will submit a short contribution to this consultation requesting that the Board be mindful of the implications of shared standards on smaller jurisdictions and to encourage the ability to be proportionate in its implementation.

Therefore Jersey has decided that, until the reporting landscape is more settled, the JFReM 2024 maintains the approach adopted in previous years.

Appendix II – Jersey Financial Reporting Manual 2024