Primary Statements

3.1 Consolidated Statement of Comprehensive Net Expenditure (SoCNE) for the year ended 31 December 2021

	Note[i]	States of Jersey Core Entities 2021 £'000	States of Jersey Group 2021 £'000	States of Jersey Core Entities 2020 £'000	States of Jersey Group 2020 £'000
Revenue					
Levied by the States of Jersey	5	(1,158,553)	(1,157,323)	(1,045,595)	(1,044,964)
Earned through Operations	5	(223,176)	(277,738)	(198,615)	(245,013)
Total Revenue		(1,381,729)	(1,435,061)	(1,244,210)	(1,289,977)
Expenditure					
Social Benefit Payments	6	476,633	476,633	552,467	552,467
Staff Costs	7	457,710	482,745	429,245	458,665
Other Operating Expenses		339,725	363,413	321,079	354,301
Grants and Subsidies Payments	8	71,640	71,724	50,654	50,713
Depreciation and Amortisation		54,156	90,987	50,127	83,199
Impairments	11	(6,515)	16,828	23,999	33,701
Finance Costs	11	26,184	27,573	26,613	27,750
Net Foreign-Exchange Losses		637	593	766	760
Total Expenditure		1,420,170	1,530,496	1,454,950	1,561,556
Operating Net Revenue Expenditure/(Income)		**38,441**	**95,435**	**210,740**	**271,579**
Other Non-Operating Revenue/Expenditure					
Loss/(Gains) on Disposal of Non-Current Assets		(114)	(119)	3,853	3,738
Gains on Other Financial Assets	11	(342,595)	(347,907)	(252,911)	(253,158)
Movement in Past Service Liability		14,270	14,270	2,129	2,129
Fair value loss/(gains) on Investment property		-	(560)	-	-
Net Revenue Expenditure/(Income)		(289,998)	(238,881)	(36,189)	24,288
Other Comprehensive Income					
Items that will not be reclassified to Net Revenue Expenditure					
Revaluation of Property, Plant and Equipment	9	(144,083)	(167,926)	(7,013)	(109,745)
Remeasurements of the Net Defined Benefit Pension Scheme Liability	21	(452)	(452)	(359)	(359)
Items that may be reclassified subsequently to Net Revenue Expenditure					
(Gain)/Loss on Revaluation of Financial Instruments held at FVTOCI	11	(73,706)	(73,750)	(9,490)	(9,490)
Total Other Comprehensive Income		**(218,241)**	**(242,128)**	**(16,862)**	**(119,594)**
Total Comprehensive Income		**(508,239)**	**(481,009)**	**(53,051)**	**(95,306)**

Note
i. The Notes in section 4 of this report form part of the financial statements.

3.2 Consolidated Statement of Financial Position (SoFP) as at 31 December 2021

	Note[i]	States of Jersey Group 31 Dec 2021 £'000	States of Jersey Group 31 Dec 2020 £'000
Non-Current Assets			
Property, Plant and Equipment	9	4,229,174	3,993,038
Investment Property	10	17,900	17,340
Intangible Assets		37,872	17,950
Other Financial Assets > 1 year	11	3,856,160	3,511,526
Interest in Joint Venture		6,882	7,112
Trade and Other Receivables > 1 year	13	342,930	25,186
Total Non-Current Assets		8,490,918	7,572,152
Current Assets			
Other Non-Current Assets Classified as Held for Sale		3,262	4,565
Inventories	12	38,171	32,345
Other Financial Assets < 1 year	11	202,984	110,377
Derivative Financial Instruments Expiring < 1 year	11	804	14,368
Trade and Other Receivables < 1 year	13	452,586	681,143
Cash and Cash Equivalents	14	195,376	302,524
Total Current Assets		893,183	1,145,322
Total Assets		9,384,101	8,717,474
Current Liabilities			
Trade and Other Payables < 1 year	15	(228,889)	(213,118)
Past Service Pension Provision < 1 year	20	(9,003)	(8,603)
External Borrowings < 1 year	16	(96,518)	(687)
Currency in Circulation	17	(116,935)	(115,191)
Provisions < 1 year	19	(4,758)	(1,209)
Total Current Liabilities		(456,103)	(338,808)
Total Assets Less Current Liabilities		8,927,998	8,378,666
Non-Current Liabilities			
Trade and Other Payables > 1 year	15	-	(73)
External Borrowing > 1 year	16	(296,052)	(253,984)
Provisions > 1 year	19	(34,638)	(26,873)
Past Service Pension Provision > 1 year	20	(466,112)	(446,814)
Defined Benefit Pension Schemes Net Liability > 1 year	21	(3,269)	(4,004)
Total Non-Current Liabilities		(800,071)	(731,748)
Assets Less Liabilities		8,127,927	7,646,918
Taxpayers' Equity			
Accumulated Revenue and Other Reserves		(6,108,724)	(5,852,886)
Revaluation Reserve		(1,665,758)	(1,514,337)
Investment Reserve		(353,445)	(279,695)
Total Taxpayers' Equity		(8,127,927)	(7,646,918)

The financial statements were approved and authorised for issue on:

Deputy Susie Pinel
Minister for Treasury and Resources

Date: 31 March 2022

Richard Bell
Treasurer of the States

Date: 31 March 2022

Note
i. The Notes in section 4 of this report form part of the financial statements.

3.3 Consolidated Statement of Changes in Taxpayers' Equity (SoCiTE) for the year ended 31 December 2021

	Note[i]	Accumulated Revenue and Other Reserves £'000	Revaluation Reserve £'000	Investment Reserve £'000	Total £'000
		States of Jersey Group			
Balance 1 January 2020		**5,860,468**	**1,415,251**	**275,893**	**7,551,612**
Net Revenue Expenditure		(24,288)	-	-	(24,288)
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	9	-	109,745		109,745
Revaluation Losses for Financial Instrument held at FVTOCI	11		-	9,490	9,490
Remeasurements of the Net Defined Benefit Pension Scheme Liability	21	359	-	-	359
Other Movements					
Release of Revaluation Reserve on Disposal of Property, Plant and Equipment		10,659	(10,659)	-	-
Reclassification of Financial Instruments		5,688	-	(5,688)	-
Total Other Movements		16,347	(10,659)	(5,688)	-
Total Other Comprehensive Income		16,706	99,086	3,802	119,594
Total Comprehensive Income		(7,582)	99,086	3,802	95,306
Balance 31 December 2020		**5,852,886**	**1,514,337**	**279,695**	**7,646,918**
Net Revenue Income		238,881	-	-	238,881
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	9	-	167,926		167,926
Revaluation Gains for Financial Instrument held at FVTOCI	11		-	73,750	73,750
Remeasurements of the Net Defined Benefit Pension Scheme Liability	21	452	-	-	452
Other Movements					
Release of Revaluation Reserve on Disposal		16,505	(16,505)	-	-
Total Other Movements		16,505	(16,505)	-	-
Total Other Comprehensive Income		16,957	151,421	73,750	242,128
Total Comprehensive Income		255,838	151,421	73,750	481,009
Balance 31 December 2021		**6,108,724**	**1,665,758**	**353,445**	**8,127,927**

Note
i. The Notes in section 4 of this report form part of the financial statements.

3.4 Consolidated Statement of Cash Flows (SoCF) for the year ended 31 December 2021

		States of Jersey Group	
	Note[i]	2021 £'000	2020 £'000
Cash Flows from Operating Activities			
Net Revenue (Expenditure)/Income	SoCNE	238,881	(24,288)
Adjustments for Non-Cash Transactions			
Depreciation of Property, Plant and Equipment	9	89,424	81,811
Amortisation of Intangible Assets		1,563	1,386
Impairments & Abortive Costs	SoCNE	16,828	33,695
Investment Income	5	(73,874)	(39,993)
Finance Costs	SoCNE	27,573	27,750
Adjustments for Non-Operating Activities			
Gains on Financial Assets	SoCNE	(347,907)	(253,158)
Losses/(Gain) on Disposal of Non-Current Assets	SoCNE	(119)	3,738
Movement in Pension Liabilities		16,764	2,127
Payment of Pension Liability	20	(12,789)	(8,529)
Net Foreign Exhange Loss	SoCNE	593	760
Fair value lossess/(gains) on Investment property		(560)	-
Movement in Other Liabilities			
Increase/(Decrease) in Provisions	19	11,314	2,132
Increase in Currency in Circulation	17	1,744	2,241
Operating Cash Flows before movements in Working Capital		**(30,565)**	**(170,328)**
Adjustments for movements in Working Capital			
(Increase)/Decrease in Inventories	12	(5,826)	(845)
Increase in Trade and Other Receivables	13	(98,756)	(83,795)
(Decrease)/Increase in Trade and Other Payables	15	15,698	(187,701)
Net Cash (Outflow)/Inflow from Operating Activities		**(119,449)**	**(442,669)**
Cash Flows from Investing Activities			
Purchases of Property, Plant and Equipment	9	(204,100)	(151,291)
Proceeds from disposal of Property, Plant and Equipment	9	880	630
Purchases of Intangible Assets		(21,485)	(4,352)
Proceeds from disposal of Assets Held for Sale		33,186	20,070
Interest Received	5	1,065	1,177
Dividends Received	5	72,809	38,816
Interest in Joint Venture		230	(117)
Net (Purchases)/Proceeds from disposal/purchase of Financial Assets[ii]		5,414	361,665
Net Cash Inflow from Investing Activities		**(112,001)**	**266,598**
Cash Flows from Financing Activities			
Proceeds of External Borrowings		137,500	-
Repayments of External Borrowings		-	(1,813)
Bond Interest Paid		(9,916)	(9,793)
Other Interest Paid		(1,846)	(1,353)
Principal Element of Finance Lease Rental Repayments		-	(431)
Interest Element of Finance Lease Payments		-	(57)
Bank and Other Charges		(1,436)	(2,071)
Net Cash Outflow from Financing Activities		**124,302**	**(15,518)**
Net (Decrease)/Increase in Cash and Cash Equivalents		**(107,148)**	**(191,589)**
Cash and Cash Equivalents at the Beginning of the Year	14	302,524	494,113
Cash and cash equivalents at the end of the year	**14**	**195,376**	**302,524**

Note
i. the Notes in section 4 of this report form part of the financial statements
ii. The purchases and proceeds from purchase/disposal of Financial Assets have been presented net to reflect the true States of Jersey apportioned cash movement.

Notes to the Accounts

Notes to the Accounts

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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 2021 JFReM

These consolidated accounts have been prepared in accordance with the 2021 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 2021 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.

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.

4. 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 2023	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 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. 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).

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

Impacts from the Covid-19 pandemic:

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of Covid-19. The outbreak of Covid-19 created a significant deterioration in global economic conditions. Governments internationally have responded by implementing policy responses to protect the health of citizens and to support their economies. The States of Jersey introduced a number of measures to support Jersey households, businesses and industries who have been adversely affected by the Covid-19 pandemic. While the impacts of the pandemic have introduced greater uncertainty in forecasting, it is clear from the income recognised in both 2020 and 2021 that the impact on earnings and economic activity has not been as severe as initially anticipated.

The roll-out and administration of Covid-19 vaccine which began in December 2020 has been largely successful in Jersey. This has allowed the Government to ease most of the Covid-19 restriction laws imposed in the peak of the pandemic using the Island reconnection roadmap which began on 11 January 2021. Due to the minimal restriction law enforced in 2021, the pandemic has had less impact as at 31 December 2021 on critical accounting judgements compared to 31 December 2020.

In preparing financial statements, States of Jersey entities are required to make judgements that impact:

- income and expenses for the year;
- the reported amounts of assets and liabilities; and
- the disclosure of off-balance sheet arrangements, including contingent assets and contingent liabilities.

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

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

Significant accounting judgement	Note
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 inventory	4.12/4.13
Fair value — assumptions used in valuation techniques for the fair value of financial assets and liabilities, including derivatives	4.11

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.

4.3 Key sources of estimation uncertainty

Preparing financial statements requires management to make, 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.	912,659
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 £198m (2020: £193m). If drainage pipes were 5% larger than estimated this would increase the value of drainage assets by £7m (2020: £10m). Conversely a 5% reduction in estimated pipe diameter would reduce the value of drainage assets by £8m (2020: £10m). An increase/(decrease) to the base cost factor by +/- 5% would increase/(decrease) the value of this asset class by £7m (2020: £9.4m).	198,000
Valuation of Property, Plant and Equipment - Land, Buildings and Other Structures	Valuations require a number of estimates 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; 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.	1,464,894
Past Service Debt	The framework for dealing with the pre-1987 shortfall in the States' contribution to the PECRS and JTSF pension schemes is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under these Regulations, annual repayments are due to be made to cover this shortfall until September 2053. Valuations provided by the scheme actuary are used to measure this provision. Changes in their assumptions can affect the value of the liability included in the Accounts.	A 1% increase in the discount rate used to discount the liabilities would decrease liabilities by £69.9m (2020: £48.4m). A 1% decrease in the discount rate used to discount the liabilities would decrease liabilities by £86.2m (2020: £60.6m).	(475,115)

Item	Uncertainties	Effect if actual results differ from assumptions	Carrying amount (£'000)
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 of the Covid-19 pandemic and public health restrictions on the economy. 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 (August) economic forecasts from the Fiscal Policy Panel (FPP) There is a further degree of uncertainty around how the economic impacts will have impacted the tax take. This has been mitigated by using established statistical relationships and judgement from the IFG on how the economic downturn will have impacted on areas like personal business profits and property income. The IFG adjustments have been reduced in this forecast to bring the 2020 forecast into line with the provisional outturn to provide an accurate base for the 2021 forecast.	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 +/-£7.2m around the central forecast (1.4%). 2. There is a 2/3 likelihood that the impact of any variation in pension income will be within a range of +/-£0.8m (0.2%) 3. There is a 2/3 likelihood that the impact of any variation in investment income will be within a range of +/-£3.5m (0.7%). 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 +/-£3.4m (0.6%). Further, the impact of the IFG adjustments in 2021 is £7m. Therefore a 50% variation from this central estimate would result in a variation in the PIT estimate of +/-£3.4m (0.6%).	557,912
Strategic Investments	Company outturn versus forecasts, market multiples and selection of comparable companies.	See sensitivity analysis in Note 4.11 (e).	415,306
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 (d)/(e)	1,249,334

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 CIF.

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 (support and retirement) paid the surplus contribution receipts are invested in the Social Security 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 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	(914,324)	(1,219)	(295,581)	(701)	-	(1,211,825)	-	-	(14)	(1,211,839)
Earned through Operations	(195,291)	(3,069)	(167)	(11,894)	(26,182)	(236,603)	(4,584)	(56,787)	(36,645)	(334,619)
Less: Internal Core Revenue	26,636	640	53,273	5,350	(19,200)	66,699	-	-	-	66,699
Total Core Entities Revenue	(1,082,979)	(3,648)	(242,475)	(7,245)	(45,382)	(1,381,729)	(4,584)	(56,787)	(36,659)	(1,479,759)
Less: Internal Subsidiary Revenue										44,698
Total External Revenue	(1,082,979)	(3,648)	(242,475)	(7,245)	(45,382)	(1,381,729)	(4,584)	(56,787)	(36,659)	(1,435,061)
Expenditure										
Social Benefit Payments	124,519	-	352,114	-	-	476,633	-	-	-	476,633
Staff Costs	433,892	22,048	-	1,517	253	457,710	1,150	4,005	19,880	482,745
Other Operating Expenses	266,367	10,143	1,855	1,768	59,592	339,725	1,854	11,543	10,291	363,413
Grants and Subsidies Payments	68,797	243	-	-	2,600	71,640	-	-	84	71,724
Depreciation and Amortisation	50,630	166	625	2,726	9	54,156	33	15,475	21,323	90,987
Impairments & Abortive Costs	(6,991)	-	336	100	40	(6,515)	190	19,499	3,654	16,828
Finance Costs	20,822	5	1	5,097	259	26,184	455	684	250	27,573
Net Foreign-Exchange (Gains)/Losses	24	-	-	-	613	637	-	-	(44)	593
Total Expenditure	958,060	32,605	354,931	11,208	63,366	1,420,170	3,682	51,206	55,438	1,530,496
Operating Net Revenue Expenditure/(Income)	(124,919)	28,957	112,456	3,963	17,984	38,441	(902)	(5,581)	18,779	95,435
Other Non-Operating Revenue/Expenditure										
(Gains)/Losses on Disposal of Non-Current Assets	3	-	-	(117)	-	(114)	-	(5)	-	(119)
(Gains)/Losses on Other Financial Assets	24	-	45	-	(342,664)	(342,595)	-	(4,463)	(849)	(347,907)
Movement in Past Service Liability	-	-	-	14,270	-	14,270	-	-	-	14,270
Net Revenue Expenditure/ (Income)	(124,892)	28,957	112,501	18,116	(324,680)	(289,998)	(902)	(10,049)	17,930	(238,321)
Other Comprehensive Income										
Revaluation of Property, Plant and Equipment	(143,609)	-	(474)	-	-	(144,083)	(185)	6,184	(30,402)	(168,486)
Remeasurements of the Net Defined Benefit Pension Scheme Liability	-	-	-	(452)	-	(452)	-	-	-	(452)
(Gain)/Loss on Revaluation of Financial Instruments held at FVTOCI	(73,767)	-	-	-	-	(73,767)	-	(4,300)	-	(78,067)
Other Comprehensive Income	(217,376)	-	(474)	(452)	-	(218,302)	(185)	1,884	(30,402)	(247,005)
Total Comprehensive Expenditure/(Income)	**(342,268)**	**28,957**	**112,027**	**17,664**	**(324,680)**	**(508,300)**	**(1,087)**	**(8,165)**	**(12,472)**	**(485,326)**

4.4 (b) Statement of Comprehensive Net Expenditure for the year ended 31 December 2020

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 Core Entities 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 External 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		-	(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:

Accounting Policies

Personal Tax Forecast

The forecast of personal income tax 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	
		2021	2020
Employment and other earned Income	Employment income equation (supplemented by ITIS data)	71%	70%
Pension Income	Pension Income	11%	12%
Shareholder income / distributions	[1]RPIY inflation	5%	5%
Business profits	10 year average growth rate	6%	5%
Property income	5 year average growth rate	4%	4%
Bank interest, dividend income and unearned	Unearned income equation	3%	3%

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 Income Forecasting Group (IFG) made additional adjustments to account for the impact of the global pandemic and the resultant restrictions on economic activity. The updated adjustments are set out in the 2021 IFG report. These adjustments have been reviewed based on all information available at the end of the year, including 2020 outturn. This has resulted in a 50% reduction in the adjustments now applied to provide an accurate base for the 2021 forecast.

[1] RPI(Y): the RPI excluding mortgage interest payments and indirect taxes (e.g. GST and impôts

Accounting Policies

Assumption	2021 £m	2020 £m	Assumption narrative
Personal business profits	(3.1)	(5.7)	Rather than use recent average growth rates, the IFG has assumed that these income lines would grow in line with the FPP's implied growth rate in non-finance sector profits. This required a 25 percentage point adjustment to personal business profits. This was halved to 12.5 percentage points to bring the 2020 forecast into line with the provisional outturn for 2020.
Property Income	(1.1)	(2.1)	The IFG made a downwards adjustment of 6.3 percentage points in Spring 2021, so that property income is flat in 2020 rather than the previously anticipated fall. This was halved to 3.15 percentage points to bring the 2020 forecast into line with the provisional outturn for 2020.
Bank, dividends and other unearned	(1.1)	(2.1)	The IFG has considered the global outlook for dividends and investment income and judged that it would be appropriate to assume a 20 per cent fall in both investment income and distributions. This required a 15 percentage point adjustment to bank, dividend and other unearned income. This was halved to 7.5 percentage points to bring the 2020 forecast into line with the provisional outturn for 2020.
Shareholder income/ distributions	(2.2)	(4.4)	As above, the IFG judged that it would be appropriate to assume a 20 per cent fall in both investment and distributions. This required a 21 percentage point adjustment to shareholder income and distributions and taxed at source income. This was halved to 10.5 percentage points to bring the 2020 forecast into line with the provisional outturn for 2020.

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.

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	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.
Channel Island Control Area (CICA)	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 it transfers control over a product or service to a customer. 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	2021 £'000	2020 £'000
Levied by the States of Jersey			
Taxation Revenue			
Personal Income Tax		557,912	462,800
Corporation Tax		85,472	120,381
Goods and Services Tax (GST)		106,601	93,941
Total Taxation Revenue		749,985	677,122
Social Security Contributions		241,064	239,592
Island rates, duties, fees, fines and penalties			
Impôts Duty		80,329	74,258
Stamp Duty and Land Transfer Tax		60,992	37,148
Island Wide Rates		13,754	13,286
Fines and Penalties		11,199	3,558
Total Island rates, duties, fees, fines and penalties		166,274	128,250
Total Levied by the States of Jersey		1,157,323	1,044,964
Earned through operations			
Revenue from Contracts with Customers			
Sale of Goods		17,598	7,913
Sale of Services		80,280	94,785
Other Fees and Charges		10,665	8,266
Total Revenue from Contracts with Customers		108,543	110,964
Investment Income			
Interest Income		1,065	1,177
Dividend Income		72,809	38,816
Total Investment Income		73,874	39,993
Other Revenue			
Hire & Rentals		77,051	73,672
Other Income	i	18,270	20,384
Total Other Revenue		95,321	94,056
Total Earned through operations		277,738	245,013
Total Revenue		**1,435,061**	**1,289,977**

Performance Narrative

Analysis providing an explanation of the key year on year movements in revenue can be found in the Financial Review section starting on page 174.

Note

i. Other income includes: Recovered costs, Criminal Offences Confiscations Fund grants received, 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	2021 £'000	2020 £'000
Social Benefits			
Pensions		212,569	209,597
Income Support		76,816	81,833
Incapacity Allowance, Pensions and Survivors' Benefits		48,818	47,280
Long Term Care Benefits		57,399	53,909
Health Benefits		32,496	30,497
Covid-19 Related Benefit Payments	i	31,372	112,117
Education and Other: Allowances and Student Grants		17,163	17,234
Total Social Benefits		**476,633**	**552,467**

Performance Narrative

The most significant change in 2021 is the reduced level of Covid-19 related benefit payments, the largest of which was the Co-funded Payroll Scheme.

More information on year on year movements and detail on the Covid-19 costs can be found in the Financial Review section starting on page 174.

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 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.

2021

Department	Notes	Salaries and Wages £'000	Pension £'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**

2020

Department	Notes	Salaries and Wages £'000	Pension Contri-butions £'000	Social Security £'000	Total £'000
Departments & Trading Operations		356,912	49,901	20,855	427,668
Subsidiary Companies	i	26,487	2,933	1,374	30,794
Non-States Staff Costs	ii	20,876	-	-	20,876
States Members Remuneration		2,517	-	-	2,517
Other Staff Costs	iii	1,785	-	-	1,785
Capitalised Staff Costs		(2,746)	-	-	(2,746)
Elimination of Social Security Contributions	iv	-	-	(22,229)	(22,229)
Total		**405,831**	**52,834**	**-**	**458,665**

Performance Narrative

There has been an increase in staff numbers and costs in 2021. The increase in costs also includes the impact of pay awards in 2021. More information on the number of staff and what pay awards were given in 2021 is provided in the Staff Report section.

More information on year on year movements and some specific department examples can be found in the Financial Review section starting on page 174.

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 2021

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

Issuing Dept	Grantee	2021 £'000	2020 £'000	Reason for Grant (Strategic Priority)
C&LS	Jersey Employment Trust (JET)	1,030	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	1,443	-	To provide accommodation to homeless islanders.
C&LS	Jersey Women's Refuge	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	-	To support the provision of services to eldery and voluenerable Islanders. Services provided include organising home grocery and prescription deliveries, arranging transport to medical appointments and organising social events.
CYPES	Beaulieu Convent School	2,315	2,209	To provide financial support to the school.
CYPES	De La Salle College	1,953	1,911	To provide financial support to the school.
CYPES	FCJ Primary School	304	328	To provide financial support to the school.
CYPES	Jersey Child Care Trust	134	134	To provide financial support for operating costs.
CYPES	Digital Jersey	366	539	To provide financial support for the running costs of the Digital Jersey Academy.
CYPES	Eden House Grant	691		To help develop a Therapeutic Children's Home.
IHE	Serco (Jersey) Limited	414	583	To provide financial support for the running costs of the Waterfront Pool.
IHE	Autism Jersey	-	1,000	To provide financial support for the costs of building a new dedicated facility.
J&HA	Victim Hub	-	79	Building a Safer Society Seed Corn project.
JOA	Overseas Aid Grants	6,184	6,715	To provide humanitarian aid for sustainable grant projects.
JOA	Overseas Aid Grants	2,138	1,939	To support community work project initiatives.
JOA	Overseas Aid Grants	3,361	3,076	To provide disaster and emergency relief.
Non Mins	Bailiff's Covid 19 Appeal	170	1,035	To support the provision of trauma focused therapy for HCS staff and the acquisition of new medical equipment.
OCE	Government of Jersey London Office	594	553	To provide financial support for the running costs of the Jersey Government's London Office.
OCE	Bureau de Jersey Ltd	100		To provide financial support for operating costs.
OCE	Channel Islands Brussels Office	319	357	To provide financial support for the running costs of the Channel Islands Brussels Office
OCE	Jersey Finance Limited	5,620	5,100	Grant towards costs of organization that promotes the Jersey's finance Industry and provides technical assistance to the Jersey Government.
OCE	Digital Jersey Ltd	2,025	1,725	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	2021 £'000	2020 £'000	Reason for Grant (Strategic Priorityi)
OCE	Jersey Competition Regulatory Authority	691	-	Grant towards cost of organisation that seeks to create a more competitive commercial environment.
OCE	Jersey Island Genetics Ltd	183	180	Cattle testing.
OCE	Jersey National Park Ltd	150	100	Grant towards costs of safeguarding and developing the Jersey National Park.
OCE	Jersey Arts Centre Association	602	511	To provide financial support for operating costs.
OCE	Jersey Arts Trust	-	386	To provide financial support for operating costs.
OCE	Jersey Opera House	572	555	To provide financial support for operating costs.
OCE	Jersey Heritage	4,503	4,405	To provide financial support for operating costs.
OCE	Jersey Battle of Flowers (Events) Ltd	-	84	To provide financial support for costs of event.
OCE	Jersey Rugby Football Club	150	250	Grant to fund running of team.
OCE	Art House Jersey	515	301	To provide financial support for operating costs.
OCE	Jersey Business Ltd	1,568	1,437	Grant support for operating costs and business plan objectives.
OCE	Jersey Sport	1,956	897	To provide financial support for the development of Jersey sport.
OCE	Jersey Consumer Council	89	91	To provide financial support for operating costs.
OCE	Visit Jersey Ltd	5,650	4,628	To provide financial support for operating costs.
OCE	Fisheries Scheme	186	251	To provide financial support for the Jersey fishing industry.
OCE	Jersey Products Promotion (2017) Ltd	218	215	Supporting Rural Initiative Scheme that supports innovation and business diversification.
OCE	Super League Triathlon	270	-	To provide financial support for hosting the Super League Triathlon in Jersey (2, 3).
OCE	Jersey Office of the Information Commissioner	500	-	To provide financial support to an organisation that enforces data protection legislation (3, 4).
OCE	Jersey Bus Tours	129	-	Provision of financial support.
OCE	Normandy Trader Freight Services Ltd	107		Provision of financial support.
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	Charities Commissioner Costs	110	192	To provide financial support for the costs of the Charity Commissioner.
T&E Funds	The Jersey Community Foundation Limited	1,096	539	To assist with the distribution for charitable purposes of approved amounts from the Dormant Bank Account Fund.
T&E Funds	Association of Jersey Charities	1,388	374	CI Lottery
Ports of Jersey	Ports of Jersey Grant	84		Ports grant
	Total significant grants awarded	**51,663**	**45,135**	

4.8 Grants (continued)

Fiscal Stimulus Grants

Issuing Dept	Grantee	2021 £'000	2020 £'000	Reason for Grant (Strategic Priority)
C&LS	Jersey Employment Trust (JET)	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	210	-	Project supporting long term jobseekers.
C&LS	Shelter Trust	190	-	To support women only accommodation.
CYPES	Trinity Youth Centre Trust	621	-	To provide financial support for the operating costs of the Trinity Youth Centre.
CYPES	Jersey Scouts	36	-	Refurbishment of Kenneth Faucon Hall
CYPES	Beaulieu Convent School	1,055	-	Beaulieu Convent School - Sports Centre
CYPES	Every Child Our Future	60	-	Every Child Our Future Summer School
HCS	Brook Jersey	181	-	Brook Jersey premises
IHE	Baptist Facility	158	-	Fiscal Stimulus funding project.
IHE	Enable Jersey Changing Facility St Brelades Bay	87	-	Re-develop the changing room facilities at St. Brelades beach
IHE	Jersey Cheshire Home	67	-	Solar PV panels
IHE	The Jersey Race Club	15	-	Racecourse improvements
IHE	Healing Waves	19	-	Healing Waves - Adaptive Surf Centre
IHE	Jersey Association of Youth and Friendship	30	-	Maintenance grant for JAYF hostels
IHE	Jersey Biodiversity Centre	34	-	Engage Jersey with Nature 2021
OCE	Jersey Heritage	199	-	Hamptonne
OCE	Jersey Heritage	126	-	Website and membership support system upgrades
OCE	Royal Jersey Agricultural & Horticultural Society	197	-	RJA&HS grounds refurbishment
OCE	The National Trust of Jersey	528	-	Morel Farm
OCE	Jersey Heritage	34	-	La Hougue Bie Gallery and Workshop
OCE	Jersey Consumer Council	18	-	Consumer Confidence and Data Security
	Total Fiscal Stimulus grants awarded	**4,467**	**-**	

Economic Recovery Fund Grants

Issuing Dept	Grantee	2021 £'000	2020 £'000	Reason for Grant (Strategic Priority)
OCE	Tantivy Blue Coach Tours Ltd	118	-	Visitor Attraction & Events Support Scheme (VAES) to support Coach tours around Jersey.
OCE	C I Travel Group	93	-	VAES to support tourism attractions in Jersey
OCE	Individual - Sayers Martin Mr	146	-	VAES to support tourism attractions in Jersey
OCE	Polar Cars Ltd	211	-	Vehicle Hire Car support scheme
OCE	Europcar Jersey	212	-	Vehicle Hire Car support scheme
OCE	Spellbound Holdings Ltd	120	-	Vehicle Hire Car support scheme
OCE	Visitor Accommodation Support Scheme (VASS) - Various	6,260	-	To support local visitor accommodation providers
OCE	Fixed Cost Support Scheme (FCSS) - Various	3,105	-	Fixed Cost Support Scheme as part of Economic Recovery Fund
	Total Economic Recovery Fund grants awarded	10,265	-	

4.8 Grants (continued)

Payments made under Significant Grant Schemes during 2021

The note below summarises payments under Government of Jersey Grant Schemes where total payments exceeded £25,000 in 2021.

Issuing Dept	Name of Scheme	2021 £'000	2020 £'000	Reason for Grant (Strategic Priority)
GHE	Countryside Enhancement Scheme	-	133	Environmental financial support to land owners for the benefit of the Island's population (3,5)
IHE	Area Payments to Individuals	814	1,509	Support to underpin a base level of farming activity in the countryside (3,5)
OCE	Quality Milk Payments to Individuals	485	542	Transitional support to allow the industry to implement their Dairy Industry Recovery Programme (3,5)
CYPES	Nursery Education Fund	2,170	1,605	Provide pre-school learning through the Nursery Education Fund (3)
CYPES	Grants to individuals (Jersey College for Girls)	-	202	To assist students in the payment of fees (3)
CYPES	Grants to individuals (Victoria College)	10	134	To assist students in the payment of fees (3)
C&LS	Various employment schemes	681	217	Additional employment opportunities for the unemployed - includes Back to Work, Enhanced Workzone, Advance Plus (2, 3)
	Total significant grants awarded under Government of Jersey Grant Schemes	4,160	4,342	
	Total other Grants and Subsidies under £75k	1,169	767	
	Grand Total - Grants and Subsidies awarded	**71,724**	**50,243**	
	Adjustment to accrued grants in prior year	-	470	
	Total Grants and Subsidies expense recorded	**71,724**	**50,713**	

Performance Narrative

The increase in grant expenditure in 2021 is mainly due to the Fiscal Stimulus programme and other specific measures taken to support the local economy and mitigate the impact of Covid-19 through the Economic Recovery Fund. Those grants have been separated out in this note.

More information on year on year movements and some specific examples can be found in the Financial Review section starting on page 174.

[1]Strategic Priorities Notes

Information on which of the Government of Jersey Strategic Priorities are supported in awarding each grant is provided in the table above.
The Priorities as set out in the Strategic Plan are:

1. Put children first.
2. Improve Islanders' wellbeing and mental and physical health.
3. Create a sustainable, vibrant economy and skilled local workforce for the future.
4. Reduce income inequality and improve the standard of living.
5. Protect and value our environment.

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 property indices. Assets are independently valued by RICS registered valuers, the Valuation Office Agency.

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 IP Incorporated.

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.

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	Not depreciated per JFReM 7.1.40
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.

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

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	-	(15,476)	(92,968)	(19,388)	-	-	-	-	-	-	(127,832)
At 31 December 2021	(69,935)	(335,705)	(214,538)	(62,758)	(86,672)	(10,048)	(170,921)	(4,276)	(58)	-	(954,912)
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	746,024	911,238	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	8,618	1,421	-	-	-	-	-	-	-	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)

a) Reconciliation - 2020

	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 2020	400,080	913,897	947,114	1,400,180	353,707	20,034	256,357	10,055	823	204,392	4,506,639
Additions	-	-	3,972	-	-	-	44	37	-	147,238	151,291
Disposals	-	(3,775)	-	-	-	(125)	(3,045)	(1,149)	-	-	(8,094)
Transfers	235	50,669	44,793	(26,542)	38,056	(2,833)	16,442	(3,261)	-	(117,559)	-
Revaluations	1,497	29,405	52,736	(2,062)	28,161						109,737
Assets reclassified (to)/from Intangibles	-	-	-	-	-	-	-	-	-	(616)	(616)
Assets reclassified (to)/from Non-Current Assets Held For Sale	-	-	(24,983)	-	-	-	-	-	-	-	(24,983)
At 31 December 2020	401,812	990,196	1,023,632	1,371,576	419,924	17,076	269,798	5,682	823	233,455	4,733,974
Accumulated Depreciation											
At 1 January 2020	(64,092)	(233,593)	(83,898)	(27,047)	(66,572)	(12,613)	(141,048)	(5,496)	(52)	-	(634,411)
Depreciation charge	-	(33,331)	(13,632)	(7,426)	(10,147)	(1,370)	(15,321)	(581)	(3)	-	(81,811)
Disposals	-	-	-	-	-	105	3,014	1,151	-	-	4,270
Transfers	-	-	-	-	-	3,159	(4,229)	1,070	-	-	-
Impairment *	(5,843)	(17,239)	(8,991)	(161)	3,250	-	-	-	-	-	(28,984)
At 31 December 2020	(69,935)	(284,163)	(106,521)	(34,634)	(73,469)	(10,719)	(157,584)	(3,856)	(55)	-	(740,936)
Net Book Value: 31 December 2020	**331,877**	**706,033**	**917,111**	**1,336,942**	**346,455**	**6,357**	**112,214**	**1,826**	**768**	**233,455**	**3,993,038**
Net Book Value: 1 January 2020	**335,988**	**680,304**	**863,216**	**1,373,133**	**287,135**	**7,421**	**115,309**	**4,559**	**771**	**204,392**	**3,872,228**
Asset Financing											
Purchased	289,783	697,799	915,670	1,336,942	346,455	6,269	111,680	1,826	46	233,455	3,939,925
Donated	32,684	34	-	-	-	88	534	-	722	-	34,062
Leased	9,410	8,200	1,441	-	-	-	-	-	-	-	19,051
Net Book Value: 31 December 2020	**331,877**	**706,033**	**917,111**	**1,336,942**	**346,455**	**6,357**	**112,214**	**1,826**	**768**	**233,455**	**3,993,038**

* The £5.8m impairment charge for Land is a downward revaluation.

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			See Accounting Policy							
Frequency of Full Valuation	Quinquennial	Quinquennial	Quinquennial	Quinquennial	Quinquennial			N/A		
Date of last full valuation	December 2017	December 2017	December 2018	December 2018	December 2018					
Effective Date of Valuation	December 2021	December 2021	December 2021	December 2021	December 2021					
Carrying Amount at Cost	310,820	454,956	503,324	977,326	121,253	7,586	112,531	2,873	5,015	304,734
Revaluation Surplus / Deficit	40,684	299,715	409,334	441,556	237,466	-	-	-	-	-
Revaluation /Impairment Movement in Year	19,010	54,576	(23,352)	79,614	23,209	-	-	-	-	-

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 2021 as well as additional expenditure recognised as 'Assets under course of construction' during the year. These increases are partly offset by depreciation and disposals.

Following a review of the relevant indices to indicate a change in the fair value of land and building assets, land values were increased by £15.6m and buildings by £54.5m. The external valuers, Valuation Office Agency, performed an interim valuation of infrastructure assets as at 31 December 2021. The overall valuation increase on infrastructure assets was £81.5m comprising:

Roads - £12.7m, Structures - £3.5m, Sea Defences - £29.3m, Drainage - £2.9m, Infrastructure Land - £33m

Social Housing

On 7 December 2021 the Minister for Housing and Communities lodged an Amendment to Deputy Mezec's Amendment to the Government Plan 2022-2025 (Proposition P.90/2021) amending the Social Housing Rents Policy. This amendment changed the amount of rent Andium Homes are able to charge from 90% of the market rate to 80% of the market rent. The Amendment was accepted and incorporated into the 2022-2025 Government Plan on 14 December 2021. To reflect that change, the external valuers, JLL, reperformed the valuation of the social housing stock as at 31 December 2021 applying the revised assumtpions.

The social housing stock was valued at £913m in 2021 which was £3m less than at 31 December 2020. This movement is broadly broken down as: £15m reduction for properties sold, demolished or refurbished; £44m increase for new stock added in the year; £41m write down for change in rent policy and; £9m increase for properties not impacted by the rent policy change and re-lets.

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.

	2021 £'000	2020 £'000
Tangible		
Andium: Mayfair	48,153	-
SOJDC Joint Venture: Horizon Development	44,720	68,727
Andium: Ann St Brewery	-	63,249
SOJDC: International Finance Centre 6	38,940	-
Andium: The Limes	37,045	-
Andium: Kensington	21,775	-
Andium: La Collete Low Rise	21,290	36,317
Andium: Ann Court	19,921	25,215
HCS: Our Hospital	10,568	27,113
Andium: Le Marais	10,229	17,719
IHE: Orchard House	3,634	-
COO: Intergrated Technology Solution	3,178	-
IHE: Prison Phase 6	2,813	-
JCP: Anne Court Car Park	2,781	2,888
JFM: Vehicle Plant and Replacement	2,540	-
HCS: Health Service Improvements	2,227	-
IHE: Liquid Waste Strategy	1,322	18,345
Andim: Le Squez 4	1,115	8,206
HCS: Digital Care Strategy	969	-
Andium: Summerland	952	8,300
IHE: School and Education Development	896	-
IHE: Grainville Phase 5	276	3,119
Andium: Low Convent Rise	76	3,167
Other Tangible	5,306	15,404
Total Tangible	280,726	297,769
Intangible		
COO: Intergrated Technology Solution	3,638	-
T&E: Taxes Office System Renewal	158	1,133
COO: Service Digitisation	141	-
COO: Replacement Assets 2021	126	-
Other Intangible	125	375
Total Intangible	4,188	1,508
Total Capital Commitments	**284,914**	**299,277**

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	2021 £'000	2020 £'000
Balance at 1 January	17,340	17,340
Net gains/(losses) from fair value adjustments	560	-
Balance at 31 December	**17,900**	**17,340**

The States have classified the Waterfront Leisure Centre as investment property holdings as the property is being held for long-term rental yields and capital appreciation. 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.

	2021 £'000	2020 £'000
Rental income from investment property	2,020	2,170
Net Rental Income	**2,020**	**2,170**

The future minimum lease rentals receivable are as follows:

	2021 £'000	2020 £'000
Within one year	1,192	1,313
Within two to five years	4,813	4,870
Later than five years	1,295	2,138
Total future lease rentals due under existing contracts	**7,300**	**8,321**

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) excluding equity investments, housing property bonds and derivatives
FVTOCI	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. Equity instruments that are neither held for trading nor contingent consideration recognised in a business combination. After initial recognition, these assets are subsequently carried at fair value. Gains and losses in fair value are recognised directly in equity. On derecognition, the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Net Expenditure.	Strategic investments and equity investments

The group has made the irrevocable election to present Strategic Investments (as defined in note 11 (a)) as fair value through other comprehensive income (FVTOCI).

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.

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.

Accounting Policies

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

Accounting Policies

4.11 Financial Instruments (Continued)

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

a) Financial Instruments by Category

	2021		2020	
	Long-term £'000	Short-term £'000	Long-term £'000	Short-term £'000
Financial Assets				
Amortised Cost				
Cash and cash equivalents (Note 14)	-	195,376	-	302,524
Trade and other receivables (Note 13)	10,267	73,650	10,304	34,927
Loans and advances	16,340	420	14,136	813
Short Term Liquid Investments	14	177,837	1,758	88,944
Preference shares	7,400	-	17,400	-
	34,021	447,283	43,598	427,208
Fair value through OCI				
Strategic investments	415,306	-	341,600	-
	415,306	-	341,600	-
Fair value through profit and loss assets				
Housing Bonds	37,438	-	30,162	-
Investments	3,379,662	24,727	3,106,469	20,620
Derivatives*	-	804	-	14,368
	3,417,100	25,531	3,136,631	34,988
Total financial assets**	3,866,427	472,814	3,521,829	462,196
Financial Liabilities				
Amortised cost				
Trade and other payables (Note 15)	-	(37,880)	(73)	(26,040)
External borrowing (Note 16)	(296,052)	(96,518)	(253,984)	(687)
Total financial liabilities	**(296,052)**	**(134,398)**	**(254,057)**	**(26,727)**

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 Fund page 213).

* The balances stated above are recorded as a net derivative basis. The gross derivative asset value is £56,433,000 and the gross liability value is £55,624,000.

** 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 seperately as referenced above.

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	2021 £'000	2020 £'000
Jersey Electricity PLC	62% (19,000,000 Ordinary Shares of 5p)	117,800	100,230
JT Group Limited**	100% (20,000,000 £1 Ordinary shares)	223,098	182,290
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)	30,283	28,500
Jersey Post International Limited	100% (5,000,000 £1 Ordinary shares)	44,125	30,580
Total Jersey Strategic Investments		**415,306**	**341,600**

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

All States instructed hedging on equity in USD and Euro was removed in January 2021. Some segregated mandates in the Equity asset class instruct their own hedging.

The derivatives remaining are hedging managers holding debt-like investments in the Opportunities asset class which have exposure in USD and Euro, these are hedged at 90%.

Whilst these instruments offset foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through the Statement of Comprehensive Net Expenditure (SOCNE). 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 4.11(b).

Settlement	Currency bought	Local value	Currency sold	Local Value	Asset Value	Liability Value
		£'000		£'000	£'000	£'000
Due to mature in under 6m	GBP	348	CNH	(2,997)	-	-
	GBP	12,215	EUR	(14,437)	76	-
	GBP	1,301	HKD	(13,702)	3	-
	GBP	50	JPY	(7,760)	-	-
	GBP	37,555	USD	(50,672)	136	-
	HKD	3,138	USD	(402)	-	-
	USD	28	AUD	(38)	-	-
	USD	4,698	CHF	(4,314)	-	(44)
	USD	69	EUR	(61)	-	-
	USD	673	GBP	(490)	6	-
	EUR	3,300	GBP	2,949	168	-
Due to mature in 6-12m	EUR	3,300	GBP	2,967	164	-
Due to mature in 1-2y	EUR	6,300	GBP	5,715	295	-
Open forward contracts at 31 December 2021					848	(44)
Net forward contracts at 31 December 2021						**804**

** During 2021, JT Group Limited disposed of their 'Internet of Things' division to Perwyn. JT Group Limited upstreamed partial proceeds from the sale to the States of Jersey, as sole shareholder, through redeeming their 10m preference shares and issuing a 40m special dividend.

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).

As 31 December 2021, 51 of the facilities that had been granted remained active with an approved total facility value of £3.4m. The relevant guaranteed value exposure of those facilities is therefore £2.7m, plus any accrued interest. This value diminishes loan repayments over time.

There was one confirmed claim as at 31 December 2021 for the amount of £28k. This was provided for in the year end accounts. No other liability provision was recorded in the accounts as at 31 December 2021 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 £0.86 million (2020: £1.8 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 25 letters (2020: 31 letters) of comfort to four Housing Trusts covering loans totalling £74.87 million (2020: £88.4 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, and it is not anticipated that the interest rates will exceed the thresholds for triggering subsidy payments and therefore no amounts have been recognised in the States of Jersey accounts.

4.11 Financial Instruments (continued)

b) Amounts Recognised in the SOCNE

2021

	2021					
			Financial assets		Financial liabilities	
	Amortised Cost £'000	Fair value through OCI £'000	£'000	£'000	£'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)**

2020

	2020					
			Financial assets		Financial liabilities	
	Amortised Cost £'000	Fair value through OCI £'000	£'000	£'000	£'000	Total £'000
Interest income	(809)	-	(368)	-	-	(1,177)
Dividend income/distributions	-	(11,247)	(27,569)	-	-	(38,816)
Total Investment Income	(809)	(11,247)	(27,937)	-	-	(39,993)
Net Realised Financial Asset Gain	-	-	(116,889)	-	-	(116,889)
Net Unrealised Financial Asset Gain	-	-	(136,269)	-	-	(136,269)
Total (Gains)/Losses on Financial Asset	-	-	(253,158)	-	-	(253,158)
Interest expense	-	-	-	11,146	-	11,146
Fee expense	-	-	-	2,071	-	2,071
Total Finance Costs[i] relating to Financial Instruments	-	-	-	13,217	-	13,217
Impairment loss	4,718	-	-	-	-	4,718
Total Impairment[ii] relating to Financial Instruments	4,718	-	-	-	-	4,718
Total Income/Expenditure in Net Revenue Expenditure relating to Financial Instruments	**3,909**	**(11,247)**	**(281,095)**	**13,217**	**-**	**(275,216)**
Gains on Other Financial Assets	-	(9,490)		-	-	(9,490)
Surplus/deficit on revaluation of assets in Other Comprehensive Income	-	(9,490)	-	-	-	(9,490)
Net (Gain)/Loss for the year	**3,909**	**(20,737)**	**(281,095)**	**13,217**	**-**	**(284,706)**

4.11 Financial Instruments (continued)

[i]Reconciliation to SoCNE Finance Costs

Expenses Breakdown	2021 £'000	2020 £'000
Interest Expense	11,602	11,146
Fee Expense	1,435	2,071
Pension Past Service Liabilities Interest	14,536	14,533
Finance Costs	**27,573**	**27,750**

[ii]Reconciliation to SoCNE Impairments

Expenses Breakdown	2021 £'000	2020 £'000
Impairment Loss / (Reversals)	2,135	4,718
Impairment of PPE	14,693	28,983
Impairments	**16,828**	**33,701**

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.

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										
Amortized 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 - Forward foreign exchange	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)**

2020

31 December 2020	Carrying value: Financial and non-financial assets: Fair value through profit and loss	Fair value through OCI	Amortised cost	Financial liabilities: Fair value through profit and loss	Liabilities at amortised cost	Total	Fair value: Level 1	2	3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Amortised Cost										
Loans and advances	-	-	14,949	-	-	14,949	-	14,949	-	14,949
Trade and other receivables (Note 13)	-	-	45,231	-	-	45,231	45,231	-	-	45,231
Cash and cash equivalents (Note 14)	-	-	302,524	-	-	302,524	302,524	-	-	302,524
Short-term liquid investments	-	-	90,702	-	-	90,702	90,702	-	-	90,702
Preference shares		-	17,400	-	-	17,400	-	17,400	-	17,400
Fair value through OCI										
Strategic investments**	-	341,600	-	-	-	341,600	100,230	-	241,370	341,600
Fair value through profit and loss										
Housing Bonds	30,162	-	-	-	-	30,162	-	-	30,162	30,162
Government Bond Class	130,339	-	-	-	-	130,339	130,339	-	-	130,339
Corporate Bond Class	11,198	-	-	-	-	11,198	-	11,198	-	11,198
Absolute Return Bond Class	314,242	-	-	-	-	314,242	-	314,242	-	314,242
Equity Class	1,844,583	-	-	-	-	1,844,583	1,280,853	563,717	13	1,844,583
Property Class	104,024	-	-	-	-	104,024	-	-	104,024	104,024
Absolute Return Class	460,182	-	-	-	-	460,182	-	-	460,182	460,182
Opportunities Class	144,377	-	-	-	-	144,377	448	-	143,929	144,377
Alternative Risk Premia Class	118,144	-	-	-	-	118,144	-	118,144	-	118,144
Derivatives - Forward foreign exchange	14,368	-	-	-	-	14,368	14,368	-	-	14,368
Total financial assets	3,171,619	341,600	470,806	-	-	3,984,025	1,964,695	1,039,650	979,680	3,984,025
Non-Financial assets										
Investment Property	17,340	-	-	-	-	17,340	-	-	17,340	17,340
Total financial and non-financial assets	**3,188,959**	**341,600**	**470,806**	**-**	**-**	**4,001,365**	**1,964,695**	**1,039,650**	**997,020**	**4,001,365**
Financial liabilities										
Liabilities at amortised cost *										
Trade and other payables (Note 15)	-	-	-	-	(26,113)	(26,113)	(26,113)	-	-	(26,113)
External borrowing (Note 16)	-	-	-	-	(254,671)	(254,671)	-	(254,671)	-	(254,671)
Total financial liabilities	**-**	**-**	**-**	**-**	**(280,784)**	**(280,784)**	**(26,113)**	**(254,671)**	**-**	**(280,784)**

* 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.

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 2021.

Description of asset	Assessed valuation range		Value at 31 December 2021	Value on increase	Value on decrease
	+%	-%	£'000	£'000	£'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**

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.

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**	**61,013**	**-**	**352,844**

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 2020	Value on increase	Value on decrease
	+%	-%	£'000	£'000	£'000
Global Equities	19%	-19%	13	15	11
Absolute Return Bonds	8%	-8%	460,182	496,536	423,828
Property	13%	-13%	104,024	117,235	90,813
Opportunities	15%	-15%	143,929	165,374	122,484
Total			708,148	779,160	637,136

2020	Opening balance £'000	Transfers into Level 3 £'000	Transfers out of Level 3 £'000	Net Purchases/ (Sales) £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Closing balance £'000
Common Investment Fund							
Property Pool	108,830	-	-	909	(5,500)	(215)	104,024
Absolute Return Pool	405,528	-	-	(9,026)	69,356	(5,676)	460,182
Opportunities Pool	95,613	-	-	45,596	2,419	301	143,929
Total movements within the Common Investment Fund	**609,971**	**-**	**-**	**37,479**	**66,275**	**(5,590)**	**708,135**
Unquoted Strategic Investments	246,800	-	-	-	(5,430)	-	241,370
Housing bonds	26,682	-	-	4,955	(1,474)	-	30,163
Investment Property	17,340	-	-	-	-	-	17,340
Total movements outside the Common Investment Fund	**290,822**	**-**	**-**	**4,955**	**(6,904)**	**-**	**288,873**

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.
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.
Forward Foreign Exchange derivatives	2	Market forward exchange rates at the year-end.	Exchange rates.	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
Absolute Return Pool	3	Valued monthly at NAV based on manager valuation models.	Investment valuations are determined by the Manager. In determining these valuations the fair values of assets for which there is an active market are obtained from observable market prices. Where there is no active market is in existence, the manager will utilise mark to model values which are derived from a variety of asset 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.

* 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
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. The fair values of assets for which there is an active market are obtained from observable market prices. Where there is no active market is in existence, the manager will utilise mark to model values which are derived from a variety of asset 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.
Investment property	3	All risk yield comparison.	Unobservable inputs: expected net income of £1.412m per annum and expected yield of 6.77%.	Yield sensitivity: -0.5% increases value by £1.322m +0.5% decreases value by £1.322m
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 increase/(decrease) the value by £27.696m 5% increase/(decrease) in discount rate (decreases)/increases the value by £11.532m

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 (January 2021) 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 January 2021.

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.

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:

2021

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

2020

Asset type	Value at 31 December 2020 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Equity Class	1,844,583	18%	2,176,608	1,512,558
Strategic investments	341,600	1%	341,600	337,159
Total	**2,186,183**		**2,518,208**	**1,849,717**

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 demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

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	137,001	1,370	138,371	135,631
Absolute Return class	492,355	4,924	497,279	487,431
Bonds	463,829	4,638	468,467	459,191
Total change in assets available	**1,093,185**	**10,932**	**1,104,117**	**1,082,253**

2020

Assets exposed to interest rate risk	Value at 31 December 2020 £'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**

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 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	115,518	102,440
Absolute Return class	106,777	6,407	113,184	100,370
Alternative Risk Premia class	121,265	7,276	128,541	113,989
Total change in assets available	**2,037,592**	**122,256**	**2,159,848**	**1,915,336**

Assets exposed to currency risk	Value at 31 December 2020	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Overseas quoted equities	1,246,643	74,799	1,321,442	1,171,844
Total change in assets available	**1,246,643**	**74,799**	**1,321,442**	**1,171,844**

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.

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 2021 and 2020, stated at their gross, contractual and undiscounted amounts, fall due as indicated in the following table:

2021

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

2020

Financial Liabilities	Less than one year	Between one to five years	Greater than 5 years	Total
	£'000	£'000	£'000	£'000
Trade and other payables (Note 15)	(26,040)	(73)	-	(26,113)
External borrowing (Note 16)	(10,440)	(41,758)	(525,704)	(577,902)
Total	**(36,480)**	**(41,831)**	**(525,704)**	**(604,015)**

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:

	2021 £'000	2020 £'000
Raw Materials, Consumables, Work in Progress and Finished Goods	12,462	12,270
Development Property Inventories	25,709	20,075
Total Inventories	**38,171**	**32,345**

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Inventory used during the year	35,035	29,276	-	24,232
Inventory written off	651	595	531	1,426
Reclassifications	-	13	-	-
Total	**35,686**	**29,884**	**531**	**25,658**

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 which accrues 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

	2021 £'000	2020 £'000
Levied by the States of Jersey Receivables: Amounts falling due within one year		
Income Tax Receivables	152,614	195,838
Income Tax Accrued Income	72,780	313,743
GST Receivables	23,417	24,775
GST Accrued Income	32,376	27,500
Social Security Receivables	39,116	18,742
Social Security Accrued Income	57,580	53,971
Island Rates, Duties, Fines and Penalties Receivables	14,339	25,529
Island Rates, Duties, Fines and Penalties Accrued Income	818	304
Provision for Levied by the States of Jersey Receivables	(14,104)	(14,186)
Total Levied by the States of Jersey Receivables	378,936	646,216
Earned Through Operations Receivables: Amounts falling due within one year		
Trade Receivables	37,146	17,851
Prepayments and Accrued income	31,366	12,022
Contract Assets	7,506	7,756
Expected Credit Loss Allowance for Earned through Operations Receivables	(2,368)	(2,702)
Total Earned Through Operations Receivables	73,650	34,927
Total Receivables due within one year	452,586	681,143
Levied by the States of Jersey Receivables: Amounts falling due after more than one year		
Taxation Receivables [1]	331,373	-
Social Security Receivables	1,290	14,882
Total Levied by the States of Jersey Receivables due after more than one year	332,663	14,882
Earned Through operations Receivables: Amounts falling due after more than one year		
Trade and Other Receivables	10,267	10,304
Total Earned Through Operations Receivables due after more than one year	10,267	10,304
Total Receivables due after more than one year	342,930	25,186
Total Receivables	**795,516**	**706,329**

The provision for impairment of receivables is analysed below:

Trade and Other Receivables Categories	2021 £'000	2020 £'000
Income Tax Receivables	8,564	8,150
GST Receivables	456	434
Social Security Receivables	4,191	4,812
Island Rates, Duties, Fines and Penalties Receivables	892	790
Trade Receivables	1,375	1,200
Contract Assets	994	1,502
Total provision for impairment of receivables	**16,472**	**16,888**

Performance Narrative

[1]On 4 November 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 or less and that are readily convertible to known amounts of cash with low risk of change in value.

	2021 £'000	2020 £'000
Bank Deposit Accounts	62,207	147,399
Bank Current Accounts	37,941	22,750
Cash in Hand and in Transit	339	449
Cash Equivalents[i]	94,889	131,926
Total Cash and Cash Equivalents	**195,376**	**302,524**

Performance Narrative

The reduction in the value in bank deposit accounts is offset by an increase in the short-term liquid investments reported within financial instruments in Note 4.11. Overall, the liquid assets holding has not moved materially.

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 Short-Term 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.

	2021 £'000	2020 £'000
Levied by the States of Jersey Payables: Amounts falling due within one year		
Income Tax Payables and Receipts in Advance	97,403	91,224
GST Payables and Receipts in Advance	20,398	16,659
Social Security Payables and Receipts in Advance	11,115	23,505
Total Levied by the States of Jersey Payables falling due within one year	128,916	131,388
Earned Through Operations Payables: Amounts falling due within one year		
Trade Payables	37,880	26,040
Accruals and Deferred Income	40,012	38,002
Receipts in Advance	8,641	7,495
Contract liabilities	13,440	10,193
Total Earned Through Operations Payables falling due within one year	99,973	81,730
Total Payables falling due within one year	228,889	213,118
Amounts falling due after more than one year		
Trade Payables	-	73
Total Payables due after more than one year	-	73
Total Payables	**228,889**	**213,191**

The average credit period taken for purchases in 2021 was 24 days (2020: 23 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.

	2021 £'000	2020 £'000
Amounts falling due within one year		
States of Jersey Revolving Credit Facility	85,806	-
Jersey Development Company (JDC) Limited Bank Borrowings	712	687
Ports of Jersey Bank Borrowings	10,000	
Total borrowings due within one year	96,518	687
Amounts falling due after more than one year		
Jersey Development Company (JDC) Limited Bank Borrowings	25,197	10,408
Andium Bank Borrowing	27,175	-
States of Jersey External Bond	243,680	243,576
Total borrowings due after more than one year	296,052	253,984
Total Borrowings Due	**392,570**	**254,671**

Reconciliation of liabilities arising from financing activities

	2021 £'000	2020 £'000
Opening Balance	**254,671**	**256,484**
Financing cash flows	125,738	(12,959)
Changes which are not financing cash flow	12,161	11,146
Closing Balance	**392,570**	**254,671**

External borrowings is the only liabilities giving rise to financial cash flows during the year.

States of Jersey Revolving Credit Facility. On 7 May 2020, a £500m revolving credit facility was agreeed 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). The initial termination date of the facility is 7 May 2022 with an option to extend the term for a two further 1 year periods. Interest is at a margin over LIBOR as at year ended 31 December 2021 (SONIA will replace LIBOR on 1 January 2022).

Jersey Development Company bank borrowings. This loan is secured on inventory and investment property at a floating rate of interest of 3.62% (2020: 3.56%)

States of Jersey External Bond. A Bond was issued in June 2014, the proceeds of which are to be used to fund a programme of affordable housing through providers such as Andium Homes Limited. The unsecured Bond was issued at £244 million (nominal amount of £250 million, issued at a discount) with a coupon rate of 3.75%, and a final maturity of 40 years, with the final instalment due to be repaid in 2054. The effective interest rate for the Bond is 3.9%. No hedging has been undertaken for this Bond as the interest rate is fixed with bi-annual coupon payments.

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 LIBOR as at year ended 31 December 2021 (SONIA will replace LIBOR on 1 January 2022).

Andium 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, but with an option for two further 1 year extensions. Interest is at a margin over the Sterling Overnight Index Average.

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.

	2021 £'000	Movement £'000	2020 £'000
Jersey Notes issued	134,739	5,028	129,711
Less: Jersey Notes held	(27,427)	(3,289)	(24,138)
Total Jersey Notes in Circulation	107,312	1,739	105,573
Jersey Coinage issued	10,305	-	10,305
Less: Jersey Coinage held	(682)	5	(687)
Total Jersey Coinage in Circulation	9,623	5	9,618
Total Currency in Circulation	**116,935**	**1,744**	**115,191**

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:

	2021 £'000	2020 £'000
Within one year	5,397	3,784
Within two to five years	13,644	14,705
Later than five years	8,478	3,602
Total	**27,519**	**22,091**

4.18 Leasing

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:

	2021 £'000	2020 (restated)* £'000
Within one year	25,333	22,630
Within two to five years	52,106	50,941
Later than five years	49,312	49,094
Total	**126,751**	**122,665**

*2020 future lease payments receivables for period later than 5 years were restated due to inaccurate computation of the balance.

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 2021 and 2020 were made up of:

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**

2020

	2020 Balance b/f	Increase in provision	Used in year	Written back	2020 Balance c/f	Due within 12 months	Due after 12 months
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dormant Bank Accounts	18,376	1,377	(743)	-	19,010	-	19,010
Insurance Provision	4,777	598	-	-	5,375	-	5,375
Decommissioning Provision	1,003	-	-	-	1,003	-	1,003
Other Provisions	1,794	1,215	(165)	(150)	2,694	1,209	1,485
Total	**25,950**	**3,190**	**(908)**	**(150)**	**28,082**	**1,209**	**26,873**

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.

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.

Other provisions

Other provisions include redundancies scheduled as a result of workforce reorganisation, court decisions and other potential liabilities.

Performance Narrative

The most significant change in 2021 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 Movement in Past Service Liability line within Statement of Comprehensive Net Expenditure.

(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, annual repayments are due to be paid until September 2053. The amount payable increases each year in line with the average pay increase of Scheme members who are States employees. This means that the repayment of the debt is weighted towards the end of the loan period.

Due to the relative size of the annual payment the States does not consider that this liability leads to any significant liquidity risk.

The debt is valued as a salary-like bond and the long term nature of this arrangement means that the level of the debt is sensitive to changes in the market conditions that are used to value the debt. It is possible for the level of the debt to increase or decrease over the course of a financial year due to changes in market conditions. During 2021 the value of the pre-87 debt increased by £3.7 million.

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. It is intended to raise financing in accordance with the principles of the Debt Strategy to repay the PECRS Pre-87 liability.

	2021 £'000	2020 £'000
Balance at 1 January	**326,641**	**322,958**
Finance Charge	14,536	14,533
Payment in Year	(9,057)	(8,529)
Movement in Liability Amount	9,700	(2,321)
Balance at 31 December	**341,820**	**326,641**
Amounts falling due:		
Within one year	9,003	8,603
After one year	332,817	318,038
Balance at 31 December	**341,820**	**326,641**

The calculation of the Closing Liability amount uses the following assumptions:

	2021 %	2020 %
Average future increase in staff expenditure	5.25	5.15
Discount rate	4.50	4.45

4.20 Past service liabilities (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.

On the basis of the Management Board proposal the Scheme Actuary has calculated the value of this past service debt at the actuarial valuation date and an updated value as at 31 December 2021. As a result the provision has increased from £124.4 million to £128.8 million, with the movement being recognised within the "Movement in Past Service Liability" line in the SoCNE.

This represents the expected amount that will be required to settle the liability, based on the latest information available in the Management Board proposal. In December 2021, the States Assemby approved the refinancing of the JTSF pension increase liability as part of the Government Plan 2022-25. It is intended to raise financing in accordance with the principles of the Debt Strategy to repay the JTSF pension increase liability.

	2021 £'000	2020 £'000
Balance at 1 January	128,776	124,413
Finance Charge	8,251	7,971
Payment in Year	(3,732)	(3,608)
Balance at 31 December	**133,295**	**128,776**

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

The calculation of the liability uses the following assumptions:

	2021 %	2020 %
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

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).

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

	2021 £'000	2020 £'000
Net Revenue Expenditure		
Current service cost	1	1
Net interest expense	50	85
Total Post-Employment Benefits charged to Net Revenue Expenditure	51	86
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)	(76)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	114
Actuarial gains/(losses) arising from changes in financial assumptions	(119)	(397)
Other (if applicable)	(236)	-
Total Remeasurement of Defined Benefit Pension Scheme Liability recognised in Other Comprehensive Income	(452)	(359)
Total charged to the Consolidated Statement of Net Expenditure	**(401)**	**(273)**

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:

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)**

2020

	Asset £'000	Liability £'000	Net Liability £'000
Jersey Post Office Pension Fund	5,813	(6,451)	(638)
Discretionary Pension Scheme	237	(609)	(372)
Jersey Civil Service Scheme (pre-1967)	-	(2,994)	(2,994)
Total defined benefits schemes	**6,050**	**(10,054)**	**(4,004)**

Reconciliation of the movements in scheme assets

	2021 £'000	2020 £'000
Opening fair value of asset	6,050	6,432
Interest income	75	117
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	97	76
Contributions from employer	334	361
Net benefits paid out	(883)	(936)
Closing fair value of assets	**5,673**	**6,050**

Reconciliation of the movements in scheme liabilities

	2021 £'000	2020 £'000
Opening present value of liabilities	(10,054)	(11,070)
Current service cost		
Interest cost	(125)	(202)
Remeasurement gain/(loss):		
Actuarial gains/(losses) arising from changes in demographic assumptions	0	(114)
Actuarial gains/(losses) arising from changes in financial assumptions	119	(446)
Other (if applicable)	236	843
Benefits paid	882	935
Closing present value of liabilities	**(8,942)**	**(10,054)**

Scheme assets comprised

	2021 £'000	2020 £'000
Index-linked gilts	4,947	4,868
Cash and net current assets	163	944
Other	563	-
Secured pension (Annuity)	-	238
Total	**5,673**	**6,050**

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:

	2021	2020
Demographic assumptions:	Years	Years
Longevity of pensioners after 65		
Men	22	22
Women	24	23
Financial assumptions:	% p.a.	% p.a.
Inflation	3.3	3
Pensions increase	3.3	3
Discount rate	2.0	2

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.

	2021		2020	
Impact on the defined benefit obligation	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	£'000	£'000	£'000	£'000
Discount rate (increase/decrease of 0.1%)	(79)	79	(89)	89
Rate of increase in pensions (increase/decrease of 0.1%)	78	(79)	88	(89)
Post retirement mortality assumption (increase/decrease of 1 year)	(491)	502	(552)	565

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 2021 (2020: nil).

Contingent liabilities

The following contingent liabilities exist as at 31 December 2021.

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

Civil claims against the States of Jersey/ Minister for Children and Education continue to be a present obligation. The historic abuse redress schemes have settled many claims for abuse for which the Government of Jersey is/was vicariously liable. The schemes did not cover claims relating to the failure of children's services to protect children from harm and abuse perpetrated by parents. The effect of the Supreme Court judgement in June 2019 regarding the case of 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 this liability cannot be made in the Accounts because the amount of the obligation cannot be measured with sufficient accuracy.

A number of other potential liabilities may exist, but details are not included in these accounts as they may prejudice the outcome of the actions in question.

These include potential claims in the following areas:

- Health and Safety
- Employment issues
- Contract Terms
- Medical Claims
- Public Liability Claims

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.

	2021 £'000	2020 £'000
Losses		
Losses of cash		
Overpayment of Social Benefits	250	210
Total losses of cash	250	210
Bad debts and claims abandoned		
Uncollectible Tax	988	256
Other Tax Receivables written off	197	54
Other claims abandoned	2	519
Total bad debts and claims abandoned	1,187	829
Damage or loss of inventory		
Write off of expired stock	28	341
Other inventory write offs	902	213
Total damage or loss of inventory	930	554
Total Losses	2,367	1,593
Special Payments		
Total ex gratia and extra contractual payments	2,727	1,168
Total Severance Payments	327	773
Total Regulatory Payments	-	55
Total Special Payments	3,054	1,996
Total Losses and Special Payments	**5,421**	**3,589**

Performance Narrative

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

The increase in inventory write offs is largely due to an impairment of £531,459 in SoJDC relating to design fees for the Waterfront Leisure Centre that cannot be capitalised as it is too premature to reclassify Waterfront Leisure Centre from Investment Property to Inventory.

Ex gratia payments include a confidential out of court settlement made to Mr Alwitry in respect of a terminated employment contract. The States Employment Board agreed to pay Mr Alwitry £2,369,000 gross in respect of his claimed losses as a result of the termination of his contract of employment and neither party is entitled to comment further on the terms of this settlement.

4.24 Related Party Transactions

Accounting Policies

For the purpose of disclosure of Related Party Transactions, Key Management Personnel are considered to be the Council of Ministers, Assistant Ministers and members of Executive Leadership Team subject to remuneration disclosures. These disclosures include short-term employee benefits, post-employment benefits (pensions) and termination benefits.

The definition of 'related party' applied in this disclosure is provided in the Glossary. The related parties disclosed are based on the public declarations of interest for each States Member (which do not currently include close family members) and the annual register of interests submissions made by each Accountable Officer.

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

Transactions relating to salaries and statutory amounts such as taxes are excluded. Transactions in respect of the Payroll Co-Funding and other economy support schemes are also excluded as there is universal access for eligible parties.

Where the party is related through a Minister or Assistant Minister, only transactions occurring whilst they were in office are recognised in the accounts.

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.

2021

Organisation	Note	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 £4.0m
Jersey Post International Ltd		502	405	163	4	No dividend income for 2021
JT Group Limited		43,063	5,705	233	-	Income includes dividends of £42.5m
The Jersey New Waterworks Company Ltd		2,351	256	35	15	Income includes dividends of £2.2m
Directly Controlled Entities - Other						
Bel Royal School		1	-	-	-	
Grouville School Fund		2	-	-	-	
Haute Vallee School		3	7	-	-	
Hautlieu School		-	3	-	-	
Les Landes School Fund		1	4	-	-	
Les Vaux Housing Trust		1	-	-	-	
Mont A LAbbe School		1	-	-	-	
Plat Douet School Fund		2	-	-	-	
St Saviours School Fund		2	1	-	-	
Samares School Fund		1	-	-	-	
Victoria College		-	40	-	-	
Jersey College for Girls		-	29	-	-	
Les Quennevais School Fund		-	2	-	-	
Victoria College Prep		-	2	-	-	
Trinity Youth Centre Trust Inc		-	621	-	-	
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						
PEPF		450	-	-	-	Income related to services provided by the Treasury & Exchequer Department.
JTSF		149	-	-	-	Income related to services provided by the Treasury & Exchequer Department.
Controlled or influenced by Key Management Personnel or members of their close family						
Jersey Cares Ltd		-	198	-	-	Senator Ian Gorst is a director
Channel Islands Brussels Office		-	319	-	-	Kate Halls-Nutt, Group Director for External Affairs, is a director.
National Trust for Jersey		-	608	-	-	Alec le Sueur, Practice Director of Law Officers' Department, is a council member.
Jersey Heritage		-	5,036	22	-	Steven Cartwright (Chief Officer of Bailiffs Chambers) and the spouse of Mark Egan (Greffier of the States), are trustees.
De La Salle College		-	2,040	-	-	Mike Cutland, Chief Probation Officer, is a governor.
Caritas Jersey		-	1	-	-	Mike Cutland, Chief Probation Officer, is a director.

2020

Organisation	Note	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		5,476	10,046	67	-	Income includes dividends of £3.8 million
Jersey Post International Ltd		258	888	147	-	No dividend income received for 2020
JT Group Limited		5,568	2,732	223	-	Income includes dividends of £5.3 million
The Jersey New Waterworks Company Ltd		2,267	2,417	35	-	Income includes dividends of £2 million
Directly Controlled Entities - Other						
Victoria College		-	37	-	-	
Victoria College Prep			5			
Jersey College for Girls School Fund		-	13	-	-	
Hautlieu School		-	7	-	-	
Indirectly Controlled Entities - Subsidiaries of Strategic Investments						
JE Building Services		-	152	-	-	Subsidiary of JEC
Jersey Deep Freeze Ltd		-	219	-	-	Subsidiary of JEC
Jersey Energy		-	-		--	Subsidiary of JEC
Retirement Schemes						
PEPF		661	-	-	-	Income related to services provided by the Treasury & Exchequer Department.
JTSF		267	-	-	-	Income related to services provided by the Treasury & Exchequer Department.
Controlled or influenced by Key Management Personnel or members of their close family						
Jersey Cares Ltd		-	179	-	-	Senator Ian Gorst is a director.
Channel Islands Brussels Office		-	297	-	-	Kate Halls-Nutt, Group Director for External Affairs, is a director.
National Trust for Jersey		-	100	-	-	Alec le Sueur, Practice Director of Law Officers' Department, is a council member.
Jersey Heritage		-	4,633	30	-	Steven Cartwright (Chief Officer of Bailiffs Chambers) and the spouse of Mark Egan (Greffier of the States), are trustees.
De La Salle College			1,983	-	-	Mike Cutland, Chief Probation Officer, is a governor
Caritas Jersey		-	-	-	-	Mike Cutland, Chief Probation Officer, is a director
Millar Software and Consulting Ltd		-	10	-	-	E Millar, Viscount, is spouse of the owner

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 of the Royal Court undertakes a number of activities that give rise to holding assets on behalf of third parties. The majority of these are held as part of the anti-money laundering regime. The main activities that give rise to this are:

- Désastres: assets relating to bankruptcy cases for onward payment to creditors;
- Curatorship: funds held on behalf of those who cannot manage their own affairs;
- Enforcement: judgements and compensation monies for onward payment to creditors and beneficiaries;
- Criminal injuries: funds held on behalf of minors until age of maturity;
- 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 or proceeds of crime is remitted to the Criminal Offences Confiscations Fund; if a third party is found not guilty, property is returned.

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

Liquid Assets	2021 £'000	2020 £'000
Viscount's	38,772	36,083
Health and Community Services	298	190
Justice and Home Affairs	28	22
Charitable Funds	46,240	42,958
Total Liquid Assets held on behalf of third parties	**85,338**	**79,253**

In addition to the liquid assets listed above the Viscount’s Department holds property and contents with an approximate total value of £12.2 million (2020: £17 million).

In addition to monies listed above the Health and Community Services Department holds equipment on trial and various consignment stocks, valued at £0.4 million (2020: £0.2 million).

In addition to the items listed above Non-Ministerial Departments hold various works of art, valued at £1.1 million (2020: £0.7 million).

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.

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 States accounting boundary

Government Departments	Non-Ministerial Bodies
Customer and Local Services	Bailiff's Chambers
Infrastructure, Housing and Environment	Law Officers' Department
Children, Young People, Education and Skills	Judicial Greffe
Health and Community Services	Viscount's Department
Office of the Chief Executive	Office of the Lieutenant Governor
Justice and Home Affairs	Probation Department
Strategic Policy, Planning and Performance	Official Analyst
Treasury and Exchequer	Office of the Comptroller and Auditor General
Chief Operating Office	
The States Assembly and its Services	**Other**
Assemblee Parlementaire de la Francophonie - Jersey Branch	Jersey Overseas Aid
Commonwealth Parliamentary Association - Jersey Branch	
Special Funds	**Trading Operations**
Dwelling Houses Loan Fund	Jersey Car Parking
Assisted House Purchase Scheme	Jersey Fleet Management
99 Year Leaseholders Fund	**States Funds**
Agricultural Loans Fund	Strategic Reserve
Tourism Development Fund	Stabilisation Fund
Channel Islands Lottery (Jersey) Fund	Currency Fund (comprising Jersey Currency Notes and Jersey Coinage)
Jersey Innovation Fund	Insurance Fund
Housing Development Fund	**Currency Fund (comprising Jersey Currency Notes and jersey Coinage)**
Criminal Offences Confiscation Fund	Jersey Dental Scheme
Social Security Funds	Jersey Dental Scheme
Social Security Fund	Hospital Construction Fund
Health Insurance Fund	Climate Emergency Fund
Social Security (Reserve) Fund	Fiscal Stimulus Fund
Long-Term Care Fund	Ecology Fund
Jersey Dental Scheme	Fishfarmer Loan Scheme (Dormant)
Climate Emergency Fund	
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	
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)	

Core Entities

Whole Group

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

	2021					2020				
	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	(196,542)	(35,686)	-	(32,357)	-	(191,796)	(34,527)	-	(35,579)	-
States Grants to Social Security Funds	-	-	-	(30,996)	-	-	-	-	(29,919)	-
Sales of goods and services	-	-	-	-	(48)	-	-	-	-	-
Investment income	2	(5,506)	(230,471)	76	-	(183)	(5,836)	(164,631)	(329)	-
Other revenue	1	-	-	(4)	(68)		-	-	-	(145)
Total Revenue	(196,539)	(41,192)	(230,471)	(63,281)	(116)	(191,979)	(40,363)	(164,631)	(65,827)	(145)
Expenditure										
Social Benefit Payments	260,913	33,802	-	57,399	-	256,521	30,429	-	53,909	-
Other Operating expenses	5,232	3,368	(1)	1,364	113	5,141	4,122	-	1,342	132
Grants and Subsidies payments	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	601	-	-	25	-	693	-	-	25	-
Impairments	261	55	-	20	-	1,225	249	-	5	-
Finance costs	-	-	-	-	1	1	-	-	-	1
Foreign Exchange Gain	-	-	-	-	-	-	-	-	-	-
Total Expenditure	267,007	37,225	(1)	58,808	114	263,581	34,800	-	55,281	133
Net Revenue Expenditure/(Income)	70,468	(3,967)	(230,472)	(4,473)	(2)	71,602	(5,563)	(164,631)	(10,546)	(12)
Revaluation of Property, Plant and Equipment	(6,087)	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	(6,087)	-	-	-	-	-	-	-	-	-
Total Comprehensive Expenditure/ (Income)	**64,381**	**(3,967)**	**(230,472)**	**(4,473)**	**(2)**	**71,602**	**(5,563)**	**(164,631)**	**(10,546)**	**(12)**

4.27 Social Security Funds (continued)

Statements of Financial Position

	2021					2020				
	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	6,538	-	-	-	-	6,554	-	-	-	-
Intangible Assets	1,724	-	-	122	-	983	-	-	107	-
Investments held at Fair Value through Profit or Loss	-	95,208	2,267,141	16,528	-	-	95,492	2,096,371	16,609	-
Trade and Other Receivables	-	-	-	2,485	-	-	-	-	2,295	-
Total Non-Current Assets	8,262	95,208	2,267,141	19,135	-	7,537	95,492	2,096,371	19,011	-
Current Assets										
Trade and Other Receivables	58,104	5,366	-	18,617	-	54,583	4,953	25	15,994	26
Amounts due from the Consolidated Fund	-	8,007	-	-	-	-	9,911	-	-	-
Cash and Cash Equivalents	25,129	-	-	17,574	48	34,302	-	-	11,768	44
Total Current Assets	83,233	13,373	-	36,191	48	88,885	14,864	25	27,762	70
Total Assets	91,495	108,581	2,267,141	55,326	48	96,422	110,356	2,096,396	46,773	70
Current Liabilities										
Trade and Other Payables	(46)	(2,506)	(29)	(6,566)	(19)	(505)	(2,458)	(25)	(2,554)	(43)
Amounts due to the Consolidated Fund	(25,197)	(6,332)	(3,452)	(7,729)	-	(19,672)	-	(3,482)	(7,662)	-
Total Current Liabilities	(25,243)	(8,838)	(3,481)	(14,295)	(19)	(20,177)	(2,458)	(3,507)	(10,216)	(43)
Assets Less Liabilities	66,252	99,743	2,263,660	41,031	29	76,245	107,898	2,092,889	36,557	27
Taxpayers' Equity										
Accumulated Revenue and Other Reserves	60,165	99,743	2,263,660	41,031	29	70,633	107,898	2,092,889	36,557	27
Revaluation Reserve	6,087	-	-	-	-	5,612	-	-	-	-
Total Taxpayers' Equity	**66,252**	**99,743**	**2,263,660**	**41,031**	**29**	**76,245**	**107,898**	**2,092,889**	**36,557**	**27**

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. This is interpreted as the date of the Audit Report in section 2.4.

Non-Adjusting Events

On 24 February 2022, Russian military forces started invading Ukraine. The invasion has been met with widespread condemnation with many jurisdictions, including Jersey, imposing severe economic sanctions on Russia and Belarus and freezing the assets of selected Russian citizens resident in their territory.

States of Jersey do not have any significant exposure to Russian assets. However, the invasion and associated global uncertainty does increase the risk of volatility in global economic markets which could affect future investment valuations.

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 2021 have been approved by the Minister for Treasury and Resources and were presented to the States for publication and distribution on 7 April 2022.

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